ANNUAL REPORT
2019 – 2020

MANSFIELD
DISTRICT HOSPITAL™

Disclosure Index

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

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Manner in which the Health Service was established

Mansfield District Hospital was established and incorporated in 1876 to provide health services to the Mansfield district.

Responsible Ministers

Jenny Mikakos MP, Minister for Minister for Health Minister for Ambulance Services	01/07/2019 – 30/06/2020
Martin Foley MP, Minister for Mental Health	01/07/2019 – 30/06/2020

Objectives, Functions, Powers and Duties

The objectives of the Health Service are to:

1. to operate a public hospital in accordance with the Act, and any enabling Commonwealth or Victorian legislation, including the provision of the following services:
   (a) public hospital services;
   (b) primary health services;
   (c) aged care services; and
   (d) community health services;
2. to provide a range of health and related services ancillary to those services described in clause 1;
3. to carry on any other activity or business that it is convenient to carry on in connection with providing the services described in clauses 1 and 2, or which are intended or calculated to make any of the Health Service's assets or activities more efficient and effective;
4. to ensure the accountable and efficient provision of health services and the long term financial viability of the Health Service;
5. to ensure effective and accountable systems are in place to monitor and improve the quality, safety and effectiveness of the health services provided by the Health Service;
6. to strive to improve continuously the quality and safety of the health services provided by the Health Service and to foster innovation;
7. to ensure the effective and efficient use of the Health Service's resources;
8. to develop arrangements with other agencies and service providers to enable effective and efficient service delivery and continuity of care;
9. to facilitate health education to improve the training and knowledge of staff;
10. to establish and maintain effective systems to ensure:
    (a) that the health services provided by the Health Service meet the needs of the community it serves; and
    (b) that the Health Service engages in effective consultation with the community to take account of the views of users of the health services; and
11. to do all things that are conducive or incidental to achieving the Health Service's objects.

Vision and Mission

Our Vision

Healthy communities, trusted healthcare

Our Mission

We deliver healthcare locally for our rural communities. We lead and advocate for the healthcare needs of the people of Mansfield and surrounding communities. In addition to providing safe and clinical best practice care, we focus on health promotion and preventative care to deliver the best possible outcomes for our consumers.

Introduction

The past year has seen two particularly difficult challenges confronting the health service, the consequences of bushfires and the Coronavirus pandemic, both of which have driven the need for a variety of intense preparations and the commitment by the health service to be ready for anything. The consequences of these conditions demonstrated the abilities and dedication of staff and executive teams which in turn have allowed the health service to be ready and willing.

Governance

The levels of governance across Mansfield District Hospital is achieved through both the Board of Directors and operational management. The Board of Directors is best served by a diverse organised group of people who are able apply themselves to the task with a forthright and enquiring mindset. We are fortunate to have just that within the current Board.

Mr Phillip Officer, having served a 3-year term as Chair, has stepped down from the position at the end of 2019–20. We thank him for his substantial contribution through his leadership and we are pleased that he has decided to continue as a Board Director.

Through the year the Board was pleased with the appointment of Karen Bennetts and Matthew Hoskin as from the 1st of July 2020, who will bolster our governance capabilities.

We offer our sincere thanks to Assoc. Professor Jane Fremantle who retired from the Board having served a maximum term of 9 years. Our thanks to Jane for her energy and commitment to continual improvement at Mansfield District Hospital. Mr Jeremy Madin who re-joined the Board in 2019, subsequently resigned due to personal circumstances and we wish him well.

The requirements placed on the Board continues grow in complexity, however each Director has demonstrated a commitment to ensure the standards and growth across the health service, and, on behalf of the Mansfield community, I thank them.

Safety and Quality

Mansfield District Hospital continues to offer a reasonably diverse range of health services to the community including Primary care, Urgent care, Acute cure, Operating theatre and Maternity services, together with Community based services and Residential Aged Care facilities. Across these services, the absolute priority is to ensure the consistent provision of healthcare which is safe and with the highest possible quality to consumers, their close family members and the broader Mansfield community.

The underlying quality is tested and assured with a suite of accreditation standards continuing to be fully met:

- National Safety & Quality Health Service standards
- Aged Care Quality standards
- Home Care standards; and
- ISO9001:2015

Further, the safety and quality of the health service is assessed and measured via:

- Victorian Healthcare Experience Survey
- People Matter Survey
- Consumer and community representation within Board of Directors' subcommittees

The Statement of Priorities for 2019–20, as agreed with the Department of Health and Human Services, emphasised:

- The mental health capability of the health service for the benefit of the community
- Occupational violence within the health service and family violence in the community
- Workplace culture recognising the well-being of staff
- Support programs for vulnerable community members
- Programs to improve the health of Aboriginal and Torres Strait Islanders
- Implementing disability actions plans for both staff and the community

The Hugh Williamson Foundation has supported the Restart Program which will be funded from DHHS in the new year. Our thanks to them for their funding which allowed this important initiative to assist those within Mansfield who want to recover from substance abuse.

As a publicly funded rural health service, Mansfield District Hospital works closely with the Department of Health and Human Services and is indeed appreciative of their support in what has been a challenging year. It is their commitment to maintaining a safe and high-quality health service to the Mansfield District that has enabled Mansfield District Hospital to shine and we thank them.

Our People

The quality and attitude of the staff involved across Mansfield District Hospital defines the health service: professional and caring, which has been particularly highlighted this past year and as the pandemic continues.

The Visiting Medical Officers together with the Nursing staff enable the health service. However, occasionally, some have earnt their retirement and we note two here. Dr John Hall has been slowly reducing his hours over time but this year marks his retirement as from Mansfield District Hospital. John has been a trusted GP and friendly shoulder for many across the community and we offer our thanks.

Similarly, Margaretanne Hood, the Director of Clinical Services flagged her retirement in 2020 but, as might be expected of her, remained in the role until an able replacement was found. Thank you. We all hope your retirement is fulfilling in new and different ways and perhaps, down the track, you might find some time to return to Mansfield District Hospital.

Our people are the core of the service and their leadership from our CEO, Cameron Butler, and his Executive team have been resolute to ensure the safety and quality through these testing times. The Board relies on this team for the information that underpins the task of governance. Thank you.

Our Community

Whilst Mansfield District Hospital relies on the Governmental departments for the funding to meet the necessary revenue and major capital requirements, this health service is largely defined by our community.

Thankfully, the Mansfield District Hospital Auxiliary and Bindaree Auxiliary continue their important contributions. Additionally, we thank the Harry and Clare Friday Foundation, A Third Hand and other organisations such as Mansfield Golf Club for their continued support. Their generosity and that of the community has allowed the purchase and installation of a new telemetry system as well as equipment to be used in our respiratory assessment centre in the fight against COVID-19.

Consumer and community representation on subcommittees of the Board enables important perspectives to be heard and built into service planning and delivery. Those subcommittees include Audit & Risk Management (3 members), Safety and Quality (2 members) and Community Advisory (8 members). On this occasion I will highlight the involvement of Mansfield Secondary College students Charlotte Howie and Asher Lee in the Community Advisory committee who contribute to us their views and concerns through these unprecedented and foreboding times.

Key Initiatives

Notwithstanding that COVID-19 has placed extranormal demands on Mansfield District Hospital resources for the continual implementation of Departmental directives and additional safeguards driven by local staff, Mansfield District Hospital continues to strive for improvement into the future.

Masterplan for the development of Mansfield District Hospital

The Masterplan process continues with scrutiny from the responsible State Government departments. Currently, the focus is towards clearly enunciating the efficiencies gained from a range of development options. We will continue to work towards the development of our facilities to meet the community needs into the future as reflected in our service plan.

Mansfield District Hospital's Strategic Plan for 2020–24

This important cornerstone for Mansfield District Hospital outlines the key drivers regarding the importance of staff, the community and the quality of the healthcare. The five-year plan was finalised and accepted by the Department through the first half of 2019–20. It clearly prioritises the core values of Mansfield District Hospital and means for achieving them.

The document is available on the Mansfield District Hospital website and we encourage you to do so.

Financial Performance

The financial performance is detailed within this report which is summarised by noting the modest yet important Operating surplus. Within the financial report, it will be noted that the financial metrics defined from within the Statement of Priorities have been fully met.

The provision of health services is the highest priority and the financial performance enables confidence for the longevity of the health service. It is the funds received from the Auxiliaries and community donations which allow critical contributions to expand upon equipment and services.

I congratulate our CEO and the Executive team for navigating the financial metrics and so ensure the best possible health service outcomes for the community from within the financial constraints.

Acknowledgements

Finally, in a year that Mansfield District Hospital has served its community so very well, our utmost thanks to the genuine care every day by the Nursing and Allied Health staff, the Medical Officers and the Executive team, together with the quiet yet important roles of the ancillary staff within the kitchen, cleaning, administration and maintenance teams. Further, our thanks to the vital contributions from the Auxiliary teams and volunteers at Bindaree and Buckland House, and the Community members within Board committees who ensure a focus across Mansfield. Together with my colleagues on the Board of Directors, we thank you one and all.

Murray Beattie
Board Chair

Mansfield District Hospital Auxiliary Report

It was another successful, but short year of fund raising for the Hospital Auxiliary this financial year. Our efforts yielded $46,774 due to the success of the Art Exhibition and sale, the Annual Golf Day and various donations.

The Art Show in November was fantastic. There was generally a very high standard of works and the major prizes were sponsored by Mansfield Rotary, and the Harry & Clare Friday Foundation. Alpine Civil and Garden Supplies sponsored the People's Choice Award this year and five highly commended prizes were sponsored by local businesses; Lovick Electrics, Mansfield Fishing & Hunting, Mansfield Lotto Centre, Mansfield Flooring Xtra, and Mansfield Motor Panel Repairs.

The Annual Golf Day was also successful. It sported a slightly different look this year thanks to input and help from our two major sponsors, Dion Theodossi of Martin's Garage and Rennie De Maria. The weather co-operated and the course was in fabulous condition. Local business, individuals and donors from out of Mansfield generously supported the event and we hope this continues for the foreseeable future. Mr. Craig Willis was our M.C. on the day and Mansfield FoodWorks donated the food for the lunch that was prepared by Chef Marty McQuillan, Auxiliary members and Friends of the Auxiliary.

Thanks go to Dion Theodossi for once again providing a car for the Hole In One and to Chris Anderson and staff for providing the Golf Club and course for the day. Thanks also to Andy Luks who generously donated the restaurant facilities to us for the day. Without the support of these generous and community minded people as well as many other supporters who provide goods and services for auctions, silent auctions and raffles we could not hold this popular and successful event. Our thanks also go to all those who worked tirelessly to run the event, Auxiliary members, Friends of the Auxiliary and many others who helped on the day.

Unfortunately due to things beyond our control that was the end of our fundraising for this year, and for the foreseeable future. Until we and I mean the larger We incorporating all of Victoria and Australia get a good grasp on how to deal with and live with COVID-19 thing will remain as they are.

Life has thrown us a curve ball but it's up to us how we deal with it. Personally, I'm feeling optimistic that we can get back to our fundraising, although it might be in a slightly different format.

On that note, look for new functions from the Mansfield District Hospital Auxiliary in 2021.

Sue Swan
President
Mansfield District Hospital Auxiliary

Bindaree Auxiliary Report

Auxiliary activities have been restricted due to COVID-19 pandemic, but we started the year well with a Fashion Parade fundraiser. Auxiliary members and friends acted as models and we were pleased that some of the Bindaree residents were also able to attend.

Members continue to be rostered for the shopping trolley which visits each resident weekly. Residents look forward to the opportunity of making personal choices and can make requests for items they require.

Funding has been provided for outings – a special favourite being the trip to the painted grain silos. We liaise closely with Activities staff to provide materials for use by residents. Early in the year we provided art easels and speakers for use with Bluetooth equipment.

The Auxiliary was forced to suspend meetings with the outbreak of COVID-19 and as a consequence some planned fundraising activities had to be cancelled. We look forward to resuming as soon as possible.

The Auxiliary was saddened to farewell Veronica McCormack OAM in recent months. Veronica was a member of the founding committee for the establishment of Bindaree and a founder member and former President of the Bindaree Auxiliary. She was a much loved and valued member. Her cheerful good humour and wise counsel was greatly appreciated. Her last days were spent as a Bindaree resident and we give thanks to all the staff who cared for Veronica so lovingly.

Norma Pearce
Secretary
Bindaree Auxiliary

Nature and range of services

Mansfield District Hospital is an acute medical, surgical and obstetric hospital with an attached Urgent Care Centre. Buckland House Nursing Home provides 30 beds for high level aged care while Bindaree Retirement Centre provides 42 aged care beds. The Primary Care Centre provides a visiting nursing service, community health nursing, a range of allied health services and health promotion and prevention services to the community. Community nurses visit Jamieson and Woods Point on a weekly basis.

Services offered by Mansfield District Hospital are:

- General Medicine
- General Surgery
- Obstetrics
- Renal Dialysis
- Urgent Care
- Community Health
- Health Promotion
- Residential Aged Care
- Visiting Nursing
- Medical Imaging

The health service serves the catchment of Mansfield Shire with a population of approximately 9,000 permanent residents. In holiday seasons this population can increase three-fold. For obstetric services the catchment extends to include part of Murrindindi Shire.

Administrative structure

Board of Directors

Directors
Mrs Rosalind Adams
Mr Murray Beattie
Mrs Gill Belle
Dr Pamela Dalgliesh
Assoc Prof Jane Freemantle
Prof Brenda Happell
Assoc Prof Lou Irving
Ms Katie Lockey
Mr Jeremy Madin (resigned 23rd February 2020)
Ms Lisa Morgan
Mr Phillip Officer

Audit & Risk Management
Mr Mark Evans (Community member)
Mr Geoff Gravenall (Community member)
Ms Katie Lockey
Mr Jeremy Madin (resigned 23rd February 2020)
Ms Lisa Morgan
Mr Phillip Officer (23rd February 2020 – 30th June 2020)

Chair, Board of Directors
Mr Phillip Officer

Chair, Audit & Risk Management
Mr Jeremy Madin (resigned 23rd February 2020)
Ms Lisa Morgan (23rd February 2020 – 30th June 2020)

Chair, Safety & Quality
Dr Pamela Dalgliesh

Chair, Finance
Mr Murray Beattie

Chair, Governance, Nominations and Executive Performance
Mrs Gill Belle

Chair, Community Advisory
Mrs Rosalind Adams

Chair, Health Professionals Scope of Practice and Appointments
Assoc Prof Jane Freemantle

Chair, External Stakeholders Engagement
Mr Phillip Officer

Executive

Chief Executive Officer
Mr Cameron Butler, RN B. Bus

Director of Clinical Services
Ms Margaretanne Hood, RN RM, BN Cert Neuroscience

Director of Medical Services
Dr Campbell Miller MBChB MBA FRACMA

Director of Operations
Ms Melanie Green, BSci(Speech Pathology) MHHSM GradDIP Risk & Bus Continuity

Director of Quality & Safety
Ms Anne Jewitt, RN RM, IBCLC

Executive Assistant
Ms Tracy Rekers

Chief Financial Officer
Ms Kirstie-Bree Fotheringham, B Acc GradDIP Ed.
(from 13th January 2020)

Visiting Medical Officers

Dr S Begin, MBBS FRACGP
Dr L Carter, MBBS BSC (Hons) FRACRM FRACGP
Dr D Cook, MBBS FACRRM FRACGP
Dr E Dirksen, MBBS
Dr D Friday, MBBS DRANZCOG FRACGP
Dr J Hall, MBBS
Dr J Harper, MBBS
Dr T Ibrahim, MBBS DRANZCOG FRACGP
Dr D Le Brocque, MBBS
Dr M Morrissey, MBBS BSc DCH DRANZCOG
Dr B Nally, MBBS
Dr J Penate, MBBS
Dr R Radford, MBBS
Dr M Reed, MBBS FRACGP
Dr S Richards, MBBS Dip Ed BA
Dr M Sathveegarajah, MD BSc
Dr G Slaney, MBBS DRANZCOG FRACGP MPH DA DRCOG FACRRM
Dr R Stobie, MBBS DRANZCOG FRACGP
Dr P Swart, MBBS FRACP RACGP
Dr W Twycross, MBBS DA DRANZCOG DTPH
Dr B Weatherhead, MBBS
Dr A Wettenhall, MBBS FRACGP

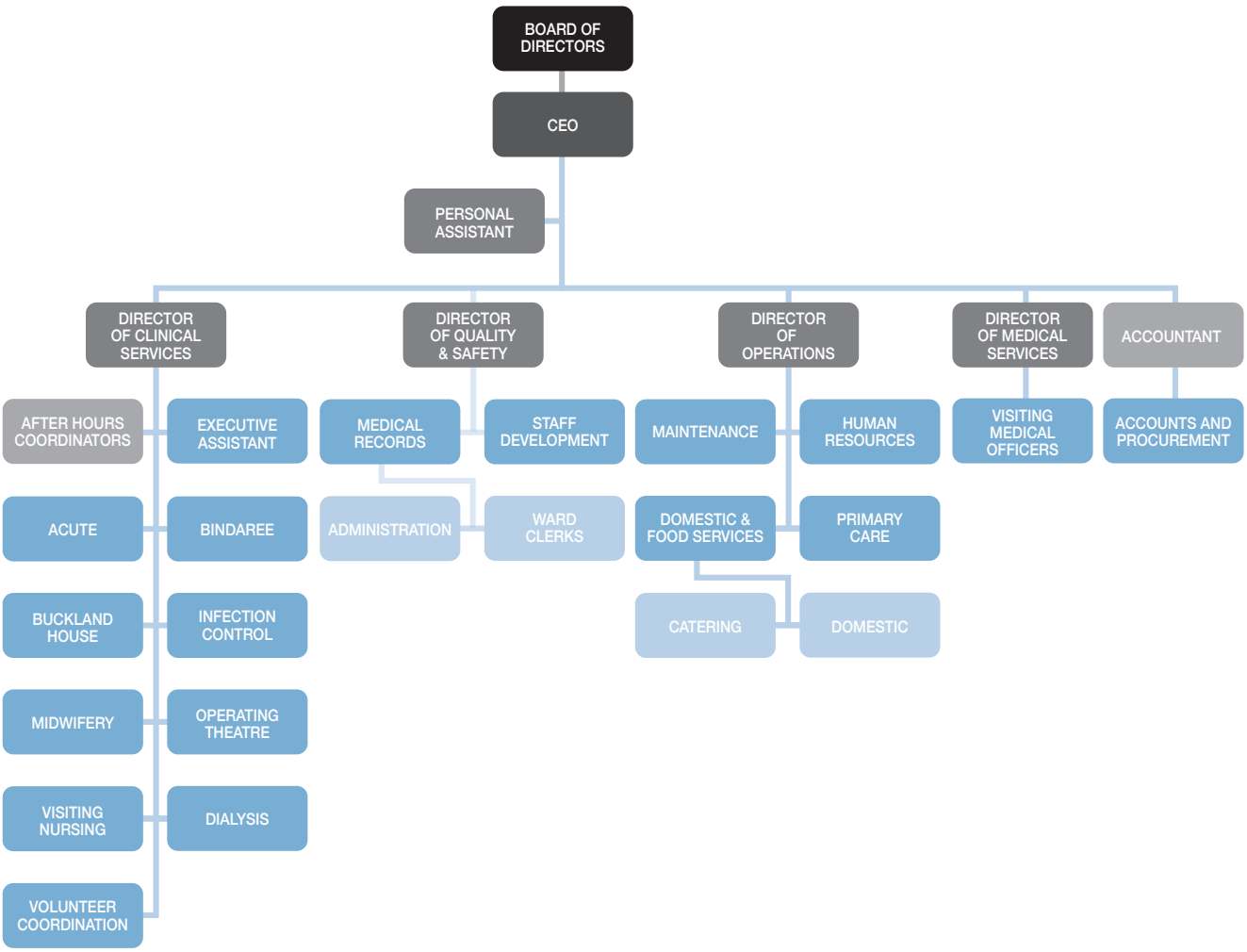
Visiting Specialists

Dr L Dhakal, MBBS FRACP MD MPH
Dr M Forbes, MBBS FRACS
Dr P MacLeish, MBBS FRACP
Dr A MacLeod, MBBS (Hons) FRACS
Assoc Prof F Miller, MBBS PhD FRACS
Dr S Pearce, MBBS FRANZCOG
Mr W Seager, MBBS FRACS (Ortho)

Visiting Dental Practitioner

Dr D Kohli B.D Sc

Organisational Structure



Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Mansfield District Hospital for the year ending 30 June 2020.

Murray Beattie
Board Member
Mansfield District Hospital

9th October 2020

MANSFIELD DISTRICT HOSPITAL

Workforce

Mansfield District Hospital adheres to the public sector employment principles. These align to our organisational values and together they shape the working environment we offer to our employees. They assist in maintaining the workplace culture whereby there are productive and harmonious working relationships, employees are treated well, have career opportunities and can safely raise their concerns.

Mansfield District Hospital Values:

CONSUMERS ARE AT THE CENTRE OF OUR CARE

- WE DELIVER GREAT CARE – We strive for the best health outcomes for our consumers and communities every time. Consumers are at the centre and we consistently provide high-quality, safe and personalised care. We demonstrate empathy and kindness in every aspect of our care.
- WE RESPECT EACH OTHER – We respect our peers, our consumers, our hospital and our environment. Care is delivered thoughtfully and with compassion. We are considerate of our consumers' dignity and privacy, and our consumers trust and have confidence in our quality of care. We actively listen and act fairly, impartially and without judgement.
- WE WORK TOGHER – We work as a cohesive team and feel connected to the work we do together. We maintain strong connections to our diverse communities in and outside of Mansfield. We work in collaboration with our partners to deliver exceptional care. We have honest and open conversations with our staff, consumers and the community.
- WE EMPOWER EACH OTHER – We support and trust each other to deliver an exceptional consumer experience. We give our consumers the information and resources they need to make considered and informed decisions about their health care. We continuously support our staff in their development and empower them to make decisions based on their best judgement.

All employees have been correctly classified in workforce data collections.

Hospitals Labour Category	JUNE Current Month FTE*		Average Monthly FTE**	
	2019	2020	2019	2020
Nursing	67.40	72.96	67.67	69.14
Administration and Clerical	16.27	18.52	15.27	16.88
Medical Support	0.75	1.12	0.58	0.91
Hotel and Allied Services	46.19	45.80	45.33	46.53
Medical Officers	–	–	–	–
Hospital Medical Officers	–	–	–	–
Sessional Clinicians	N/A	N/A	N/A	N/A
Ancillary Staff (Allied Health)	5.84	5.93	5.41	5.87
TOTAL	**136.45**	**144.33**	**134.26**	**139.33**

The FTE figures required in the table above are those excluding overtime. These do not include contracted staff (e.g. Agency nurses, Fee-for-Service Visiting Medical Officers) who are not regarded as employees for this purpose. The above data should be consistent with the information provided in the Minimum Employee Data Set.

Occupational Health and Safety

Mansfield District Hospital is committed to providing a safe environment for employees, consumers and members of the public. The Health Service complies with the requirements of the Occupational Health and Safety Act (Vic) 2004 and the Victorian Occupational Health and Safety Regulations 2017.

There is strong and proactive engagement with Health and Safety Representatives to find ways to eliminate or mitigate the risk of injury within the workplace. Where injury has occurred, the organisation seeks to achieve the safe, appropriate, supportive and timely return to work of its employees.

Reported Incidents

Occupational Health and Safety Statistics	2019–20	2018–19	2017–18
The number of reported hazards for the year per 100 FTE	10	9	17
The number of reported incidents for the year per 100 FTE	25	29	31
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0	1	1
The average cost per WorkCover claim for the year ('000)	$0	$1	$20

There remains a strong emphasis on reducing workplace injuries. The Occupational Health and Safety Committee deals with matters of workplace safety through the early identification of workplace risks and timely and effective risk mitigation. All employees are encouraged and supported to report hazards and incidents. Training has been provided for representatives of the committee.

Occupational Violence

Occupational Violence Statistics	2019–20
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	17
Number of occupational violence incidents reported per 100 FTE	12
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

Definitions

For the purposes of the above statistics the following definitions apply

- **Occupational violence** – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- **Incident** – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity ratings are included. Code Grey reporting is not included, however, if an incident occurred during the course of a planned or unplanned Code Grey it is included.
- **Accepted WorkCover claims** – accepted WorkCover claims that were lodged in 2019–20
- **Lost time** – lost time is defined as greater than one day.
- **Injury, illness or condition** – includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Financial Results

Summary of Financial Results for last five years

	2020 $000	2019 $000	2018 $000	2017 $000	2016 $000
Operating result*	**52**	**279**	**67**	**229**	**338**
Total revenue	19,560	19,695	18,276	20,528	15,972
Total expenses	(20,800)	(19,109)	(18,234)	(17,711)	(16,512)
Net result from transactions	**(1,240)**	**586**	**42**	**2,817**	**(540)**
Total other economic flows	(35)	(133)	6	82	0
Net result	**(1,275)**	**453**	**48**	**2,899**	**(540)**
Total assets	49,065	48,777	40,118	39,466	34,563
Total liabilities	(18,066)	(16,503)	(16,695)	(16,092)	(14,547)
Net assets/Total equity	**30,999**	**32,274**	**23,423**	**23,374**	**20,017**

* The Operating result is the result for which the heath service is monitored in its Statement of Priorities.

As at 30 June 2020 the health service reported a net operating surplus of $52,000 in comparison to the previous year's result of a $279,000 surplus. Salary and wage expenses increased as a result of Mansfield District Hospital meeting our commitment to providing safe and high quality health care, as well as meeting employment agreement wage increases.

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

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

In response, Mansfield District Hospital placed restrictions on non-essential visitors, implemented reduced visitor hours, deferred elective surgery and reduced activity, performed COVID-19 testing and implemented work from home arrangements where appropriate. The Department of Health and Human Services provided funding to compensate for the lost revenue with certain direct and indirect COVID-19 costs also reimbursed. The Mansfield District Hospital also received essential personal protective equipment free of charge under the state supply arrangement.

Reconciliation of net result from transactions and operating result

	2019–20 $000
Net operating result*	**52**
Capital purpose income	518
Specific income	–
COVID 19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	24
State supply items consumed up to 30 June 2020	(19)
Assets provided free of charge	–
Assets received free of charge	–
Expenditure for capital purpose	(34)
Depreciation and amortisation	(1,748)
Impairment of non-financial assets	–
Finance costs (HRHA JVA)	(33)
Net results from transactions	**(1,240)**

Consultancies

Details of consultancies (under $10,000)

In 2019–20 there were 2 consultancies where the total fees payable to the consultants were less than $10,000 (exc. GST). The total expenditure during 2019–20 in relation to these consultancies is $864 (exc. GST).

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

In 2019–20 there was 1 consultancy where the total fees payable to the consultants were $10,000 or greater (exc. GST). The total expenditure incurred during 2019–20 in relation to this consultancy is $30,600 (exc. GST).

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee (excl. GST)	Expenditure 2019–20 (excl. GST)	Future Expenditure (excl. GST)
Cube Group Management Consulting	Development of Mansfield District Hospital Strategic Plan	June 2019	December 2019	$73,600	$30,600	–

Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2019–20 is $874,810 (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 (excl. GST)	Operational expenditure (excl. GST)	Capital expenditure (excl. GST)
$761,900	$112,910	$8,500	$104,410

Disclosures Required Under Legislation

Freedom of Information Act 1982

The organisation is subject to the provisions of the *Freedom of Information Act 1982.*

In 2019–20 there were 21 applications made to the organisation under these provisions. Nineteen requests were approved and processed and no records existed for two applications.

Freedom of Information applications are made to the Freedom of Information Officer and are dealt with in accordance with the Act. Any charges applied are in accordance with the Act and Regulations.

Information on making a Freedom of Information request can be found at http://mdh.org.au/contact/make-a-foi-request/. Applications may be submitted by post or in person.

Building Act 1993

Mansfield District Hospital has met the requirements of the *Building Act 1993* in accordance with DHS Capital Development Guidelines (Minister for Finance Guideline Building Act 1993/ Standards for Publicly Owned Buildings 1994/Building (Interim) Regulations 2005 and Building Code of Australia 2004).

Protected Disclosure Act 2012

Complaints about certain serious misconduct or corruption involving public health services in Victoria can be made by individuals directly to the Independent Broad-based Anti-corruption Commission (IBAC). Mansfield District Hospital encourages individuals to raise their concerns about corrupt or improper conduct directly with IBAC.

Mansfield District Hospital is committed to extending the protections under the *Public Interest Disclosure Act 2012* (Vic) to individuals who make protected disclosures under that Act, or who cooperate with investigations into protected disclosures. Websites of interest for complaint procedures regarding this Act are: http://www.ombudsman.vic.gov.au and http://www.health.vic.gov.au/hsc

No disclosures were made in 2019–20.

National Competition Policy

Mansfield District Hospital complies with the National Competition Policy and with the requirements of the *Competitive Neutrality Policy Victoria.*

Carers Recognition Act 2012

The organisation recognises and supports its responsibilities and obligations under the Act for people in care relationships and the role of carers in our community. Mansfield District Hospital has strategies and actively works with carers to find ways for people in care relationships to have a say in care planning and service delivery complying with all requirements of the Act. Mansfield District Hospital has complied with its obligations under Section 11 of the Act for the reporting period 1st July 2019 to 30th June 2020.

Environmental Performance

Reducing the impact of our health services on the environment is a priority area for Mansfield District Hospital. A commitment has been made to install 167 solar panels. Tenders for the supply and installation have been undertaken and are currently with Health Purchasing Victoria.

The health service has pursued other strategies to improve environmental performance such as waste reduction measures, LED lighting and rainwater irrigation systems.

Additional information available upon request

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

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

Other relevant reporting directives

Local Jobs First Policy

There were no contracts undertaken requiring reporting in this category in 2019–20.

Financial Management Compliance attestation

I, Murray Beattie, on behalf of the Responsible Body, certify that Mansfield District Hospital has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.

Murray Beattie
Responsible Officer
Mansfield District Hospital
9th October 2020

Attestations

Data Integrity

I, Cameron Butler, certify that Mansfield District Hospital has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Mansfield District Hospital has critically reviewed these controls and processes during the year.

Cameron Butler
Accountable Officer
Mansfield District Hospital
9th October 2020

Conflict of Interest

I, Cameron Butler, certify that Mansfield District Hospital 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 Mansfield District Hospital 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 documentation at each executive board meeting.

Cameron Butler
Accountable Officer
Mansfield District Hospital
9th October 2020

Integrity, Fraud and Corruption

I, Cameron Butler, certify that Mansfield District Hospital has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Mansfield District Hospital during the year.

Cameron Butler
Accountable Officer
Mansfield District Hospital
9th October 2020

Safe Patient Care Act 2015

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

Statement of Priorities

Part A – Strategic Priorities for 2019–20

In 2019–20 Mansfield District Hospital will contribute to the achievement of the Government's commitments within *Health 2040: Advancing health, access and care* by:

Goals	Strategies	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	• Reduce Statewide Risks • Build Healthy Neighbourhoods • Help people to stay healthy • Target health gaps	• Implement the RESPOND program in partnership with Deakin University and Central Hume Primary Care Partnership (PCP) to address childhood obesity in accordance with the regional integrated health promotion priorities and to have at least 30 community leaders support the development and delivery of community led actions. • Expansion of Mansfield District Hospital's chronic disease program to include Pulmonary Rehabilitation in the community through the introduction of an evidence based program in which a minimum of 30 people will participate in 2019–20.	RESPOND program implemented. Three focus groups continue to work on actions from RESPOND focussing on areas of increased physical activity, healthy eating and social connection. Thirty community leaders have participated. **Achieved.** The chronic disease program continues to grow, particularly in pulmonary rehabilitation. The target of 30 participants has been achieved for this financial year. **Achieved.**
Better Access			
• Care is always being there when people need it • Better access to care in the home and community • People are connected to the full range of care and support they need • Equal access to care	• Plan and invest • Unlock innovation • Provide easier access • Ensure fair access	• Provide Telehealth access to isolated communities within our catchment allowing for digital access to allied health professional appointments with 30 consultations occurring by 30 June 2020. • Implementation of the Central Hume, Digital Electrocardiogram (ECG) Project with 50 ECGs being transmitted by 30 June 2020.	Telehealth implemented and appointments occurring. However in 2019–20 Mansfield District Hospital was required to respond to the COVID-19 pandemic, and in doing so was unable to achieve the 30 consultation target as per the statement of priorities. **Partially achieved.**
Better Care			
• Targeting zero avoidable harm • Healthcare that focusses on outcomes • Patients and carers are active partners in care • Care fits together around people's needs	• Put quality First • Join up care • Partner with patients • Strengthen the workforce • Embed evidence • Ensure equal care	• Implement and evaluate an evidence-based falls prevention program, Advanced Risk Modelling for Early Detection (ARMED) for 15 aged care residents and 5 community members with the aim to reduce falls by 50%. • Provide education in decision coaching and sensitive enquiry to support 30 staff in clinical practice to enable patients / residents and clients to advocate for their preferences which will be evidenced by a 5% improvement in the respective Victorian Health Experience Survey results.	ARMED has been implemented since January 2020 with the target of both community and aged care residents achieved. Falls across the organisation reduced by 28% for the financial year. Falls reduction in ARMED participants reduced by more than that target of 50%. **Achieved.** In excess of 50 staff in clinical practice participated in decision coaching and sensitive enquiry coaching and an 11% improvement was achieved in the respective Victorian Health Experience Survey results. **Achieved.**

Specific priorities for 2019–20

In 2019–20 Mansfield District Hospital will contribute to the achievement of the Government's priorities by:

Supporting the Mental Health System

Improve service access to mental health treatment to address the physical and mental health needs of consumers.

Deliverables:

- Utilise technology to enhance, improve and facilitate access to mental health clinicians that will increase the capability of Mansfield District Hospital in providing initial treatment and appropriate referral in the absence of specialist mental health clinicians attending the health service. On site mental health services will be available fortnightly.

Outcome:
Health Direct has been implemented and staff have been trained in its use. **Achieved.**

Addressing Occupational Violence

Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation.

Implement the department's security training principles to address identified security risks.

Deliverables:

- Provide access to health service specific training for 100% hospital security staff. *"Guide for violence and aggression training in Victorian health services (May 2017)".*

Outcome:
Training provider sourced, however awaiting availability due to COVID-19 restrictions. **Not achieved.**

Addressing Bullying and Harassment

Actively promote positive workplace behaviours, encourage reporting and action on all reports.

Implement the department's *Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination and Workplace culture and bullying, harassment and discrimination training: guiding principles for Victorian health services.*

Deliverables:

- Enhance workplace culture through implementation of staff led health and wellbeing initiatives to achieve a 20% improvement for responses to internal surveying of positive workplace behaviour.
- Implement the department's *Framework for promoting a positive workplace culture; preventing bullying, harassment and discrimination.*

Outcome:
All workplace culture initiatives have been implemented. Internal surveying identified a 20% improvement in questions relating to positive workplace behaviour. **Achieved.**

The framework has been incorporated into the workplace including policies, work instructions, position description and education programs. **Achieved.**

Supporting Vulnerable Patients

Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care.

Deliverables:

- Undertake evaluation of the impact of Mansfield RESTART, the health service's community rehabilitation program to address addiction and substance abuse achieving an 80% overall satisfaction rating for the program by 30 June 2020.

Outcome:
Evaluation of Mansfield RESTART has occurred and client feedback has identified a 98% satisfaction rate with the program. **Achieved.**

Supporting Aboriginal Cultural Safety

Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff.

Deliverables:

- Work in partnership with the local Aboriginal network to enhance Mansfield District Hospital's environment to be culturally sensitive with the completion of 100% of recommendations by 30 June 2020.

Outcome:
Working closely with Gadhaba Local Aboriginal Network with representatives having undertaken a cultural walkthrough and providing representation on various planning and advisory committees. All recommendations have been implemented. **Achieved.**

Addressing Family Violence

Strengthen responses to family violence in line with the *Multiagency Risk Assessment and Risk Management Framework* (MARAM) and assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.

Deliverables:

- Embed our family violence education and systems throughout Mansfield District Hospital as evidenced by a minimum of 75% of staff participating in education.

Outcome:
100% of staff who were required to participate in the education have done so. **Achieved.**

Implementing Disability Action Plans

Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability.

Deliverables:

- To implement 100% of recommendations from Mansfield District Hospital's disability action plan that seeks to improve access to buildings.

Outcome:
Not all recommendations from the disability action plan have been implemented. Implementation was paused during 2020 due to COVID-19. **Partially achieved.**

Supporting Environmental Sustainability

Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions.

Deliverables:

- Evaluate current clinical waste practices with the aim to increase separation of recyclable products by 50%.

Outcome:

An audit of clinical wasted practices has been completed and staff have been educated on waste management practices. The increase in clinical waste and the inability to separate recyclable products due to infection prevention measures in response to COVID-19 has not allowed for the 50% increase in separation to have been completed. **Partially achieved.**

Part B – Statement of Priorities

High Quality and Safe Care

Key performance indicator	Target	Result
Accreditation		
Compliance with Aged Care Standards	Full compliance	Full compliance
Infection prevention and control		
Compliance with Hand Hygiene Australia program	83%	88.8%
Percentage of healthcare workers immunised for Influenza	84%	95%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	100.0%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	96.5%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	98.6%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75%	83.6%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75%	79.5%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	86.4%
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 1	70%	95.7%
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 2	70%	85.0%
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 3	70%	89.4%
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	50% (extension provided)
Maternity and newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	0.0%
Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	0.0%

* Hand hygiene – Quarter 4 data is not available due to COVID-19. Result is based on available data.

Strong Governance, Leadership and Culture

Key performance indicator	Target	Result
Organisational culture		
People matter survey – percentage of staff with an overall positive response to safety and culture questions	80%	97%
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%	97%
People matter survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	99%
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%	97%
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%	99%
People matter survey – percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	99%
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%	91%
People matter survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	93%
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%	97%

Effective Financial Management

Key performance indicator	Target	Result
Finance		
Operating result ($m)	0.000	0.052
Average number of days to pay trade creditors	60 days	53 days
Average number of days to receive patient fee debtors	60 days	33 days
Adjusted current asset ratio	0.7	1.39
Forecast number of days available cash (based on end of year forecast)	14 days	17 days
Actual number of days available cash, measured on the last day of each month.	14 days	17 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ $0.25 million	$0.01

Part C – Activity and funding

Funding type	2019–20 Achievement	Units
Small Rural Acute	1,010	WIES equivalents
Small Rural Primary Health & HACC		
• Nursing	978	Service Hours
• Allied Health	2,249	Service Hours
• Counselling/Casework	498	Service Hours
• Dietetics	369	Service Hours
• Occupational Therapy	329	Service Hours
• Physiotherapy	576	Service Hours
• Speech Therapy	477	Service Hours
• Initial Needs Identification	466	Service Hours
Small Rural Residential Care	22908	Beddays
Health Workforce	62	Number of students

Life Governors

Mansfield District Hospital Life Governors

Ms J Acaster
Mrs J Adams
Mrs M E Black
Mrs N Buckland
Mr O Buttula
Mrs C Cameron
Mr H B Clark
Mrs J Clark
Mrs N Corr
Mrs B Cox
Mrs C Cox
Mr J M Cummins
Dr J M Curtis
Mr C Durran
Mrs M Egan
Dr H R Esser
Mr W H Glen
Mrs R Gray
Sir A Grimwade
Mr T Gunnerson
Mrs M Hood
Mr P Howarth
Mrs B Hughes
Mrs D Kilford
Mrs Z Kirley
Mr P McCann
Mrs V McCormack
Dr P Mackay
Mr A Maxwell-Davis
Mr J Naidu
Mr H A Nix
Mrs W Nix
Mrs Y O'Connor
Mrs S Parsons
Mr W E Parsons
Mr G Ritchie
Miss F B Shaw
Mr G Smith
Mr A Tehan
Mr C Thomas
Miss S M Turner
Miss B Walsh
Mr F Wickham
Mr D T Yencken

Bindaree Retirement Centre Life Governors

G Adamson
L R Carter
C C Crawford
M L Evans
R D Gunning
V C McCormack
E Mahoney
E O'Brien
T M R Ryan
H D T Williamson

Donor and Contributors

Major Donors

A Third Hand	$30,000.00
Mansfield Golf Club Trade Golf Day	$22,166.00
Marks Super IGA	$6,647.00
The Harry and Clare Friday Foundation	$14,990.00
The Peter Mackay Bequest	$61,146.02

Donors contributing more than $100 up to $5,000

Bimbi Car Museum
Bonnie Doon Rural Fire Brigade
H & C Chaston
G Collins
A Curiner
K Davey
Estate M Bowser
R & J Forrest
H & R Gogol
J Graham
N Hanlan
M Hume
Mansfield and District Community Bank
Mansfield Colonial Re-enactment Society
Mansfield Lakeside Ski Village
M Matthews
D Oppenheim
G Padbury
W & S Parsons
Travelsafe Mt Buller

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Mansfield District Hospital

ABN 65 866 548 895

Financial Statements for the Financial Year ended 30 June 2020

FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

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Board Member's, Accountable Officer's and Chief Finance & Accounting Officer's Declaration

The attached financial statements for Mansfield District 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 requiremens.

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

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

We authorise the attached financial statements for issue on 9th October 2020.

Mr M. Beattie
Board Chair

Mansfield
9-Oct-20

Mr C. Butler
Chief Executive Officer

Mansfield
9-Oct-20

Ms K. Fotheringham
Chief Financial Officer

Mansfield
9-Oct-20

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Mansfield District Hospital

Opinion

I have audited the financial report of Mansfield District Hospital (the health service) which comprises the:

- balance sheet as at 30 June 2020
- 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 2020 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.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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
14 October 2020

Travis Derricott
as delegate for the Auditor-General of Victoria

Mansfield District Hospital

COMPREHENSIVE OPERATING STATEMENT

for the Financial Year Ended 30 June 2020

	Note	2020 $'000	2019 $'000
Income From Transactions			
Operating Activities	2.1	18,916	18,956
Non-Operating Activities	2.1	644	739
Total Income from Transactions		**19,560**	**19,695**
Expenses From Transactions			
Employee Expenses	3.1	(15,202)	(13,720)
Supplies and Consumables	3.1	(1,132)	(1,078)
Depreciation and Amortisation	4.3	(1,748)	(1,454)
Other Expenses Operating Expenses	3.1	(2,717)	(2,855)
Finance Costs	3.1	(1)	(2)
Total Expenses from Transactions		**(20,800)**	**(19,109)**
Net Result from Transactions – Net Operating Balance		**(1,240)**	**586**
Net Result from Transactions – Net Operating Balance			
Net Gain / (Loss) on Sale of Non Financial Assets	3.2	37	–
Other Gain / (Loss) from Other Economic Flows	3.2	(72)	(133)
Total Other Economic Flows included in Net Result		**(35)**	**(133)**
Net Result for the Year		**(1,275)**	**453**
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	4.1(b)	–	8,398
Total Other Comprehensive Income		**–**	**8,398**
Comprehensive Result for the year		**(1,275)**	**8,851**

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

Mansfield District Hospital

BALANCE SHEET

as at 30 June 2020

	Note	2020 $'000	2019 $'000
Current Assets			
Cash and Cash Equivalents	6.2	21,074	20,299
Receivables	5.1	660	419
Inventories	4.4	84	77
Other Assets		370	347
Total Current Assets		**22,188**	**21,142**
Non-Current Assets			
Receivables	5.1	853	686
Property, Plant and Equipment	4.1	26,004	26,926
Intangible Assets	4.2	20	23
Total Non-Current Assets		**26,877**	**27,635**
TOTAL ASSETS		**49,065**	**48,777**
Current Liabilities			
Payables	5.2	1,186	1,024
Borrowings	6.1	21	16
Provisions	3.4	3,829	3,235
Other Liabilities	5.3	12,717	12,012
Total Current Liabilities		**17,753**	**16,287**
Non-Current Liabilities			
Borrowings	6.1	190	13
Provisions	3.4	123	203
Total Non-Current Liabilities		**313**	**216**
TOTAL LIABILITIES		**18,066**	**16,503**
NET ASSETS		**30,999**	**32,274**
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.2(f)	25,101	25,101
Contributed Capital		10,853	10,853
Accumulated Deficits		(4,955)	(3,680)
TOTAL EQUITY		**30,999**	**32,274**

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

Mansfield District Hospital

STATEMENT OF CHANGES IN EQUITY

for the Financial Year Ended 30 June 2020

	Property, Plant and Equipment Revaluation Surplus $'000	Contributed Capital $'000	Accumulated Deficits $'000	Total $'000
Balance at 30 June 2018	16,703	10,853	(4,133)	23,423
Net Result for the Year	–	–	453	453
Other Comprehensive Income for the Year	8,398	–	–	8,398
Balance at 30 June 2019	**25,101**	**10,853**	**(3,680)**	**32,274**
Net Result for the Year	–	–	(1,275)	(1,275)
Balance at 30 June 2020	**25,101**	**10,853**	**(4,955)**	**30,999**

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

Mansfield District Hospital

CASH FLOW STATEMENT

for the Financial Year Ended 30 June 2020

	Note	2020 $'000	2019 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		15,181	13,583
Capital Grants from Government – State		151	60
Patient fees received		2,365	2,187
Donations and bequests received		132	288
GST received from ATO		372	1
Interest and investment income received		644	739
Other Receipts		552	680
Total Receipts		***19,397***	***17,538***
Employee expenses paid		(13,910)	(11,657)
Fee for Service Medical Officers		(807)	(891)
Payments for Supplies and Consumables		(1,132)	(1,078)
Payments for Repairs and Maintenance		(378)	(309)
Finance Costs		(1)	(7)
Other Payments		(2,519)	(1,340)
Total Payments		***(18,747)***	***(15,282)***
NET CASH FLOWS FROM OPERATING ACTIVITIES	8.1	**650**	**2,256**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Financial Assets		(701)	(642)
Purchase of Sale of Non-Financial Assets		37	–
Proceeds from Disposal of Investments		–	17,737
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		**(664)**	**17,095**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		93	–
Repayment of Finance Leases		(7)	(5)
Net Receipt of accommodation deposits		705	–
Net Repayment of accommodation deposits		–	(164)
NET CASH FLOW FROM / (USED IN) FINANCING ACTIVITIES		**791**	**(169)**
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		**775**	**19,182**
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		20,299	1,117
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.2	**21,074**	**20,299**

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

NOTES TO THE FINANCIAL STATEMENTS

for the Financial Year Ended 30 June 2020

BASIS OF PRESENTATION

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

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Mansfield District Hospital for the year ended 30 June 2020. The report provides users with information about Mansfield District Hospital's stewardship of resources entrusted to it.

(a) Statement of compliance

These financial statements are general purpose financial statements which have been prepared in accordance with the Financial Management Act 1994 and applicable 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 authorised by the Assistant Treasurer.

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

(b) Reporting Entity

The financial statements includes all the controlled activities of Mansfield District Hospital.

Its principal address is:
53 Highett Street
Mansfield Vic 3722

A description of the nature of Mansfield District 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 have been applied in preparing the financial statements for the year ended 30 June 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

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

These financial statements are presented in Australian Dollars, the functional and presentation currency of the Mansfield District Hospital.

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

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

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

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.1 Property, Plant and Equipment), and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

For further details refer to Note 2.1 Revenue and income that funds the delivery of our services, 2.1 Expenses from transactions and Note 4.2 Property, plant and equipment.

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

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

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

(d) Jointly Controlled Operation

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

In respect of any interest in joint operations, Mansfield District 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.

Mansfield District Hospital is a Member of the Hume 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).

(e) Equity

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

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.

NOTE 2: FUNDING DELIVERY OF OUR SERVICES

Mansfield District Hospital's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

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

Structure

2.1 Revenue and income that funds the delivery of our services

NOTE 2.1: REVENUE AND INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES

(a) Income from transactions

	Total 2020 $'000	Total 2019 $'000
Government Grants (State) – Operating [2]	10,859	9,150
Government Grants (Commonwealth) – Operating	4,406	4,784
Government Grants (State) – Capital	151	147
Other Capital purpose income	216	1,560
Patient and Resident Fees	2,373	2,364
Commercial Activities [1]	110	114
Assets received free of charge or for nominal consideration	24	–
Other Revenue from Operating Activities (including non-capital donations)	777	837
Total Income from Operating Activities	**18,916**	**18,956**
Capital Interest	556	679
Other Interest	88	60
Total Income from Non-Operating Activities	**644**	**739**
Total Income from Transactions	**19,560**	**19,695**

1. Commercial activities represent business activities which the health service enter into to support their operations.
2. Government Grant (State) – Operating includes funding of $0.68m which was spend due to the impacts of COVID-19.

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

Accounting Policies

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

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

Related amounts may take the form of:
a) contributions by owners, in accordance with AASB 1004;
b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
c) a lease liability in accordance with AASB 16;
d) a financial instrument, in accordance with AASB 9; or
e) a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the health service controls has been recognised in accordance with AASB 1058 and recognised as deferred grant revenue (refer note 6.2).

If the grant revenue was accounted for under the previous accounting standard AASB 1004 in 2019–20, the total grant revenue received would have been recognised in full.

NOTE 2.1: REVENUE AND INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES (continued)

Performance obligations
The types of government grants recognised under AASB 15 Revenue from Contracts with Customers includes:
- Activity Based Funding (ABF) – DVA/TAC WIES;
- Commonwealth Home Support Program;
- Commonwealth Aged Care Funding; and
- Transitional Care Program Funding

The performance obligations for ABF are the number and mix of patients admitted to hospital (DVA/TAC) in accordance with levels of activity agreed to with the Department of Health and Human Services (DHHS). Non Public/private Revenue is recognised when a patient is discharged and in accordance with the activity for each separation. The performance obligations have been selected as they align with funding conditions set out in the Policy and funding guidelines issues by the DHHS.

Aged Care funding for Home Care packages and Transitional Care Program Funding is recognised on a monthly basis based on the services provided to each client.

For Commonwealth Aged Care Funding, revenue is recognised on a monthly basis based on the actual number of bed days provided and assessed ACFI rates for each resident. The performance obligations have been selected as they align with funding conditions set out in the Policy and funding guidelines issued by the Commonwealth.

For other grants with performance obligations the Health Service exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

Previous accounting policy for 30 June 2019
Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to Mansfield District Hospital without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

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

For non-reciprocal grants, Mansfield District Hospital recognises revenue when the grant is received.

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

The following are transactions that the Mansfield District Hospital has determined to be classified as revenue from contracts with customers in accordance with AASB 15. Due to the modified retrospective transition method chosen in applying AASB 15, comparative information has not been restated to reflect the new requirements.

Patient and Resident Fees
The performance obligations related to patient fees are to ensure that patients receive health care services that are equitable, appropriate and timely to meet their clinical needs. These performance obligations have been selected as they align with the terms and conditions of the providing services that Mansfield District Hospital has in place. Revenue is recognised as these performance obligations are met. Mansfield District Hospital exercises judgement over whether performance obligations related to patient care and services are met. This is measured by addressing the type of care provided, the number of days spent in care and the discharge notes.

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

Private Practice Fees
The performance obligations related to private practice fees are to ensure that patients receive health care services that are equitable, appropriate and timely to meet their clinical needs and that facilities are provided to Private Practitioners. These performance obligations have been selected as they align with the terms and conditions agreed with the private provider. Revenue is recognised as these performance obligations are met. Private practice fees include recoupments from the private practice for the use of hospital facilities. Mansfield District Hospital exercises judgement over whether performance obligations related to patient cares and services and provision of medical facilities are met. This is measured by addressing the type of care provided, the number of days spent in care and reading and charging the prescribed fees as per the discharge notes.

Commercial activities
Revenue from commercial activities includes items such as catering and property rental income.

Performance obligations related to commercial activities are directly in line with the type of activity utilised. These performance obligations have been selected as they align with the terms and conditions per the contract with the provider of the commercial activities. Mansfield District Hospital exercises judgement over whether performance obligations related to the type of activity utilised are met.

NOTE 2.1: REVENUE AND INCOME THAT FUNDS THE DELIVERY OF OUR SERVICES (continued)

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

	Total 2020 $'000	Total 2019 $'000
Assets received free of charge under State supply arrangements	24	–
Total fair value of assets and services received free of charge or for nominal consideration	**24**	**–**

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

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

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

Voluntary Services
Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. The volunteer services received by Mansfield District Hospital did not meet this recognition criteria.

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

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular
- Fair value of assets and services received free of charge or for nominal consideration.

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

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

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

(c) Other Income

	Total 2020 $'000	Total 2019 $'000
Capital interest	556	679
Other interest	88	60
Total other income	**644**	**739**

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided, and donations and bequests. If donations are for a specific purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

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

NOTE 3: THE COST OF DELIVERING 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 2020 $'000	Total 2019 $'000
Salaries and Wages	12,665	11,465
On-costs	1,586	1,239
Agency Expenses	13	24
Fee for Service Medical Officer Expenses	807	891
Workcover Premium	131	101
Total Employee Expenses	**15,202**	**13,720**
Drug Supplies	134	128
Medical and Surgical Supplies	407	411
Diagnostic and Radiology Supplies	100	100
Other Supplies and Consumables	491	439
Total Supplies and Consumables	**1,132**	**1,078**
Finance Costs	1	2
Total Finance Costs	**1**	**2**
Fuel, Light, Power and Water	254	285
Repairs and Maintenance	254	204
Maintenance Contracts	124	105
Hume Rural Health Alliance JV Expenditure	255	310
Medical Indemnity Insurnace	173	192
Other Administrative Expenses	1,623	1,741
Expenditure for Capital Purposes	34	18
Total Other Operating Expenses	**2,717**	**2,855**
Depreciation and Amortisation (refer Note 4.3)	1,748	1,454
Total Depreciation and Amortisation	**1,748**	**1,454**
Total Expenses from Transactions	**20,800**	**19,109**

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

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

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

NOTE 3.1: EXPENSES FROM TRANSACTIONS (Continued)

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

Other operating expenses
Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:
- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold.

The Department of Health and Human Services also makes certain payments on behalf of Mansfield District 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 outside the normal operations such as depreciation and amortisation, and assets and services provided free of charge or for nominal consideration.

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

From 1 July 2019, the following lease payments are recognised on a straight-line basis:
- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than $10,000.

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

NOTE 3.2: OTHER ECONOMIC FLOWS

	2020 $'000	2019 $'000
Net gain / (loss) on sale of non-financial assets		
Net gain on disposal of property, plant and equipment	37	–
Total net gain / loss on non-financial assets	**37**	**–**
Other gains / (losses) from other economic flows		
Net gain / (loss) arising from revaluation of long service liability	(72)	(133)
Total other gains / (losses) from other economic flows	**(72)**	**(133)**
Total other gains / (losses) from economic flows	**(35)**	**(133)**

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 u nrealised gains and losses as follows:
- revaluation gains/ (losses) of non-financial physical assets (Refer to Note 4.2 Property plant and equipment.)
- net gain/ (loss) on disposal of non-financial assets

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

NOTE 3.2: OTHER ECONOMIC FLOWS (Continued)

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

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

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

Other gains/(losses) from other economic flows
Other gains/(losses) include:
- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

NOTE 3.3: ANALYSIS OF EXPENSE AND REVENUE BY INTERNALLY MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS

	Expense		Revenue	
	2020 $'000	2019 $'000	**2020 $'000**	2019 $'000
Commercial Activities				
Diagnostic Imaging	96	79	105	105
Catering Services	37	38	77	80
Fundraising & Other	18	17	43	42
Total Commercial Activities	**151**	**134**	**225**	**227**

NOTE 3.4: EMPLOYEE BENEFITS IN THE BALANCE SHEET

	2020 $'000	2019 $'000
Current Provisions		
Employee Benefits (i)		
Accrued days off		
– unconditional and expected to be settled within 12 months (ii)	36	27
Annual Leave		
– unconditional and expected to be settled within 12 months (ii)	1,231	1,110
– unconditional and expected to be settled after 12 months (iii)	202	196
Long Service Leave		
– unconditional and expected to be settled within 12 months (ii)	197	191
– unconditional and expected to be settled after 12 months (iii)	1,822	1,385
	3,488	**2,909**
Provisions Related to Employee Benefit On-Costs		
– unconditional and expected to be settled within 12 months (ii)	161	148
– unconditional and expected to be settled after 12 months (iii)	180	178
	341	**326**
Total Current Provisions	**3,829**	**3,235**
Non-Current Provisions		
Conditional long service leave	102	182
Provisions Related to Employee Benefit On-Costs	21	21
Total Non-Current Provisions	**123**	**203**
Total Provisions	**3,952**	**3,438**

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

NOTE 3.4: EMPLOYEE BENEFITS IN THE BALANCE SHEET (continued)

(a) Employee Benefits and Related On-Costs

	2020 $'000	2019 $'000
Current Employee Benefits and Related On-Costs		
Unconditional Long Service Leave Entitlements	2,199	1,754
Annual leave Entitlements	1,594	1,454
Accrued Days Off	36	27
Total Current Employee Benefits and related on-costs	**3,829**	**3,235**
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements	123	203
Total Non-Current Employee Benefits and Related On-Costs	**123**	**203**
Total Employee Benefits and Related On-Costs	**3,952**	**3,438**

(b) Movements in On-Cost Provision

	2020 $'000	2019 $'000
Balance at Start of Year	347	312
Additional provisions recognised	33	39
Unwinding of discount and effect of changes in the discount rate	13	23
Reduction due to transfer out	(31)	(27)
Balance at End of Year	**362**	**347**

Employee Benefit Recognition
Provision is made for benefits accruing to employees in respect of accrued days off, annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

Provisions
Provisions are recognised when Mansfield District Hospital 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 recognised in the provision for employee benefits as 'current liabilities' because Mansfield District Hospital 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 hospital expects to wholly settle within 12 months; or
Present value – if the hospital does not expect to wholly settle within 12 months.

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Mansfield District Hospital 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 hospital expects to wholly settle within 12 months; or
- Present value – if the hospital does not expect to wholly settle within 12 months.

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

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

On-Costs Related to Employee Benefits
Provision for on-costs such as workers compensation and superannuation are recognised separately from provisions for employee benefits.

NOTE 3.5: SUPERANNUATION

		Paid Contributions for the Year		Contributions outstanding at the year end	
Fund		**2020 $'000**	2019 $'000	**2020 $'000**	2019 $'000
Defined Benefit Plans: [i]	Health Super	–	1	–	–
Defined Contribution Plans:	Health Super	585	502	–	–
	HESTA	501	467	–	–
	Other	66	78	–	–
Total		**1,152**	**1,048**	**–**	**–**

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

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

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

Mansfield District Hospital does not recognise any unfunded defined benefit liability in respect of the plans because the health service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Mansfield District Hospital.

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

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

NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY

Mansfield District Hospital controls non-financial assets that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Mansfield District Hospital to be utilised for delivery of those outputs.

Structure

4.1 Property, plant & equipment
4.2 Intangible assets
4.3 Depreciation and amortisation
4.4 Inventories

NOTE 4.1: PROPERTY, PLANT AND EQUIPMENT

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

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

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

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

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

Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement
Mansfield District Hospital recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

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

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

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

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

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

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

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

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

Revaluation surplus is not transferred to accumulated funds on de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

In accordance with FRD 103H Non-financial physical assets, Mansfield District 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, Mansfield District Hospital has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

NOTE 4.1: PROPERTY, PLANT AND EQUIPMENT (continued)

In addition, Mansfield District Hospital 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 Mansfield District Hospital's independent valuation agency.

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

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

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

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

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

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

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

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

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

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

For Mansfield District Hospital, 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 Mansfield District Hospital'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 2020.

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

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

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

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

NOTE 4.1: PROPERTY, PLANT AND EQUIPMENT (Continued)

(a) Gross Carrying Amount and Accumulated Depreciation

	2020 $'000	2019 $'000
Land		
Land – Crown	615	615
Land – Freehold	1,430	1,430
Total Land at Fair Value	**2,045**	**2,045**
Landscaping Improvements at Fair Value	493	493
Less Accumulated Depreciation	(18)	–
	475	**493**
Buildings		
Buildings at Fair Value	23,146	22,727
Less Accumulated Depreciation	(1,376)	–
	21,770	**22,727**
Building work in progress at cost	71	28
Total Buildings	**21,841**	**22,755**
Plant and Equipment		
Plant and Equipment at Fair Value	2,538	2,353
Less Accumulated Depreciation	(1,911)	(1,779)
	627	**574**
Motor Vehicles		
Motor Vehicles at Fair Value	316	435
Less Accumulated Depreciation	(175)	(242)
Right of use – Motor Vehicles	103	–
Less Accumulated Depreciation	(4)	–
	240	**193**
Medical Equipment		
Medical Equipment at Fair Value	2,203	2,142
Less Accumulated Depreciation	(1,636)	(1,511)
Total Medical Equipment	**567**	**631**
Computers and Communication		
Computers and Communication at Fair Value	31	31
Less Accumulated Depreciation	(13)	(10)
	18	**21**
Furniture and Fittings		
Furniture and Fittings at Fair Value	578	550
Less Accumulated Depreciation	(414)	(380)
	164	**170**
HRHA Plant and Equipment		
Plant and Non Medical Equipment at Fair Value	27	27
Less Accumulated Depreciation	(18)	(13)
Right of use – Plant and Equipment	26	102
Less Accumulated Depreciation	(8)	(72)
Total HRHA Plant and Equipment	**27**	**44**
Total Property, Plant and Equipment	**26,004**	**26,926**

NOTE 4.1: PROPERTY, PLANT AND EQUIPMENT (Continued)

(b) Reconciliation of the Carrying Amounts of Each Class of Asset

	Note	Land $'000	Land Improvements $'000	Buildings under construction $'000	Buildings $'000	Plant and Equipment $'000	Motor Vehicles $'000	Right of use Motor Vehicles $'000	Medical Equipment $'000	Computers & Commun. Equipment $'000	Furniture & Fittings $'000	HRHA Plant and Equipment $'000	Right of Use HRHA Plant and Equipment $'000	Total $'000
Balance at 1 July 2018		**2,399**	**295**	**1**	**15,107**	**505**	**231**	**–**	**553**	**24**	**175**	**22**	**32**	**19,344**
Additions/(disposals)		–	–	179	–	170	27	–	209	–	30	–	18	633
Revaluation Increments /(decrements)		(354)	215	–	8,535	2	–	–	–	–	–	–	–	8,398
Net Transfer Between Classes		–	–	(152)	152	–	–	–	–	–	–	–	–	–
Depreciation	4.3	–	(17)	–	(1,067)	(103)	(65)	–	(131)	(3)	(35)	(8)	(20)	(1,449)
Balance at 1 July 2019	4.1(a)	**2,045**	**493**	**28**	**22,727**	**574**	**193**	**–**	**631**	**21**	**170**	**14**	**30**	**26,926**
Additions/(disposals)		–	–	538	–	89	–	103	60	–	28	4	(2)	820
Revaluation increaments /(decrements)		–	–	–	–	–	–	–	–	–	–		–	–
Net Transfers between Classes		–	–	(495)	419	76	–	–	–	–	–		–	–
Depreciation	4.3	–	(18)	–	(1,376)	(112)	(52)	(4)	(124)	(3)	(34)	(9)	(10)	(1,742)
Balance at 30 June 2020	4.1(a)	**2,045**	**475**	**71**	**21,770**	**627**	**141**	**99**	**567**	**18**	**164**	**9**	**18**	**26,004**

Land and Buildings and Leased Assets Carried at Valuation
A full revaluation of the Mansfield District Hospital's land and buildings was performed by the Valuer-General of Victoria (VGV) in May 2019 in accordance with the requirements of Financial Reporting Direction (FRD) 103H Non-Financial Physical Assets. 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 effective date of the valuation for both land and buildings was 30 June 2020.

In compliance with FRD 103H, in the year ended 30 June 2020, management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the VGV indices for the financial year ended 30 June 2020.

The VGV indices, which are based on data to March 2020, indicate an average increase of 1.07% across all land parcels and no change in buildings.

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

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

The land and building balances are considered to be sensitive to market conditions. To trigger a managerial revaluation a decrease in the land indices of 8.93% and a decrease in the building indices of 10% would be required.

NOTE 4.1: PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Property, plant and equipment – fair value measurement hierarchy for assets

Balance at 30 June 2020	Note	Total Carrying $'000	Fair Value Measurement at End of Reporting Period Using: Level 1[(i)] $'000	Level 2[(i)] $'000	Level 3[(i)] $'000
Land at Fair Value					
Specialised Land		2,045	–	–	2,045
Total Land at Fair Value	4.1(a)	**2,045**	**–**	**–**	**2,045**
Land Improvements at Fair Value					
Land Improvements		475	–	–	475
Total Land Improvements at Fair Value		**475**	**–**	**–**	**475**
Buildings at Fair Value					
Specialised Buildings		21,770	–	–	21,770
Total Buildings at Fair Value	4.1(a)	**21,770**	**–**	**–**	**21,770**
Plant and Equipment at Fair Value	4.1(a)	627	–	–	627
Motor Vehicles at Fair Value	4.1(a)	140	–	140	–
Right of Use Motor Vehicles at Fair Value	4.1(a)	100	–	100	–
Medical Equipment at Fair Value	4.1(a)	567	–	–	567
Computers and Communication at Fair Value	4.1(a)	18	–	–	18
Furniture & Fittings at Fair Value	4.1(a)	164	–	–	164
Total Other Plant and Equipment at Fair Value	4.1(a)	**1,616**	**–**	**240**	**1,376**
HRHA Plant and Equipment					
Plant and Non-Medical Equipment at Fair Value	4.1(a)	**9**	**–**	**–**	**9**
Total HRHA Plant and Equipment					
Right of Use HRHA Plant and Equipment					
Plant and Non-Medical Equipment at Fair Value	4.1(a)	**18**	**–**	**–**	**18**
Total HRHA Plant and Equipment					
Total Property, Plant and Equipment		**25,933**	**–**	**240**	**25,693**

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

There have been no transfers between levels during the period.

NOTE 4.1: PROPERTY, PLANT AND EQUIPMENT (Continued)

(c) Property, plant and equipment – fair value measurement hierarchy for assets

Balance at 30 June 2019	Note	Total Carrying $'000	Fair Value Measurement at End of Reporting Period Using: Level 1(i) $'000	Level 2(i) $'000	Level 3(i) $'000
Land at Fair Value					
Specialised Land		2,045	–	–	2,045
Total Land at Fair Value	4.1(a)	**2,045**	**–**	**–**	**2,045**
Land Improvements at Fair Value					
Land Improvements		493	–	–	493
Total Land Improvements at Fair Value		**493**	**–**	**–**	**493**
Buildings at Fair Value					
Specialised Buildings		22,727	–	–	22,727
Total Buildings at Fair Value	4.1(a)	**22,727**	**–**	**–**	**22,727**
Plant and Equipment at Fair Value	4.1(a)	574	–	–	574
Motor Vehicles at Fair Value	4.1(a)	193	–	193	–
Medical Equipment at Fair Value	4.1(a)	631	–	–	631
Computers and Communication at Fair Value	4.1(a)	21	–	–	21
Furniture & Fittings at Fair Value	4.1(a)	170	–	–	170
Total Other Plant and Equipment at Fair Value	4.1(a)	**1,589**	**–**	**193**	**1,396**
HRHA Plant and Equipment					
Plant and Non-Medical Equipment at Fair Value	4.1(a)	**14**	**–**	**–**	**14**
Total HRHA Plant and Equipment					
Right of Use HRHA Plant and Equipment					
Plant and Non-Medical Equipment at Fair Value	4.1(a)	**30**	**–**	**–**	**30**
Total HRHA Plant and Equipment					
Total Property, Plant and Equipment		**26,898**	**–**	**193**	**26,705**

(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

	Note	Land $'000	Land Improvements $'000	Buildings $'000	Plant and Equipment $'000	Medical Equipment $'000	Computers & Commun. Equipment $'000	Furniture & Fittings $'000	HRHA Plant and Equipment $'000	Right of Use HRHA Plant and Equipment $'000
Balance at 1 July 2018		**2,399**	**295**	**15,107**	**505**	**553**	**24**	**175**	**22**	**32**
Additions/(disposals)		–	–	152	170	209	–	30	–	18
Gains/(losses) recognised in net result – Depreciation	4.3	–	(17)	(1,067)	(103)	(131)	(3)	(35)	(8)	(20)
Items recognised in other comprehensive income – Revaluation		(354)	215	8,535	2	–	–	–	–	–
Balance at 30 June 2019	4.1(a)	**2,045**	**493**	**22,727**	**574**	**631**	**21**	**170**	**14**	**30**
Balance at 1 July 2019		**2,045**	**493**	**22,727**	**574**	**631**	**21**	**170**	**14**	**30**
Additions/(disposals)		–	–	419	165	60	–	28	4	(2)
Gains/(losses) recognised in net result – Depreciation	4.3	–	(18)	(1,376)	(112)	(124)	(3)	(34)	(9)	(10)
Items recognised in other comprehensive income – Revaluation		–	–	–	–	–	–	–	–	–
Balance at 30 June 2020	4.1(a)	**2,045**	**475**	**21,770**	**627**	**567**	**18**	**164**	**9**	**18**

NOTE 4.1: PROPERTY, PLANT AND EQUIPMENT (Continued)

(e) Fair Value determination

Asset Class	Likely Valuation Approach	Significant inputs (Level 3 only)
Specialised land	Market approach	– Community Service Obligations (CSO) adjustments
Specialised buildings	Depreciated replacement cost approach	– Cost per square metre – Useful life
Motor Vehicles	Market approach	– N/A
Plant and Equipment	Depreciated replacement cost approach	– Cost per unit – Useful life
Computers and Furniture	Depreciated replacement cost approach	– Cost per unit – Useful life
Medical Equipment	Depreciated replacement cost approach	– Cost per unit – Useful life

(a) CSO adjustment of 20% was applied to reduce the market approach value for the hospital's specialised land.

(f) Property, Plant and Equipment Revaluation Surplus

	Note	**2020 $'000**	2019 $'000
Property, Plant and Equipment Revaluation Surplus			
Balance at the beginning of the reporting period		**25,101**	**16,703**
Revaluation Increment			
– Land	4.1(b)	–	(354)
– Land Improvements	4.1(b)	–	215
– Buildings	4.1(b)	–	8,537
Balance at the end of the reporting period *		**25,101**	**25,101**
* Represented by:			
– Land		1,333	1,333
– Land Improvements		215	215
– Buildings		23,553	23,553
Total		**25,101**	**25,101**

NOTE 4.2: INTANGIBLE ASSETS

(a) Intangible assets – Gross carrying amount and accumulated amortisation

	2020 $'000	2019 $'000
HRHA Software	39	36
Less Accumulated Depreciation	(19)	(13)
TOTAL INTANGIBLE ASSETS	**20**	**23**

(b) Intangible assets – Reconciliation of the carrying amount of class of asset

	Note	**2020 $'000**	2019 $'000
Balance as at 1 July 2018		**19**	**64**
Additions		9	(43)
Amortisation	4.3	(5)	(2)
Balance as at 1 July 2019		**23**	**19**
Additions		3	9
Amortisation	4.3	(6)	(5)
Balance as at 30 June 2020		**20**	**23**

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Mansfield District Hospital.

Purchased intangible assets
Are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTE 4.2: INTANGIBLE ASSETS (continued)

An internally generated intangible asset
An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:
a. the technical feasibility of completing the intangible asset so that it will be available for use or sale;
b. an intention to complete the intangible asset and use or sell it;
c. the ability to use or sell the intangible asset;
d. the intangible asset will generate probable future economic benefits;
e. the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
f. the ability to measure reliably the expenditure attributable to the intangible asset during its development.

NOTE 4.3: DEPRECIATION AND AMORTISATION

	2020 $	2019 $
Depreciation		
Buildings	1,376	1,067
Land Improvements	18	17
Plant and Equipment	112	115
Motor Vehicles	56	65
Computers and Communication	3	3
Medical Equipment	124	131
Furniture and Fittings	34	35
Hume Rural Health Alliance	19	16
Total Depreciation	1,742	1,449
Amortisation		
HRHA – Amortisation	6	5
Total Amortisation	6	5
Total Depreciation and Amortisation	**1,748**	**1,454**

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

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

Amortisation
Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life. The following table indicates the expected useful lives of non-current assets on which the depreciation and amortisation charges are based.

	2020	2019
Buildings		
– Structure Shell Building Fabric	10 to 40 years	10 to 40 years
– Landscaping	10 to 40 years	10 to 40 years
– Site Engineering Services and Central Plant	10 to 40 years	10 to 40 years
Central Plant		
– Fit Out	10 to 40 years	10 to 40 years
– Trunk Reticulated Building Systems	10 to 40 years	10 to 40 years
Plant and Equipment	3 to 20 years	3 to 20 years
Medical Equipment	3 to 20 years	3 to 20 years
Computers and Communication	3 to 4 years	3 to 4 years
Furniture and Fittings	5 to 10 years	5 to 10 years
Motor Vehicles	4 to 10 years	4 to 10 years
Intangible Assets	1 to 3 years	1 to 3 years

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

NOTE 4.4: INVENTORIES

	2020 $	2019 $
Medical and Surgical consumables at cost	34	31
Pharmacy supplies at cost	38	31
Housekeeping Supplies – at cost	7	10
Administration Stores – at cost	5	5
TOTAL INVENTORIES	84	77

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

NOTE 5: OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from Mansfield District Hospital's operations.

Structure

5.1 Receivables and contract assets
5.2 Payables
5.3 Other liabilities

NOTE 5.1: RECEIVABLES AND CONTRACT ASSETS

(a) Receivables and contract assets

	2020 $'000	2019 $'000
CURRENT		
Contractual		
Inter Hospital Debtors	219	1
Trade Debtors	44	92
Patient Fees	232	192
Accrued Revenue – Other	33	10
Hume Rural Health Alliance – Receivables	43	52
Less Allowance for impairment losses of contractual receivables		
Patient and Resident Fees	(12)	(15)
Sub-total Contractual Receivables	**559**	**332**
Statutory		
Accrued Revenue – Department of Health and Human Services	–	10
GST Receivable	101	77
Sub-total Statutory Receivables	**101**	**87**
TOTAL CURRENT RECEIVABLES	**660**	**419**
NON CURRENT RECEIVABLES		
Statutory		
Long Service Leave – Department of Health and Human Services	853	686
TOTAL NON-CURRENT RECEIVABLES	**853**	**686**
TOTAL RECEIVABLES	**1,513**	**1,105**

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

	2020 $'000	2019 $'000
Balance at beginning of year	15	20
Decrease in allowance recognised in net result	(3)	(5)
Balance at End of Year	**12**	**15**

Receivables recognition

Receivables consist of:

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

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

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

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

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

Impairment losses of contractual receivables

Refer to Note 7.1 (c) Contractual receivables at amortised costs for Mansfield District Hospital's contractual impairment losses.

NOTE 5.2: PAYABLES

	Note	2020 $'000	2019 $'000
CURRENT			
Contractual			
Trade Creditors		229	377
Accrued Salaries and Wages		340	257
Accrued Expenses		40	127
Contract Liabilities – income received in advance	5.2(a)	355	88
Inter-hospital creditors		20	–
Hume Rural Health Alliance Payables		183	145
Total Contractual Payables		**1,167**	**994**
Statutory			
GST Payable		19	30
Total Statutory Payables		**19**	**30**
TOTAL CURRENT PAYABLES		**1,186**	**1,024**

Payables Recognition
Payables consist of:

- **Contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Mansfield District Hospital 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.

(a) Contract Liabilities

	2020 $'000	2019 $'000
Opening balance brought forward from 30 June 2019	88	–
Add: Payments received for performance obligations yet to be completed during the period	355	88
Less: Revenue recognised in the reporting period for the completion of a performance obligation obligations met during the year	(88)	–
Total contract liabilities	**355**	**88**
Represented by		
Current contract liabilities	355	88
Non-current contract liabilities	–	–

Contract liabilities are classified as; Grant funding above COVID-19 Operating Impact for financial year ended 30 June 2020, DHHS Training and Scholarship Funding, DHHS WIES activity funding above activity targets, DHHS Mental Health Funding and DHHS Mt Buller COVID-19 Testing Clinic Funding . Invoices are raised once the goods and services are delivered/provided.

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

NOTE 5.3: OTHER LIABILITIES

	2020 $'000	2019 $'000
CURRENT		
Monies Held in Trust*		
– Refundable Accommodation Deposits	12,717	12,012
Total Other Liabilities	**12,717**	**12,012**
*** Total Monies Held in Trust Represented by the following assets:**		
Cash Assets	12,717	12,012
TOTAL	**12,717**	**12,012**

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

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

NOTE 6: HOW WE FINANCE OUR OPERATIONS

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

6.1 Borrowings
6.2 Cash and cash equivalents
6.3 Commitments for expenditure

NOTE 6.1: BORROWINGS

	2020 $	2019 $
CURRENT		
Hume Rural Health Alliance Lease Liability (i)	7	16
Current borrowings – Vic Fleet Liability (i)	14	–
Total Current Borrowings	21	16
NON CURRENT		
Hume Rural Health Alliance Lease Liability (i)	11	13
Current borrowings – Vic Fleet Liability (i)	86	–
Loan with DHHS (ii)	93	–
Total Non Current Borrowings	**190**	**13**
TOTAL BORROWINGS	**211**	**29**

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.
(ii) There are unsecured loans which bear no interest.

Maturity Analysis of Borrowings
Please refer to Note 7.1(b) for the maturity analysis of borrowings

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

Lease Liabilities
Repayments in relation to leases are payable as follows:

	Minimum future lease payments (i)		Present value of minimum future lease payments	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Not longer than one year	27	17	17	16
Later than 1 year but not longer than 5 years	101	14	101	13
Minimum future lease payments	128	31	118	29
Less future finance charges	(10)	(2)	–	–
Total	118	29	118	29
Included in the financial statements as:				
Current borrowings – lease liability	21	16	21	16
Non-current borrowings – lease liability	97	13	97	13
TOTAL	**118**	**29**	**118**	**29**

The weighted average interest rate implicit in the lease is 2.00% (2019: 1.64%).

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

Mansfield District Hospital's leasing activities
As a member of the Hume Rural Health Alliance, Mansfield District Hospital holds a percentage share of the financial liabilities relating to Leases entered into by HRHA on behalf of the agencies under the joint arrangement, these leases relate to:
– Various computer hardware equipment
– Network Infrastructure – WAN & LAN
– Leased Premises

Mansfield District Hospital has entered into a lease related to the right of use of motor vehicles with Vic Fleet.

For any new contracts entered into on or after 1 July 2019, Mansfield District Hospital considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition Mansfield District Hospital assesses whether the contract meets three key evaluations which are whether:
- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Mansfield District Hospital and for which the supplier does not have substantive substitution rights;
- Mansfield District Hospital has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Mansfield District Hospital has the right to direct the use of the identified asset throughout the period of use; and
- Mansfield District Hospital has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

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

NOTE 6.1: BORROWINGS (continued)

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

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)
Lease Liability – initial measurement
The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Mansfield District Hospital incremental borrowing rate.

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

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

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

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

Presentation of right-of-use assets and lease liabilities
Mansfield District Hospital presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

Recognition and measurement of leases (under AASB 117 until 30 June 2019)
In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.

Mansfield District Hospital determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where Mansfield District Hospital as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

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

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

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

NOTE 6.2: CASH AND CASH EQUIVALENTS

	2020 $	2019 $
– Cash on Hand (excluding monies held in trust)	1	1
– Cash at Bank (excluding monies held in trust)	695	227
– Cash at Bank – CBS (excluding monies held in trust)	7,283	7,788
– Cash at Bank – CBS (monies held in trust)	12,717	12,012
– HRHA – Cash at Bank	378	271
TOTAL CASH AND CASH EQUIVALENTS	**21,074**	**20,299**

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

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

NOTE 6.3: COMMITMENTS FOR EXPENDITURE

	2020 $'000	2019 $'000
Operating Expenditure Commitments		
Information and Communication Technology Services	–	61
Printer and Photocopier – Agreement	36	–
Total Operating Commitments	**36**	**61**
Non-cancellable Short Term and low value asset lease commitments		
Not later than one year	36	35
Later than 1 and not later than 5 years	–	26
Total Non-cancellable Lease Commitments	**36**	**61**
Total Commitments (Inclusive of GST)	36	61
Less GST recoverable from Australian Tax Office	(3)	(6)
Total Commitments (exclusive of GST)	**33**	**55**

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

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

Mansfield District Hospital has entered into commercial leases on certain medical equipment, computer equipment and property where it is not in the interest of Mansfield District Hospital to purchase these assets. These leases have an average life of between 1 and 20 years with renewal terms included in the contracts. Renewals are at the option of Mansfield District Hospital. There are no restrictions placed upon the lessee by entering into these leases.

NOTE 7: RISKS, CONTINGENCIES AND VALUATION UNCERTAINTIES

Mansfield District 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 health service is related mainly to fair value determination.

Structure

7.1 Financial instruments
7.2 Contingent assets and contingent liabilities

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 Mansfield District 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

2020	Note	Financial assets at amortised cost $'000	Financial liabilities at amortised cost $'000	Total $'000
Contractual Financial Assets				
Cash and cash equivalents	6.2	21,074	–	21,074
Receivables – Trade Debtors	5.1	499	–	499
Other Receivables	5.1	76	–	76
Total Financial Assets (i)		**21,649**	**–**	**21,649**
Financial Liabilities				
Payables	5.2	–	812	812
Borrowings	6.1	–	211	211
Other Financial Liabilities				
– Refundable Accommodation Bonds	5.3	–	12,717	12,717
Total Financial Liabilities (ii)		**–**	**13,740**	**13,740**

2019	Note	Contractual financial assets – loans and receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Contractual Financial Assets				
Cash and cash equivalents	6.2	20,299	–	20,299
Receivables – Trade Debtors	5.1	285		285
Other Receivables	5.1	62	–	62
Total Financial Assets (i)		**20,646**	**–**	**20,646**
Financial Liabilities				
Payables	5.2	–	906	906
Borrowings	6.1	–	29	29
Other Financial Liabilities				
– Refundable Accommodation Bonds	5.3	–	12,012	12,012
Total Financial Liabilities (ii)		**–**	**12,947**	**12,947**

(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).

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 Mansfield District Hospital 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.

- Mansfield District Hospital recognises the following assets in this category:
- cash and deposits; and
- receivables (excluding statutory receivables).

NOTE 7.1: FINANCIAL INSTRUMENTS (Continued)

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

- payables (excluding statutory payables); and
- borrowings (including 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; or
- Mansfield District Hospital 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
  Mansfield District Hospital has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where Mansfield District Hospital has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Mansfield District Hospitals' continuing involvement in the asset.

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

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

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

(b) Maturity analysis of Financial Liabilities as at 30 June

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

				Maturity Dates			
	Note	Carrying Amount $'000	Nominal Amount $'000	Less than 1 Month $'000	1–3 Months $'000	3 Months – 1 Year $'000	1–5 Years $'000
2020							
Financial Liabilities at amortised cost							
Payables	5.2	812	812	812	–	–	–
Borrowings	6.1	211	211	3	5	6	197
Other Financial Liabilities							
– Accommodation Bonds	5.3	12,717	12,717	254	508	2,417	9,538
Total Financial Liabilities		**13,740**	**13,740**	**1,069**	**513**	**2,423**	**9,735**
2019							
Financial Liabilities							
Payables	5.2	906	906	906	–	–	–
Borrowings	6.1	29	29	2	5	9	13
Other Financial Liabilities							
– Accommodation Bonds	5.3	12,012	12,012	240	480	2,283	9,009
Total Financial Liabilities		**12,947**	**12,947**	**1,148**	**485**	**2,292**	**9,022**

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

NOTE 7.1: FINANCIAL INSTRUMENTS (Continued)

(c) Contractual receivables at amortised costs

1-Jul-19	Current	Less than 1 month	1–3 months	3 months – 1 year	1–5 years	Total
Expected loss rate	1%	2%	3%	10%	50%	
Gross carrying amount of contractual receivables ($'000)	193	26	18	110	–	347
Loss Allowance	**2**	**1**	**1**	**11**	**–**	**15**

30-Jun-20	Current	Less than 1 month	1–3 months	3 months – 1 year	1–5 years	Total
Expected loss rate	1%	2%	3%	4%	50%	
Gross carrying amount of contractual receivables ($'000)	323	40	17	195	–	575
Loss Allowance	**3**	**1**	**1**	**7**	**–**	**12**

Impairment of financial assets under AASB 9 Financial Instruments
Mansfield District Hospital records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 Financial Instruments 'Expected Credit Loss' approach. Subject to AASB 9 Financial Instruments, impairment assessment includes the Mansfield District Hospital's contractual receivables, statutory receivables and its investment in debt instruments.

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

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

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

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

Statutory receivables and debt investments at amortised cost
The Mansfield District Hospital's non-contractual receivables arising from statutory requirements are not financial instruments. However, they are nevertheless recognised and measured in accordance with AASB 9 Financial Instruments requirements as if those receivables are financial instruments.

The statutory receivables 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.

NOTE 7.2: CONTINGENT ASSETS AND CONTINGENT LIABILIITES

There are no known contingent assets or liabilities for Mansfield District Hospital as at the date of this report (2019: NIL)

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

NOTE 8: OTHER DISCLOSURES

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

Structure

8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
8.2 Responsible persons disclosure
8.3 Remuneration of Executive Officers
8.4 Related Parties
8.5 Remuneration of Auditors
8.6 Events occurring after the Balance Sheet date
8.7 Jointly Controlled Operations
8.8 Economic Dependency
8.9 Changes in accounting policy and revision of estimates
8.10 AASBs Issued that are not yet effective

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

	Note	2020 $'000	2019 $'000
NET RESULT FOR THE YEAR		(1,275)	453
Non-cash movements			
Depreciation and Amortisation	4.3	1,748	1,454
Assets Received Free of Charge	2.1(b)	(24)	–
Movements included in investing and financing activities			
Net (Gain)/Loss from Disposal of Non-financial physical assets		(37)	–
Movements in assets and liabilities			
Change in Operating Assets & Liabilities			
(Increase)/Decrease in Receivables		(408)	379
(Increase)/Decrease in Prepayments		(23)	(6)
(Increase)/Decrease in Payables		162	(1)
Increase/(Decrease) in Provisions		514	(290)
Increase/(Decrease) in Inventories		(7)	267
Net Cash Inflow/(Outflow) from Operating Activities		**650**	**2,256**

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 Jenny Mikakos, Minister for Health and Minister for Ambulance Services	01/07/2019 – 30/06/2020
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	01/07/2019 – 30/06/2020
The Honourable Martin Foley, Minister for Mental Health	01/07/2019 – 30/06/2020
Governing Boards	
Mr P. Officer	01/07/2019 – 30/06/2020
Mrs R. Adams	01/07/2019 – 30/06/2020
Mr M. Beattie	01/07/2019 – 30/06/2020
Mrs G. Belle	01/07/2019 – 30/06/2020
Dr P. Dalgliesh	01/07/2019 – 30/06/2020
Assoc Prof J. Freemantle	01/07/2019 – 30/06/2020
Ms L. Morgan	01/07/2019 – 30/06/2020
Ms K. Lockey	01/07/2019 – 30/06/2020
Mr L. Irving	01/07/2019 – 30/06/2020
Prof B. Happell	01/07/2019 – 30/06/2020
Mr J. Madin	01/07/2019 – 23/02/2020
Accountable Officers	
Cameron Butler (Chief Executive Officer)	01/07/2019 – 30/06/2020

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

	Parent	
	2020 No.	2019 No.
$0 – $190,000	11	10
$190,000 – $199,999	1	1
Total Numbers	**12**	**11**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to ($'000):	**258**	**244**

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in Mansfield District Hospital's financial statements.

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

NOTE 8.3: REMUNERATION OF EXECUTIVES

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

	Total Remuneration	
Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)	**2020 $'000**	2019 $'000
Short term Benefits	432	364
Post-employment Benefits	39	33
Other long-term Benefits	10	9
Total Remuneration (i)	**481**	**406**
Total Number of Executives	3	3
Total Annualised Employee Equivalent (ii)	3	3

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

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

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

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

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

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

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

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

NOTE 8.4: RELATED PARTIES

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

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

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

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

Key management personnel of Mansfield District Hospital

Entity	KMPs	Position Title
Mansfield District Hospital	Mr P. Officer	Chair of the Board
Mansfield District Hospital	Mrs R. Adams	Board Member
Mansfield District Hospital	Mr M. Beattie	Board Member
Mansfield District Hospital	Mrs G. Belle	Board Member
Mansfield District Hospital	Dr. P. Dalgliesh	Board Member
Mansfield District Hospital	Assoc. Prof J. Freemantle	Board Member
Mansfield District Hospital	Ms. L. Morgan	Board Member
Mansfield District Hospital	Ms. K. Lockey	Board Member
Mansfield District Hospital	Mr. L. Irving	Board Member
Mansfield District Hospital	Prof. B. Happell	Board Member
Mansfield District Hospital	Mr. J. Madin	Board Member
Mansfield District Hospital	Mr. C. Butler	Chief Executive Officer
Mansfield District Hospital	Ms. M. Hood	Executive Director of Clinical Services
Mansfield District Hospital	Ms. M. Green	Executive Director of Operations
Mansfield District Hospital	Ms. A. Jewitt	Executive Director of Quality and Safety

The compensation detailed below is recorded in $'000 and excludes salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968, and is reported within the Department of Parliamentary Services' Financial Report.

Compensation – KMPs	**2020 $'000**	2019 $'000
Short term Employee Benefits	667	586
Post-employment Benefits	57	50
Other Long-term Benefits	15	13
Total	**739**	**649**

(i) Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.

(ii) KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Significant Transactions with Government Related Entities

The Mansfield District Hospital received funding from the Department of Health and Human Services of $10.83 m (2019: $9.40 million) and indirect contributions of $0.1m (2019: $0.1m).

The Mansfield District Hospital received a Rural Health Solar Program Loan from the Department of Health and Human Services of $93,592, for the installation of solar panels as part of the Greening Government Buildings program.

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

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

The Standing Directions of the Assistant Treasurer require the Mansfield District 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 Victorian unless an exemption has been approved by the Minister for Health and Human Services and the Treasurer.

NOTE 8.4: RELATED PARTIES (continued)

Transactions with KMPs and Other Related Parties
GGiven 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 Mansfield District Hospital, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2020.

Other Transactions of Responsible Persons and their Related Parties
The result of the period includes aggregate amounts attributable to transactions with Responsible Persons and Responsible Persons Related Parties in respect of:

	2020 $'000	2019 $'000
Mrs G. Belle through involvement in the business Mansfield Produce Store on normal commercial terms and conditions	5	1
Mrs G. Belle through involvement in the business Delatite Hotel on normal commercial terms and conditions	7	10

NOTE 8.5: REMUNERATION OF AUDITORS

	2020 $'000	2019 $'000
Victorian Auditor-General's Office		
Audit of financial statement	25	28
Crowe Horwath (Albury)		
Internal audit services	28	25
	53	53

NOTE 8.6: EVENTS OCCURING AFTER THE BALANCE SHEET DATE

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

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

NOTE 8.7: JOINTLY CONTROLLED OPERATIONS

		Ownership Interest	
Name of Entity	**Principal Activity**	**2020 %**	2019 %
Hume Rural Health Alliance	The Member Entities have committed to the establishment of Information Systems – including ICT investment facilitation, project delivery, workplace services, business application services, collaboration services and vendor management.	4.21	4.00

Mansfield District Hospital's interest in the above jointly controlled operations are detailed below. The amounts are included in the financial statements under their respective categories:

	2020 $'000	2019 $'000
Current Assets		
Cash and Cash Equivalents	378	271
Receivables	38	52
Prepayments	5	10
Total Current Assets	**421**	**334**
Non-Current Assets		
Property, Plant and Equipment and Intangibles	47	67
Total Non-Current Assets	**47**	**67**
Total Assets	**468**	**401**
Current Liabilities		
Payables	184	145
Borrowings	7	16
Total Current Liabilities	**191**	**161**
Non-Current Liabilities		
Borrowings	11	13
Total Non-Current Liabilities	**11**	**13**
Total Liabilities	**202**	**174**
Net Assets	**266**	**227**

Mansfield District Hospital's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	2020 $'000	2019 $'000
Revenues		
Operating Activities	138	220
Other Income	138	131
Interest Income	2	4
Capital Purpose Income	72	–
Total Revenue	**350**	**355**
Expenses		
Management Fee	82	70
Other Expenses from Continuing Operations	173	240
Finance Costs	1	1
Capital Purpose Expenditure	38	2
Depreciation and Amortisation	24	33
Total Expenses	**318**	**346**
Net Result	**32**	**9**

Contingent Liabilities and Capital Commitments
There are no known contingent liabilities or capital commitments held by Hume Rural Health Alliance as at balance date.

NOTE 8.8: ECONOMIC DEPENDENCY

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

NOTE 8.9 CHANGES IN ACCOUNTING POLICY AND REVISION OF ESTIMATES

Changes in accounting policy

Leases
This note explains the impact of the adoption of AASB 16 Leases on Mansfield District Hospital's financial statements.

Mansfield District Hospital has applied AASB 16 with a date of initial application of 1 July 2019. Mansfield District Hospital has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, Mansfield District Hospital determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 – 'Determining whether an arrangement contains a Lease'. Under AASB 16, Mansfield District Hospital assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.1.

On transition to AASB 16, Mansfield District Hospital has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

Leases classified as operating leases under AASB 117
As a lessee, Mansfield District Hosptial previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Mansfield District Hosptial. Under AASB 16, Mansfield District recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, Mansfield District Hosptial recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using Mansfield District Hospital's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Mansfield District Hospital has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:
- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

Impacts on financial statements
The transition impact to AASB 16 for Mansfield District Hospital was nil.

Revenue from Contracts with Customers
In accordance with FRD 121 requirements, the Mansfield District Hospital has applied the transitional provision of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Mansfield District Hospital applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application. Mansfield District Hospital has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

Comparative information has not been restated.

Note 2.1.1 – Sales of goods and services includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

The adoption of AASB 15 did not have an impact on Other Comprehensive Income and the Statement of Cash flows for the financial year.

Income of Not-for-Profit Entities
In accordance with FRD 122 requirements, Mansfield District Hospital has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Mansfield District Hospital applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

The adoption of AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash flows for the financial year.

NOTE 8.10: AABSs ISSUED THAT ARE NOT YET EFFECTIVE

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

As at 30 June 2020, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Mansfield District Hospital has not and does not intend to adopt these standards early.

Standard/ Interpretation	**Summary**	**Applicable for annual reporting periods beginning on**	**Impact on public sector entity financial statements**
AASB 17 *Insurance Contracts*	The new Australian standard seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard does not apply to the not-for-profit public sector entities.	01 January 2021	The standard is not expected to have a significant impact on Mansfield District Hospital.
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	The Standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendments refund 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 January 2020	The standard is not expected to have a significant impact on Mansfield District Hospital.
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statements of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	01 January 2022 However, ED 301 has been issued with the intention to defer application of 01 January 2023.	The standard is not expected to have a significant impact on Mansfield District Hospital.

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

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*

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