MTHCS

Mallee Track Health and Community Service

REPORT OF OPERATIONS 2018-19

on track for a vibrant future

MTHCS Mallee Track Health and Community Service

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Our Vision
Leading our communities to excellence in integrated health and community services.

Our Mission
To provide people of all ages with access to quality, person-centred care in the Mallee.

Our Philosophy
Equitable and timely access to innovative models of care, supported by a local workforce that is engaged with the community.

WELCOME

Mallee Track Health and Community Service (MTHCS) employs 219 staff across its campuses and has an operating budget of $14m. The district is known for its broadacre farming and grazing.

Services provided include acute medical and urgent care, community and district nursing, high and low level residential aged care, long day and vacation care, and early years management. In addition, a broad range of allied health and community services is provided.

MTHCS provides infrastructure in Sea Lake and Ouyen to support General Practitioners and Nurse Practitioners in establishing a medical service in each community.

The median age in the MTHCS catchment is 51 years, with 29% of the population aged 65 and over and 4% aged between 0 and 4 years of age.

Leading our communities to excellence in integrated health and community services

Service centres
Service centres are located at Sea Lake, Ouyen, Murrayville, Underbool and Patchewollock.

Responsible Ministers
The Responsible Ministers for MTHCS during the reporting period were:

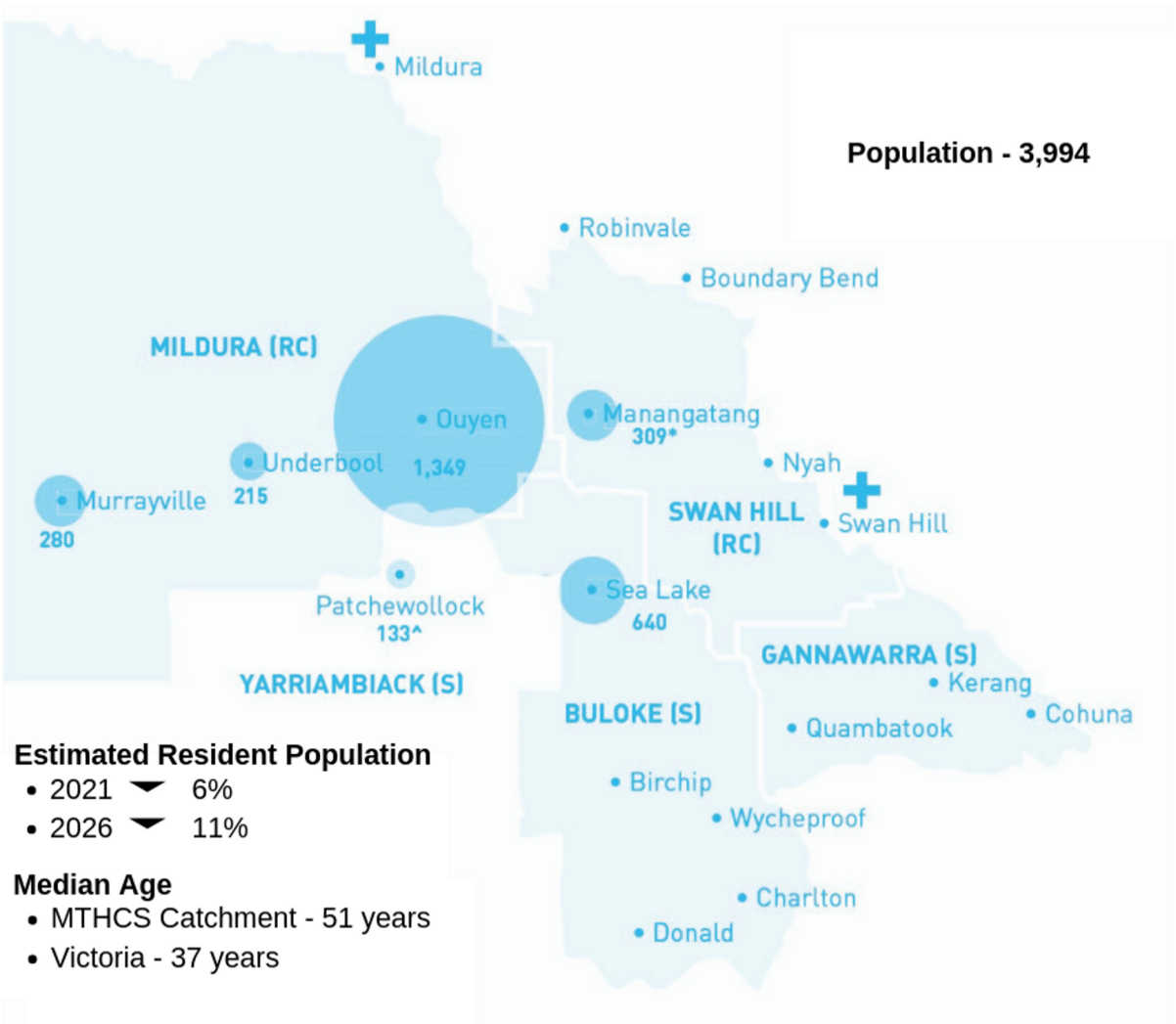
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services (1.7.2018 to 29.11.2018) and The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services (29.11.2018 to 30.6.2019).

Report of Operations
Mallee Track Health and Community Service reports on its annual performance in two separate documents. This Report of Operations fulfils the statutory reporting requirements to government. The Quality Account Report reports on quality, risk management and performance improvement matters. Both documents are distributed to the community and these reports are available on the MTHCS website at www.mthcs.com.au.

ABOUT US

Mallee Track Health and Community Service (MTHCS) provides services for all age groups, from child care and kindergarten through to residential and at-home aged care.

The MTHCS catchment area is located in north-west Victoria, and stretches from Ouyen to the South Australian border (including Underbool and Murrayville), south to Patchewollock and south-east to Sea Lake. Early childhood education and care is also provided in Manangatang, (however general health care is provided there by Robinvale District Health Services).



The catchment spans an area of over 18,000 square kilometres with a population of approximately 4,000 people.

MTHCS is in the north-west area of the Murray Primary Health Network (PHN) in four local government areas (LGAs) as follows:

- Mildura Rural City (including the towns of Ouyen, Walpeup, Underbool and Murrayville).
- Buloke Shire (town of Sea Lake)
- Yarriambiack (town of Patchewollock)
- Swan Hill Rural City (town of Manangatang).

Mildura Base Hospital is the referral hospital for towns in the Mildura Rural City LGA and Swan Hill District Health is the referral hospital for towns in the Buloke Shire LGA.

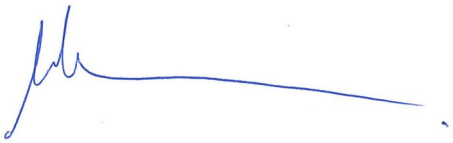
MTHCS merged with Sea Lake and District Health Service Incorporated in 2011.

RESPONSIBLE BODIES DECLARATION

In accordance with the Financial Management Act 1994, I am pleased to present the report of operations for Mallee Track Health and Community Service for the year ending 30 June 2019.

Financial Management and Compliance Attestation

I, Mark Wilson, on behalf of the Responsible Body, certify that Mallee Track Health and Community Service has complied with the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Mark Wilson
Board Chair
Mallee Track Health and Community Service
Ouyen
05/09/2019

OUR BOARD CHAIR'S REPORT

Mark Wilson

I assumed the position of Chair of this respected organisation in December 2018 having served as a board member for the previous six years and prior to that a further year as an independent member of the Finance and Audit Committee .

I acknowledge my predecessor Mr Terry Elliott who fittingly, as a former member of the Sea Lake Hospital Board, oversaw the implementation of the Multi-Purpose Service model in Sea Lake as well as the development and investment in the exceptional new facility which is now home of the MTHCS at Sea Lake.

I also acknowledge all former Board members who held the vision and drove the creation of a Multi-Purpose Service which incorporated the former local health delivery services based in Murrayville, Underbool, Patchewollock and Ouyen. This was a major change to the delivery of health services to our communities but a change that has provided a continuity of service since and one that opened the door for inclusion of Sea Lake.

Change, it seems, is a seemingly never ending part of life in our communities. Along with the community experience of adapting to the creation of MTHCS in 1995, we have also seen major change across many facets of everyday country living. From amalgamation of municipalities creating the Mildura Rural City Council, Buloke and Yarriambiack Shires and Swan Hill Rural City Council, all of which have a presence in the MTHCS footprint of operation, to changes at our schools and even our football/netball clubs.

Through all these changes, the residents of each affected country community have adapted while understanding that each share the same life experience the Mallee offers and essentially the same country values.

Our multi-purpose service of MTHCS is subject to the same challenge of change.

Whether legislated changes or Departmental guidance changes or funding changes, your health service adapts and is represented by very competent, adaptable staff who are most capably lead by our CEO and Executive Directors. Required changes are not just documented, they are implemented within the delivery framework available and this gives the Board the continued confidence that our staff and health service as a whole have the primary intent of delivering people-centered care to you.

The CEO and staff have worked diligently in attracting quality health professionals for our health service and most importantly the quality and clinical standards of these professionals are supervised by our Director of Medical Services Dr Mau Wee, an invaluable addition to our team, who works closely with our Executive Director of Nursing Pam Vallance. Together they supervise new ways of delivering health service such as telehealth services and delegated scopes of practice.

Recognising a need, MTHCS has, since the start of 2018, undertaken training of five keen people as Endorsed Enrolled Nurses who will complement our senior nurse staff in their duties, the first significant investment in training in many years. We have also invested in the training of two personal care workers and an ongoing investment in the provision of primary health care through a commitment to operation of our medical clinics.

The Board too has been subject to change with a wholesale membership renewal in the last two to three years. The directed move away from a representational to a skills based Board with capped terms means we must call on community and community expats and others with financial, legal, medical, technology and business backgrounds to apply to become board members in the years to come. For the continued best outcomes for our health service, a commitment to become a Board member will be vital.

I congratulate the CEO and staff on their adaptability and commitment in what has been a year of change. The Board is confident we are working to our Strategic Plan to fulfil our vision of 'Leading our communities to excellence in integrated health and community services'.

Mark Wilson
Chair 2019

OUR CEO'S REPORT

Lois O'Callaghan

The year in review
Mallee Track Health and Community Service (MTHCS) has many achievements to report back to the community over the last reporting period. As a health service we are immensely proud of the work of this health service – and the staff and volunteers who continue to connect us together.

It is a pleasure to summarise and present to the community our key achievements and highlights of the last year. The year in review commentary is presented in line with our strategic directions.

Build our future
During the 2018 calendar year, we undertook a thorough process to develop a strategic plan. We had many members of the community and staff who took the time through surveys or focus groups to tell us what our key priority areas for focus should be over the next 5 years.

It was a source of pride and connectedness for us to find that 400 people within the catchment participated in this process.

We were able to be confident that our strategic directions are strongly embedded in our core day-to-day work.

In addition, we took the time through this process to review and refresh our vision and mission statements. This was a well overdue item as our health service has experienced much change during our more than 20 year development.

A single page explainer of the strategic direction – together with the vision and mission have been included in this report of operations.

We have taken care to ensure that consumer friendly versions of the plan have been produced. This has resulted in a suite of three documents – a full version of the plan together with a four-page and single page explainer. We have found these to be particularly useful when engaging our community to discuss our strategic directions.

At the Annual General Meeting which was held in October 2018, we launched the strategic plan – together with the new vision and mission statement.

MTHCS was selected as one of only two Multi-Purpose Services in Victoria to be part of the Australian Government's review of the MPS program

MTHCS was selected as one of only two Multi-Purpose Services in Victoria to be part of the Australian Government's review of the MPS program.

This marks a significant milestone in the MPS model as the funders review the effectiveness of the program to retain health and community services in rural communities.

Staff and community members were involved in feedback to the researchers engaged to undertake this work.

It was a privilege to showcase our work and to receive very positive feedback about the work of our health service in the context of the MPS model.

The provision of medical services has continually challenged us over the last 12 months.

The presence of market failure has meant an ongoing reliance on locum support for the delivery of medical services.

Over the course of the financial year, we experienced a significant change to our financial positing which has contributed to our year end result. This has been as a result of additional costs investing in our workforce for the future (nursing and personal care workers), supporting the financial operations of the medical clinic through the procurement of locum doctors and a loss of income due to the introduction of the Centralised Banking system.

We have explored the business case for participating in the National Disability Insurance Scheme and will not be a registered provider from 1 July. Low levels of community need and workforce challenges led us to this decision.

Engage our community
Volunteers are the backbone of many of our programs and service operations. We thank the 156 volunteers who give their time to support others in the community.

Without their contribution, our health service would not be able to deliver the breadth and depth of services across the catchment. We celebrated and thanked the volunteers of MTHCS at our annual volunteer appreciation event which was held at the Ouyen Lake in May 2019.

During the course of the reporting period we have worked to increase the health literacy in our community.

This has been through a raft of mediums such as print media, information brochures, localised information, social media, community and staff newsletters. We have been strategic in our approach to ensure that our health literacy messages are delivered in plain language.

"We commissioned an independent clinical governance review"

Pursue organisational excellence
During the reporting period, we commissioned an independent clinical governance review through Governance Evaluator. Dr Liz Mullins attended on site and spoke to key staff about a range of clinical governance issues.

In September 2018, we received a final copy of the review. The clinical governance review will set the framework for our work across the whole organisation – together with the strategic plan.

We have maintained strong integrated management systems and passed a number of accreditation assessments including Australian General Practice Accreditation Limited (AGPAL) for the Sea Lake Medical Clinic and International Organisations for Standardisation (ISO) 2015.

The Board has also undertaken a Board review and evaluation with the view to strengthening their performance in light of the changes occurring in governance across the sector.

Our governing body was found to be strong and other areas for development were identified. There will be further work done to continue to strengthen the board's governance capabilities in the future.

At the time of preparing this report, we are in the final stages of a process to re-brand MTHCS. The windmill brand has been part of our organisation for more than 20 years. With the changes that have occurred in our organisation over that 20 years and with the new strategic plan in place we felt the time was right to revisit our brand. The new brand will be evident in the presentation of this report of operations.

Develop our workforce
Our results with the People Matters Survey showed significant improvement in staff satisfaction across a range of areas. Our top three highest scoring results were in the areas of:

- My workgroup strives to achieve client satisfaction
- My manager is committed to ensuring clients receive a high standard of service
- My manager encourages behaviours that are consistent with my organisation's values.

We have invested in a senior role to support our workforce with the appointment of a Director of People and Culture. This role enables the work in the specialist area of Human Resources and has added value to our work with staff and the community.

We have committed to training our own workforce – particularly in nursing, community services, early years and personal care work.

This is a significant investment for our health service and we look forward to the rewards of this commitment which we hope will reduce our need in the future for reliance in agency or locum workforce to deliver services.

In the near future we will commence a process to formally develop a workforce plan to support the operations of this health service and our intended service delivery for the future.

The board has endorsed a recommendation for a significant financial investment through the implementation of a time and attendance system – KRONOS. This will see us move away from paper based timesheets to electronic sign in and sign out systems. We are excited about this commitment which will be implemented in the first part of the new financial year.

We also had the privilege of hosting Alan Hopgood and the team from the Gathering of Kindness program. They delivered two plays across the catchment to engaged our staff and community on 'kindness' conversations in patient care and staff relationships.

Strengthen our relationships

We have focussed our efforts on partnership arrangements which support and understand our integrated model of service delivery.

We have strengthened our relationship with Robinvale District Health Services through formalising shared services and roles across both health services. This will continue to feature in our strategy for recruitment of specialist roles in the future.

We have committed to a partnering arrangement with the Royal Flying Doctor Service, Robinvale District Health Services and Sunraysia Community Health Services which we hope will result in supporting our delivery of medical and primary health care services.

This partnership arrangement is intended to work in a network model – enabling clinicians to provide services to underserviced communities in the network. This means that communities in the Mallee Track catchment will be prioritised for service.

We are confident that this model and partnership arrangement will have many benefits that are aligned with our strategic plan.

We have continued to support a nurse practitioner within the catchment and we are exploring models of telehealth in a range of disciplines. We already have telehealth options for gerontology, diabetes and speech pathology. We hope to add more to this suite in the future.

The use of a communications agency has supported our ability to reach out to more members of the community. We have deliberately planned our communications to the community through targeted messaging and methods. This has had strong benefits and we have had a lot of positive community feedback about our transparent approach.

In addition, we have continued our investment in communicating directly with staff through the monthly staff newsletter. We have maintained a community newsletter and have commenced community updates in the local print media and social media.

In closing, I would like to acknowledge the Board of Directors of the health service who give their time and skills to the oversight of strategy and governance. Additionally, I thank the communities that we serve – your trust in our ability to continue to meet your healthcare needs is an honour.

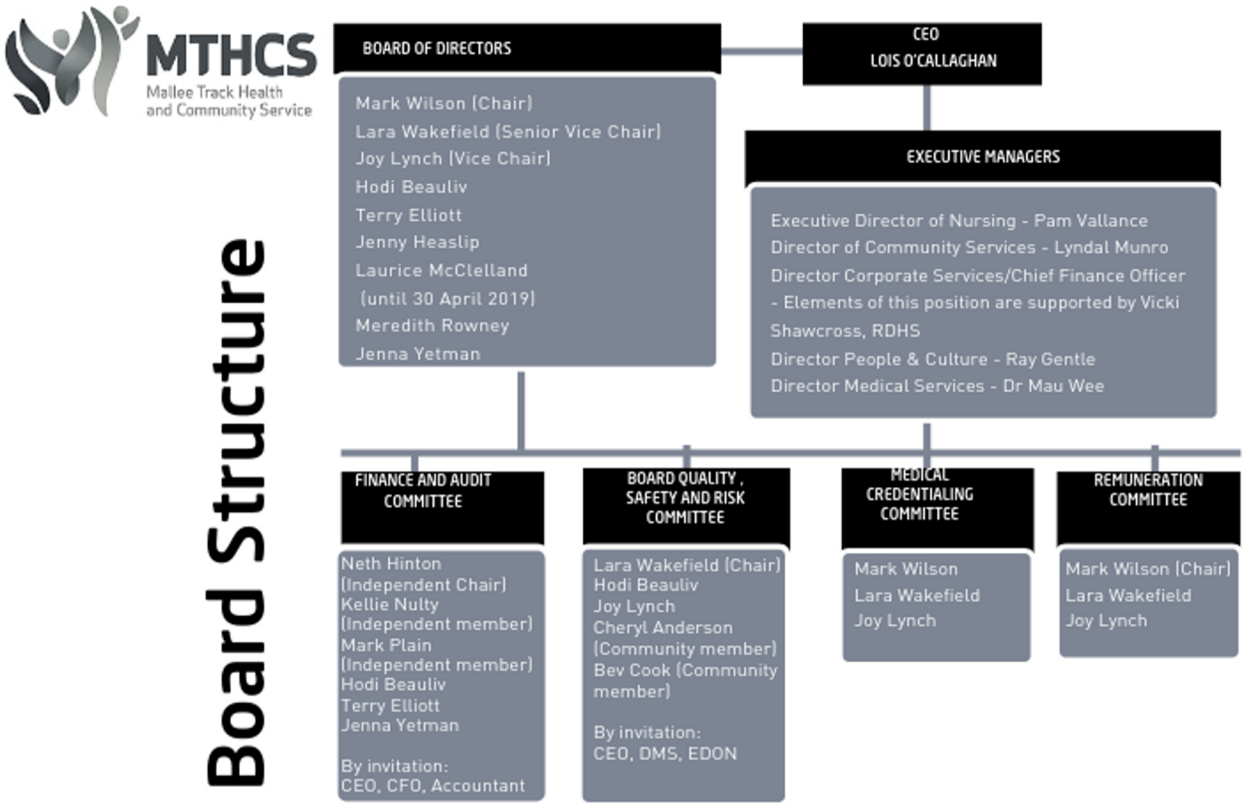
Lois O'Callaghan
Chief Executive Officer

GOVERNANCE

MTHCS is one of seven Multi-Purpose Services established under Part 4A of the Health Services Act (HSA). Multi-Purpose Services are governed by boards of directors as set out under S. 115E of the HSA and are subject to similar governance and performance policies as public hospitals.

The Multi-Purpose Service model nationwide was established in March 1991. The model is based on the principle that communities are able to pool funds from previously separate Commonwealth and State aged care and health programs to provide a flexible, coordinated and cost-effective framework for service provision, which aims to meet the aged care and health needs of local communities.

The provision of services is executed through a tripartite agreement between the Commonwealth, State and community which the MPS is present within.



Board of Directors
The Board is appointed by the Governor-in-Council upon the recommendation of the Minister for Health. Meetings are held nine times during the financial year.

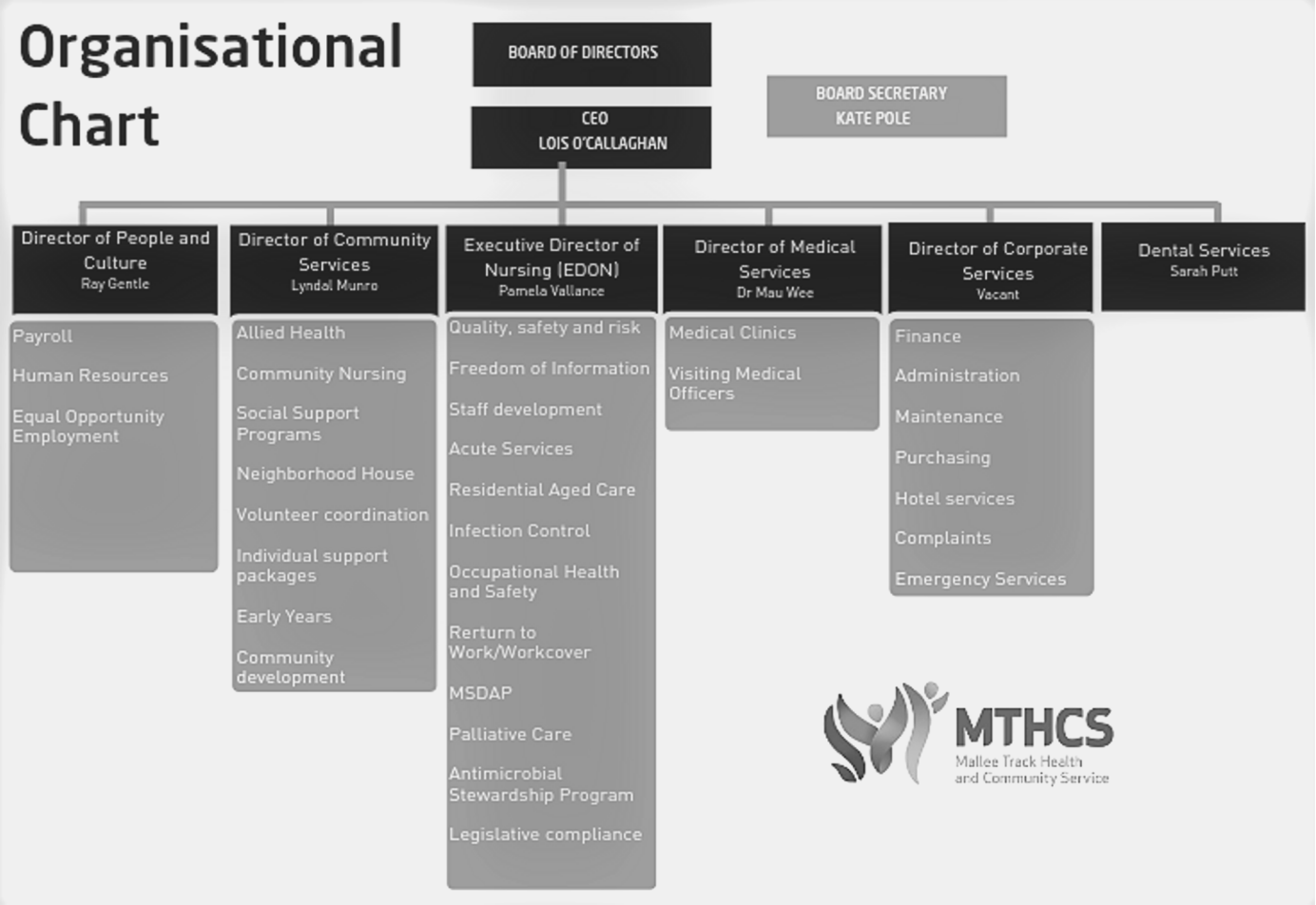
The Board has a responsibility to ensure that MTHCS performs its functions as set out in Section 115E of the Health Services Act, including:

- To oversee and manage the service; and
- To ensure that the services provided by the service comply with the requirements of the Act, the objects of the service, its bylaws and any agreement entered into by the service.

The Board is regularly required to review its own performance as the basis for its own development and quality assurance.

Board Members 2018-2019
Mr Mark Wilson (Chair)
Ms Lara Wakefield (Senior Vice Chair)
Ms Joy Lynch (Vice Chair)
Ms Hodi Beauliv
Ms Terry Elliott
Ms Jenny Heaslip
Ms Laurice McClelland (to April 30 2019)
Ms Meredith Rowney
Ms Jenna Yetman.

Organisational Structure



Ms Lois O'Callaghan
Chief Executive Officer

Mrs Pamela Vallance
Executive Director of Nursing

Director Corporate Services/Chief Finance Officer
(Elements of this position are supported by Vicki Shawcross, RDHS)

Mrs Lyndal Munro
Director of Community Services

Mr Ray Gentle
Director of People and Culture

Director of Medical Services
Dr Mau Wee

Visiting Medical Officers
Dr Alex Terris (Jan - current)
Dr Michael Demtschyna (Jan - May 2019)
Dr Ashraf Takla (to November 2019)

General Practitioners
Dr Ros McCallum
Dr Jane Russell
Dr Michela Sorensen

Dental Services
Miss Sarah Putt

CORPORATE SERVICES

Victorian Public Sector Commission (VPSC) values

The public sector values underpin the behaviours that the government and community rightly expect of all public sector employees. When public sector employees consistently act in accordance with the public sector values, it strengthens the capacity of public sector organisations to operate effectively and achieve their objectives.

The VPSC values are published in the monthly Across the Track staff newsletter.

People and culture

MTHCS works proactively to manage the challenges presented by workforce shortages in the health sector. MTHCS provides many required services through visiting services, mostly based in Mildura and Swan Hill. As such, service delivery is generally confined to the Ouyen and Sea Lake sites.

Recruiting suitable health professionals to rural and remote areas is a challenge Australia-wide. Research indicates that health professionals who grew up in regional and rural areas are most likely to practice regionally/rurally once qualified.

This highlights the importance of enabling people in rural and remote areas to participate in health education and learning opportunities and this could start as early as school promotion of career health pathways. MTHCS provides scholarships and continues to investigate further opportunities to provide traineeships.

Priority areas of the Strategic Plan are to:

- Maintain and enhance a "grow your own" approach to workforce recruitment and retention, and
- Engage staff in professional development to enhance confidence and capability of the existing workforce.

To this end, MTHCS has appointed a Director of People and Culture in a shared service arrangement with Robinvale District Health Services and part of upskilling staff is the implementation of regular professional performance, review and development plans for all staff.

The health service has the advantage of being the largest employer in the catchment and is well-placed to support the local workforce through traineeships and capacity building.

Workforce data

HOSPITALS LABOUR CATEGORY	JUNE current month FTE*		JUNE YTD FTE*	
	2018	2019	2018	2019
Nursing	38.68	36.82	36.76	37.6
Administration and Clerical	9.02	10.79	9.74	9.35
Medical Support	4.33	2.71	3.20	3.6
Hotel and Allied Services	34.14	30.80	34.97	31.9
Medical Officers	0	0	0	0
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	45.05	43.04	41.7	40.64

Note: The FTE figures required in the table 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

CORPORATE SERVICES

CONTINUED

Monthly internal staff newsletter
Staff provide information on programs and services for the monthly newsletter including a regular staff profile.

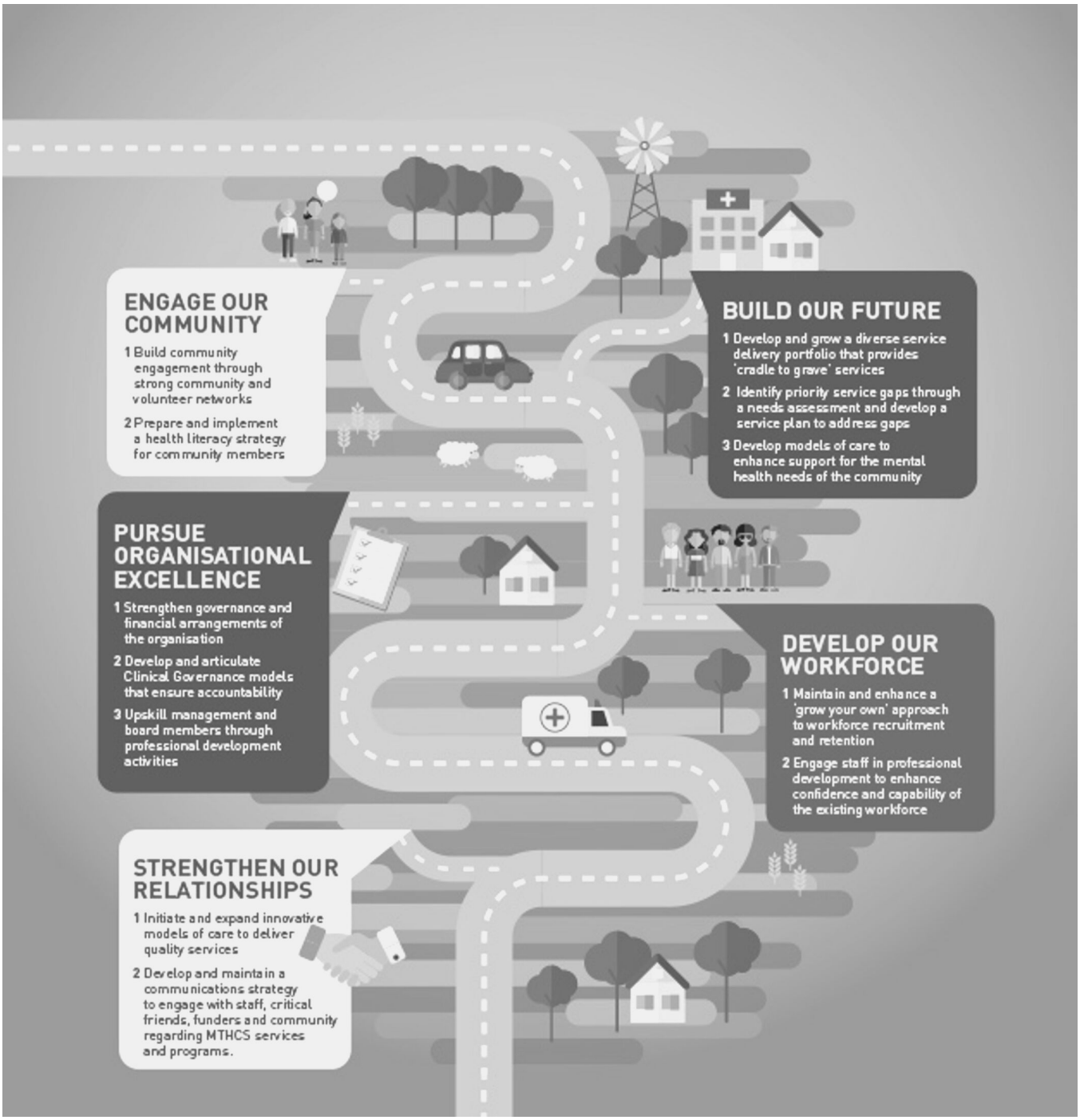
The newsletter is a vehicle for sharing achievements and information and improving communication across the health service.

This can be a major challenge in the large geographical area of the health service where there are six campuses and multiple program areas outside of clinical and acute services.

STRATEGIC PLAN 2018-2023

Strategic Planning
Development of the Strategic Plan for 2018-23 has been completed, including reviewing our Vision, Mission and Philosophy. The plan sets out the strategic priorities for the service for the next five years, taking into account the emerging health needs of the community and changes to health and education policy and provision in the region.

The priority areas for strategic planning are to provide high quality services that are accessible for all community members, enhance the local workforce and provide a sustainable model of service delivery that will support and engage the community in coming years.



CLINICAL SERVICES

MTHCS provides acute, urgent and palliative care, nursing home and hostel care to the people of the Mallee Track communities in both Ouyen and Sea Lake.

Clinical Services
Although access to GPs and mental health services are a priority for community members (based on the Strategic Plan community survey), lack of access to dental and oral health services ranked in the top five responses for four of the seven communities in the catchment.

Best practice clinical care is provided to acute and urgent care patients by appropriately skilled and qualified staff.

Patients requiring complex care are referred to a higher-level service (ie. Mildura Base Hospital, Swan Hill District Health or Bendigo Health).

Urgent care
MTHCS has 24-hour Urgent Care Centres at Sea Lake and Ouyen. Registered nurses are available at all times, as well as triage for the on-call GP.

Medical clinics
Our medical services model operates with two local part-time GPs, visiting locum GPs and a Nurse Practitioner to provide continual coverage for the region.

The health service provides management of both Ouyen and Sea Lake clinics as part of planning to ensure the stability of local medical clinics.

Nurse Practitioner (NP) – Underbool and Murrayville
MTHCS provides a host environment for NP Di Thornton, from mobile health service Mallee Border Health. The District Nursing program also supports these communities.

Mallee Border Health also coordinates regular visits by GPs and other allied health professionals.

Rural Women's Wellbeing Clinic
MTHCS has partnered with the Royal Flying Doctor Service to operate the Rural Women's GP Program in Ouyen. Dr Jane Russell is an accredited shared care doctor with the Royal Women's Hospital and has worked with the RFDS for the past 17 years.

Telehealth
Locum doctors may become the new normal as the nationwide shortage of rural doctors and nurses shows no sign of easing.

MTHCS received funding last year to investigate telehealth models as a way to supplement medical services in the catchment.

CLINICAL SERVICES

CONTINUED

Dental
A public dental service provided by Tankard Dental is available* from the MTHCS campus in Ouyen, while other communities are provided with a mobile dental service by the Royal Flying Doctor Service.

Individuals treated	2017-18	2018-19
Child	188	231
Adult	700	660
Total	**888**	**826**
		426 Dental Weighted Activity Units

	2017-18	2018-19
Priority Access Clients	22.1%	20%
Aboriginal and Torres Strait Islander	26	29
Child or young person in residential care	4	2
Mental Health Client	2	1
Child or young person in residential care	6	3

*Services only part-funded, through the MPS Tripartite Agreement

Aged care
The health service provides high and low-level residential aged care, including respite care, at Ouyen and Sea Lake.

Flexible Home Care Packages
Packages are available in the Sea Lake area for people assessed as eligible for care through My Aged Care. A home care package involves individualised care and services to help residents in need of additional care to live independently in their own home for as long as possible.

As the flexible home care package provider, MTHCS works with eligible residents to choose care and services that best meet individual needs and goals. Home Care Packages are available only in Sea Lake.

Multi-Purpose Services have the flexibility to repurpose excess residential aged care funding from the Commonwealth to other areas of need as determined by the health service.

PRIMARY CARE

MTHCS delivers a large portfolio of allied health and community services from district nursing and allied health to management of long day care centres, preschools and Neighbourhood Houses. Some services are on a fee-for-service basis and others are partially subsidised.

Primary health services include:

- Occupational Therapy
- Diabetes management and education
- Physiotherapy
- Hydrotherapy
- Falls prevention program
- Well Women's Clinic
- District nursing
- Social Support individualised programs
- Meet and Eat social groups
- Planned Activity Groups (PAG)
- Exercise programs (tai chi)
- Inpatient respite care
- Carer support groups
- Dementia-friendly community awareness and education
- Speech therapy (partnership with RDHS and RFDS)
- Community transport
- Biennial Farm Safety Awareness Day
- Podiatry.

Neigbourhood Houses
Ouyen, Sea Lake and Murrayville.

Auxiliaries
Ouyen Farmers Festival
MTHCS Ladies' Auxiliary
Sea Lake Ladies' Auxiliary

Strengthening Hospital Responses to Family Violence (SHRFV)

The SHRFV program is being rolled out in North West Victoria. MTHCS has developed a position statement and staff have undertaken training on how to respond to family violence incidents.

Education and awareness for staff themselves is also a key component.

Local Drug Action Team (LDAT)
The Australian Government and Alcohol and Drug Foundation has announced a Local Drug Action Team for the southern Mallee region to help prevent alcohol and other drug harms at a grass-roots level.

MTHCS is the lead organisation for Ouyen and Murrayville. Sea Lake (LDAT) is in partnership with Wycheproof Neighborhood House.

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COMMUNITY SERVICES

MTHCS delivers a large portfolio of allied health and community services from district nursing to management of long day care centres and neighborhood houses.

Community services are available to all members of the community.

Some are on a fee-for-service basis and others are partially subsidised. Funding for community services includes:

- MPS funding
- Commonwealth Home Support Program funding for people 65+ or Aboriginal and Torres Straight Islanders 50+
- Home and Community Care Program for Young People (HACC PYP)
- PHN — Rural Primary Health Care Services
- Department of Health & Human Services
- Department of Veterans Affairs
- Department of Education and Training
- EACH

Early Years Management

MTHCS receives funding from the Department of Education and Training for early childhood education and care programs.

The Victorian Early Years Learning and Development Framework (VEYLDF) provides an evidence-based framework for professionals working with children from birth to eight years to advance children's learning and development.

Early years workers have been busy preparing for the start of three-year-old kindergarten which will be rolled out in the Buloke and Yarriambiack Shires in 2020.

Service	Actual activity 2018-19
District Nursing*	3218.43 hours
Podiatry*	939.5 hours
Occupational Therapy*	937 hours
Physiotherapy, including hydrotherapy*	387 hours
Exercise groups*	1494 hours
Social support*	16172.5 hours
Volunteer transport*	2475 trips
Delivered meals*	4654 meals
Individual Support Packages*	2 packages
Speech Therapy*	207 hours
Carer Support Group*	52 hours
Community Nursing*	67.75 hours including diabetes and well women's

*Services that are not funded, or only part-funded, through the MPS Tripartite Agreement

Early Years Services	
Early Years Manager	5 pre schools
Child Care	6801 hours

QUALITY & RISK MANAGEMENT

Ongoing improvement in safety and quality in patient care is a key priority across the organisation.

Quality
The MTHCS Quality Management System (QMS) fosters a culture of continuous quality improvement that is embedded in everyday practice and supports the meaningful participation of people in giving feedback about the services they require, and the quality of services they receive.

MTHCS is committed to maintaining our QMS which is based on ISO 9001:2015. We adhere to the National Safety and Quality Health Service Standards (NSQHS) and have maintained accreditation in all ten National Standards and the six NSQHS standards for Dental Services. The QMS functions to ensure all accreditation processes are continually reviewed and monitored to maintain compliance.

Every year, the health service has an onsite visit by qualified auditors for accreditation against the ISO 9001 (health), NSQHS and Human Service Standards (HSS). MTHCS has ongoing accreditation until July 2020.

Board Quality, Safety and Risk Committee
Provides an ongoing forum for review, governance and recommendation.

Consumer feedback
MTHCS seeks consumer feedback through surveys (internal and external), direct contact and our complaints and feedback process which was reviewed and strengthened in the reporting period. A website and social media pages are maintained and local media is utilised on a regular basis to publish Community Updates that contain information on initiatives, general health issues and GP schedules for each month.

In March 2019, a community advisory group was established at Sea Lake to facilitate regular communication with the community. A commitment was also given by the Board to conduct some meetings in the Sea Lake community which is the second biggest town in the catchment after Ouyen.

Consumer Advocate
In preparation for the implementation of the new national Aged Care Quality and Safety Standards, MTHCS undertook a review of the organisation's complaints and feedback policy which resulted in the appointment of an internal Consumer Advocate. This role will promote the process and policies for consumer feedback.

Breast-Feeding-Friendly Workplace accreditation
MTHCS has again obtained accreditation as a Breast-Feeding-Friendly workplace and has continued to invest in the workforce with a focus on training and development in all state and national Quality Standards.

PERFORMANCE

Service Plan: Key achievements.

Strategic Direction/Objective	Action	Deliverable	Outcome
Strategic Direction 1 : Build Our Future 1. Develop and grow a diverse service delivery portfolio that provides cradle to grave services. 2. Identify priority service gaps through a needs assessment and develop a service plan to address gaps. 3. Develop models of care to enhance support for the mental health needs of the community.	1. Needs analysis to identify service gaps and priorities (growth areas) based on statistical data, community perspectives and service environment. 2. Service planning will enable growth of existing services and development of new service lines, e.g. increase medical services, increased aged care services, new disability services and home care services – depending on need identified. New PHN commissioning models will enable an integrated approach to a stepped model of care for mental health. It will provide opportunities to partner with mental health service providers to ensure a coordinated and supported approach that includes local touch points, improves uptake of services and greater awareness of service availability.	Engage external assistance to undertake with further work on the needs analysis – according to statistical data, community perspectives and service environment. Develop new service lines which meet service gaps and are a good fit for business. Engage with the PHN and other appropriate service partners to identify stepped model of care appropriate to the catchment: Chronic disease - diabetes Mental Health Primary Health Care Early Years OT Identify models of care in primary health care that are suitable for the Mallee Track catchment. Define scope of practice for the organisation and staff within the models of care.	Deferred Complete - Allocated funding to develop a consumer advocate role within the health service. Complete - Undertook PHN funded projects: Developing mental health model of care specific to our catchment. Development of Diabetes telehealth model of care. Complete - Identified needs in kindergartens to support the roll out of school readiness funding. Engaged allied health services accordingly through the DET preferred provider. Complete - Mapped model of care for mental health services to prepare for PHN commissioning of mental health services in the future. Ongoing - Commenced work to define scope of practice for the organisation through the engagement of an organisational psychologist.

PERFORMANCE

Service Plan: Key achievements. CONTINUED

Strategic Direction/Objective	Action	Deliverable	Outcome
		Engage in partnering arrangements which enable uptake of services for the local community – place based models of care. Potential partners include: • Robinvale District Health Services • Sunraysia Community Health Service • Northern District Community Health • Mildura Base Hospital • Swan Hill District Health • Royal Flying Doctor Service	Complete - Finalised a Memorandum of understanding with the RFDS, RDHS and SCHS to develop a network model of medical and primary health care services. Expanded our partnership with Robinvale District Health Service with a shared Director of People and Culture and Chief Finance Officer role. Commenced Regional Partnership discussions in line with DHHS required framework with Mildura Base Hospital and Robinvale District Health service
		Strengthen the delivery of medical services through recruitment and retention of an appropriate workforce in medical and primary health care.	Ongoing - Regular bank of part time locum GPs identified and secured to support delivery of medical services across the catchment. Commenced transition to regular part-time GP workforce arrangements to respond to market conditions. Reviewed the current available GP workforce to plan for sector preferences and restructuring available locum GP workforce.
		Develop appropriate business model in preparation for full scheme NDIS in the Mallee region.	Complete - Completed a business plan to identify appropriate business model for participation in the NDIS. Business model indicates the best fit for the organisation is to remain as a fee-for-service provider for the time being.
		Commence implementation of Montessori in Aged Care across bed based and community services.	Ongoing - Agreement across clinical and community based services that Montessori is the preferred approach to implement person centred care in the future. Training will be undertaken in the future.

PERFORMANCE

Service Plan: Key achievements.

CONTINUED

Strategic Direction/Objective	Action	Deliverable	Outcome
		Participate and contribute to MPS review at state and commonwealth level.	Complete - Hosted MPS reviewers and researchers in March 2019. Included individual one-on-one discussions with board and management, focus groups with staff, consumers and community.
		Implement school readiness funding to improve outcomes in Early Childhood Education and Care.	Complete - School readiness funding received. DET approved planning processes undertaken. Key services engaged in the initial stages include allied health and workforce training and development.
Strategic Direction 2 : Engage our community 1. Build community engagement through strong community and volunteer networks. 2. Prepare and implement a health literacy strategy for community members.	1. Volunteer networks strengthened through engagement of micro-volunteering. 2. New community members engaged in local activities that improve wellbeing and access to other MTHCS services. Increased health literacy in the community.	Celebrate the work of volunteers at an annual thank you event.	Complete - Convened annual volunteer celebration event at the Ouyen Lake in May 2019.
		Maintain current volunteer workforce within the catchment.	Ongoing - Ongoing training and investment in volunteer workforce including: • Understanding dementia • Hand hygiene • Privacy and confidentiality • Food handling • Vehicle orientation • Manual handling.
		Design flexible micro-volunteering roles in the organisation that add value to the business and improve satisfaction levels of volunteers.	
		Define scope of practice for volunteers within the organisation.	
		Undertake at least 3 community events with a focus on improving health literacy on topics of relevance to the catchment.	Ongoing - Friends of Dementia, Continence and Aged Care events have been held for the community.
		Host training and information sessions (own and with other service partners of interest) for staff and community which will improve the health literacy of our population.	Ongoing - Hosted community education sessions on NDIS, Diabetes, Parkinsons Disease and Carer Support information.

PERFORMANCE

Service Plan: Key achievements.

CONTINUED

Strategic Direction/Objective	Action	Deliverable	Outcome
		Maintain and professionalise social media profile as a platform to engage and inform the community on topics of health literacy and early childhood development.	Ongoing - Engaged communications assistance to actively plan and implement health literacy messaging through the MTHCS facebook page and other communication mediums.
		Support the work of the respective auxiliaries and volunteer groups of MTHCS who fundraise to support program areas: Mallee Track Ladies Auxiliary Ouyen Farmers Festival Sea Lake Ladies Auxiliary Respective Kindergarten Parent Advisory Groups.	Ongoing - Supported the purchase of 82 Best Street Sea Lake (home of the Sea Lake Ladies' Auxiliary). Offered training to Kindergarten Parent Advisory Groups on obligations of incorporated associations and organisations.
		Establish Friends of Mallee Track (foundation) to harness community goodwill and funding on projects of a priority and shared interest.	Ongoing - Legal advice obtained in relation to appropriate entity structures to enable a 'Friends of Mallee Track' Foundation (however named). Foundation establishment requirements ascertained to guide final step for establishment of entity.
Strategic Direction 3 : Pursue Organisational Excellence 1. Strengthen governance and financial arrangements of the organisation. 2. Develop and articulate Clinical Governance models that ensure accountability. 3. Upskill management and board members through professional development activities.	1. Review and streamline organisational policies and procedures. 2. Prepare a capital master plan for a) refurbishment of existing assets, b) new build requirements and feasibility. 3. Meet and exceed clinical accreditation standards. 4. Undertake and implement a clinical Governance Review. 5. Undertake and implement Board evaluation and professional development.	Engage external assistance to identify organisational plan to deliver outcomes against the strategic directions.	Ongoing - External assistance engaged. Process of organisational plan to deliver outcomes against strategic directions identified. Delivered 4 of the 10 steps required. Further 6 steps still to be undertaken.
		Ensure sound financial management of the health service.	Ongoing - We have invested significantly in training a nursing and personal care workforce together with procurement of medical services during the reporting period. Our health service continues in a strong financial position.
		Meet with the Capital Branch of DHHS to ensure alignment of the capital master planning process.	Ongoing - Engaged Victorian Health Building Authority (VHBA) for advice on capital master planning/next steps. Preliminary costings of fabric survey received and to be provisioned for in the 19/20 budget. Fabric survey will inform the capital master planning process.

PERFORMANCE

Service Plan: Key achievements. CONTINUED

Strategic Direction/Objective	Action	Deliverable	Outcome
		Seek advice on re-purposing of current capital to be more dementia friendly.	Complete - Staff completed Dementia mentorship program and developing future plans.
		Undertake a fabric survey of all capital assets (including residential accommodation) of the health service.	Ongoing - Preliminary costings of fabric survey received and to be provisioned for in the 19/20 budget. Fabric survey will inform the capital master planning process.
		Identify 10 year plan for maintenance of current capital.	
		Commence and document a 15 year capital masterplan for bed based and community services. Plan to consider residential accommodation to support workforce requirements.	Ongoing - Engaged with VHBA who can assist with mentoring in relation to capital master planning.
		Engage with Murrayville, Underbool and Patchewollock communities to confirm ongoing ownership arrangements of capital assets where Mallee Track operates services but these assets are still owned by a separate governing entity.	Ongoing - Meeting with Murrayville has occurred.
		Work with LMRHA to finalise Unified Communications project. Identify business continuity issues with telephony system and confirm requirements of the organisation to minimise business continuity risks (short, medium and long term).	Ongoing - Third party assessment of LMRHA communications system as proposed has been completed. Needs of the organisation need to be revisited to ensure LMRHA proposal will be fit for purpose.
		If appropriate, participate in the Royal Commission into Aged Care.	Complete - Submission to the Royal Commission into Aged Care completed January 2019

PERFORMANCE

Service Plan: Key achievements. CONTINUED

Strategic Direction/Objective	Action	Deliverable	Outcome
		Prepare for implementation of Aged Care Quality Standards across bed based and community services which will come into effect July 2019.	Ongoing - Working group with oversight of the New Quality Aged Care Standards in place.
		Achieve tri-ennial accreditation for ISO and NSQHS.	Complete - Achieved re-accreditation for ISO in May 2019. NSHQS not scheduled for re-certification in 2019.
		Maintain effort with National Quality Standards for all Early Childhood Education and Care services.	Complete - All Early childhood services governed by the National Quality Standards have maintained their certification.
		Prepare and commence implementation of action plan for clinical governance review.	Ongoing - Action plan in response to clinical governance review in place and under implementation.
		Undertake board evaluation. Commence implementation of recommendations from board evaluation.	Ongoing - Independent board evaluation completed. Recommendations under consideration.
		Support board members to attend training and development relevant to their role and the business of the health service.	Complete - Two board members have completed Australian Institute of Company Directors Course.
		Commission independent reviews of programs or service areas of the health service as needed.	Ongoing - Worked with PWC to undertake business support review for Mallee Minors Child Care Centre. Ongoing - Worked with Management Governance Australia Pty Ltd to undertake NDIS business report.

PERFORMANCE

Service Plan: Key achievements.

CONTINUED

Strategic Direction/Objective	Action	Deliverable	Outcome
Strategic Direction 4 : Develop our workforce 1. Maintain and enhance a 'grow your own' approach to workforce recruitment and retention Engage staff in professional development to enhance confidence and capability of the existing workforce.	1. Develop and implement a workforce plan to : a) Increase clinical capability of staff (upskilling). b) Increase number of local staff/services provided. 2. Greater transparency of career pathways and education/training opportunities. 3. Increased number of traineeships available. 4. Increased sustainability of the local workforce. 5. Annual participation in the Victorian Public Sector Commission 'People Matter Survey' to inform MTHCS of staff engagement and job satisfaction.	Formalise shared service arrangement for a Director of People and Culture with Robinvale District Health Service.	Ongoing - Formalised agreement for Director of People and Culture in place.
		Identify, and where appropriate implement, expanded shared services arrangements with RDHS.	Ongoing - Speech Therapy program shared between MTHCS and Robinvale District Health Services.
		Maintain shared service of CFO role with RDHS.	Ongoing - Shared CFO role with RDHS in place.
		Implement KRONOS – time and attendance system across whole of organisation – multiple sites.	Deferred - Implementation deferred until August 2019.
		As part of clinical governance review, identify training and development plan for medical and nursing to increase clinical confidence and competence.	Deferred
		Ensure every staff member has an annual review which details their individual training plan.	Complete - Annual appraisals completed.
		Offer traineeships and education upskilling in programs and service areas of the organisation where there are significant workforce pressures.	Ongoing - Traineeships underway in nursing, community services, personal care work and early childhood education and development. Other scholarships in place with identified positions in the organisation for staff to complete undergraduate degrees.
		Implement Quality Improvement Action plan from results of People Matters Survey 2018.	Complete - Quality improvement plan in place and implemented.
		Promote the uptake of the People Matters Survey for 2019.	Complete - Uptake of survey promoted. Enhanced by the introduction of individual email address for each staff member.
		Consider, and if appropriate, implement a further cultural review of the organisation with a focus on staff satisfaction and identifying of organisational values, conduct and behaviour.	Ongoing - Organisational values identified and promoted internally in the organisation. Director of People and Culture improving systems and processes to deal with organisational culture and staff conduct and behaviour.

PERFORMANCE

Service Plan: Key achievements. CONTINUED

Strategic Direction/Objective	Action	Deliverable	Outcome
Strategic Direction 5 : Strengthen our relationships 1. Initiate and expand innovative models of care to deliver quality services. 2. Develop and maintain a communications strategy to engage with staff, critical friends, funders and community regarding MTHCS services and programs.	1. Develop and implement a workforce plan to : a) Increase clinical capability of staff (upskilling). b) Increase number of local staff/services provided. 2. Greater transparency of career pathways and education/training opportunities. 3. Increased number of traineeships available. 4. Increased sustainability of the local workforce. 5. Annual participation in the Victorian Public Sector Commission 'People Matter Survey' to inform MTHCS of staff engagement and job satisfaction.	Participate and contribute to Mallee Regional Partnerships Nurse Practitioner model project. Participate and contribute to 'radial model' which is under development with SCHS, RDHS, MBH and RFDS. Participate and contribute to the Mallee Health Partnership with RDHS and MBH. Identify opportunities to expand services which can be delivered by telehealth opportunities. Identify opportunities where the workforce can be harnessed and trained under delegated or advanced scope of practice roles. Explore the application of My Emergency Doctor to support after hours and on call arrangements for urgent care centre. Implement individual email address' for all staff at the health service. Work with NewsAlert PR to develop and implement a communications plan for 2019: • Regular press releases on items of interest • Regular GP calendar • Regular advertorial/space in the local paper "what's on" • Staff newsletter • Community newsletter • Change management and implementation of delivery against the strategic plan • Specific engagement of Sea Lake staff and community to continue to reassure their place in the broader entity Review and update the MTHCS website Rebrand MTHCS.	Ongoing - Active partner in the Mallee Regional Partnerships Nurse Practitioner model project. Attended three of three meetings. Complete - Memorandum of Understanding in place for partner agencies in the 'radial model' being developed. Ongoing - Attended partnership workshops in May and June to commence health partnership arrangements. Ongoing - Currently mapping needs and application of telehealth in appropriate service and program areas. Exploring appropriate IT platforms to support potential needs. Ongoing - Trained one Allied health assistant in speech pathology. Successful speech pathology delegated model of practice in place with RDHS and RFDS. Ongoing - Under consideration by the Director of Medical Services, Dr Mau Wee. Complete - Individual email address' for all staff at MTHCS in place. Ongoing - Communication plan for 2019 in place to capture key messages and methods for communicating. Rebrand commenced.

PERFORMANCE

Performance priorities

Quality and safety

Key Performance Indicator	Target	Result
Health Service Accreditation	Full compliance	Full compliance
Compliance with cleaning standards	Full compliance	Full compliance
Compliance with the Hand Hygiene Australia program	80%	95.5%
Percentage of healthcare workers immunised for influenza	75%	88%
Victorian Healthcare Experience Survey - Positive Patient Experience - quarter 1	95% positive experience	Full compliance*
Victorian Healthcare Experience Survey - Positive Patient Experience - quarter 2	95% positive experience	Full compliance*
Victorian Healthcare Experience Survey - Positive Patient Experience - quarter 3	95% positive experience	Full compliance*
Victorian Healthcare Experience Survey - Discharge care - quarter 1	75% very positive experience	Full compliance*
Victorian Healthcare Experience Survey - Discharge care - quarter 2	75% very positive experience	Full compliance*
Victorian Healthcare Experience Survey - Discharge care - quarter 3	75% very positive experience	Full compliance*

*Less than 42 responses were received for this period due to the relative size of the Health Service.

Governance and leadership

Key Performance Indicator	Target	Result
People Matters Survey – percentage of staff with a positive response to safety culture questions	80%	93%

PERFORMANCE

Performance priorities

CONTINUED

Key Performance Indicator	Target	Result
Operating result ($m)	0.00	(0.79)
Trade creditors	60 days	21 days
Patient fee debtors	60 days	1 day
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	Achieved
Number of days available cash	14 days	42 days

Funded Flexible Aged Care Places

Campus - Ouyen and Sea Lake	Number
Flexible high care	50
Flexible low care	35
Flexible home care	5

Utilisation of flexible aged care places

Campus - Ouyen	Number	Occupancy levels %
Flexible high care	29	71 %
Flexible low care	27	63 %
Respite	2	170 %
Flexible home care	0	Not Applicable
Other community services	0	Not Applicable
Total	58	

Campus - Sea Lake	Number	Occupancy levels %
Flexible high care	19	46 %
Flexible low care	6	50 %
Respite	2	3.5 %
Flexible home care	5	35 %
Other community services	0	0
Total	32	

Acute Care - Ouyen

Service	Type of activity	Actual activity 2018-19
Medical	Bed days	3
Urgent care	Presentations	933
Non-admitted patients	Occasions of service	146
Palliative Care	Number of clients	3

Acute Care - Sea Lake

Service	Type of activity	Actual activity 2018-19
Medical	Bed days	4
Urgent Care	Presentations	131
Non-admitted patients	Occasions of service	Not Applicable
Palliative Care	Number of clients	2

Occupational Violence

Occupational Violence Statistics	2018-19
Workcover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	12
Number of occupational violence incidents reported per 100 FTE	9
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0%

Occupational Health and Safety

Occupational Health and Safety Statistics	2017-18	2018-19
Number of reported hazards/incidents for the year per 100 FTE	18	5.6
Number of 'lost time' standard claims for the year per 100 FTE	0	0
Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe	0	0

There are no fatalities to disclose for the 2018-19 year.

STATUTORY COMPLIANCE

Building Act 1993

MTHCS complies with the provisions of the Building Act 1993 in accordance with the Department of Health and Human Services Capital Development Guidelines (Minister for Finance Guideline Building Act 1993/ Standards for Publicly Owned Buildings 1994/ Building Regulations 2005 and Building Code of Australia 2004).

Carers Recognition Act 2012

Under Clause 12.12 (a) of the Act, a care support organisation must prepare a report on its compliance with its obligations as identified under Section 11 of the Act. The report on compliance must be published in the organisation's annual report and for the period to which the annual report relates. Compliance reporting applies to a public service body within the meaning of the Public Administration Act 2004.

Competitive Neutrality

MTHCS complied with all the government policies regarding competitive neutrality. Under the Act, State government departments, councils and organisations funded by government to provide programs and services to people in care relationships, need to take all practicable measures to:

- Ensure staff have available and understand the principles in the Act
- Ensure staff promote the principles to people in care relationships, so that people in care relationships are aware of and understand the principles of the Act
- Reflect the care relationship principles in developing, providing or evaluating support and assistance for those in care relationships.

Staff have access to copies of the principles of the Act and copies of the charter.

Car Parking Fees

MTHCS provides free public car parking.

Consultancies

In 2018-19 there were 15 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2018-19 in relation to these consultancies is $55,069 (excl GST).
In 2018-19 there were 4 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2018-19 in relation to these consultancies is $107,288 (excl GST).

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2018-19 (excluding GST)	Future expenditure (excluding GST)
Healthcare Management Advisors	Stage 4 and finalisation of design and development of a five year strategic plan for MTHCS	Jan 2018	August 2018	$10,200	$12,000	$0
People Tactics	- Organisational Design & Change Management	November 2018	March 2019	$40,000	$41,108	$0
	-Project Support to Coordinate Sea Lake Community Meeting			$9500	$9500	$0
Thoughtpost Governance P/L	Board Performance Review	January 2019	May 2019	$22,500	$23, 711	
Audit and Risk Solutions	4 Internal Audits completed for 2018-19	August 2017	Ongoing	$20,000	$20,969	$20,000

STATUTORY COMPLIANCE

CONTINUED

Information Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2018-19 is $655,392 (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 = Operating expenditure and Capital expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST (a)	Capital expenditure (excluding GST) (b)
$622,354	$33,038	$0	$33,038

Essential Safety Measures Report

The Essential Safety Measures Report is prepared annually for each campus and confirms the safety of buildings including fire safety, entry and egress. During the 2019-19 financial year there were no major changes or factors that materially affected the achievement of the operational objectives.

Environmental impacts

MTHCS continues to work towards lessening our environmental footprint.

Electricity Consumption		
Ouyen Campus	Peak 205,119 kwh	Off Peak 174,833 kwh
Hostel	Peak 69,756 kwh	Off Peak 95,519 kwh
Sea Lake Campus	Peak 124,488 kwh	Off Peak 119,886 kwh

Water Consumption	
Ouyen Campus	9934 kl
Hostel	3068 kl
Sea Lake Campus	7687 kl
Hostel	2448 kl

Recycling (Ouyen Service Centre Only)
Cardboard/Paper - 72 cubic metres
General Rubbish landfill - 180 cubic metres
Polystyrene - 4 cubic metres
Plastic/Metal/Glass - 36 cubic metres
Printer Cartridges - 45 kg
Infectious Waste - 290kg

Gas Consumption	
Ouyen Campus	47.97 kl
Sea Lake Campus	18.96 kl

STATUTORY COMPLIANCE

CONTINUED

Equal Employment Opportunity

MTHCS remains committed to providing a workplace that promotes fair and equal opportunities which meets legislation. There have been 0 disclosures made during the year.

Freedom of Information

People may obtain access to information not normally available to them, in accordance with the terms of the Freedom of Information Act 1982.

The Principal Officer under the Act is the Chief Executive Officer; the authorised Freedom of Information Manager is the Executive Director of Nursing. The public may seek access to any documents and records held by MTHCS by making a written request to the Freedom of Information Manager. FOI requests can be submitted to the Executive Director of Nursing, 28 Britt Street, Ouyen.

More information on how to lodge an FOI application and charges that may apply is available at https://www.oaic.gov.au/freedom-of-information/

Fees and Charges

All fees and charges charged by MTHCS are regulated by the Australian Department of Health and Ageing and the Hospital and Charities (Fees). Regulations 1986, as amended and as otherwise determined by the Department of Human Services, Victoria.

Policies and procedures are in place for the effective collection of fees. Information on fees is available on our website at www.mthcs.com.au or by contacting Reception on 03 5092-1111.

Local Jobs First Disclosure

MTHCS adheres to the principles of the Local Jobs First Policy (formerly the Victorian Industry Participation Policy Act 2003). In 2018-2019 there were no contracts requiring disclosure under the Local Jobs First Policy.

Safe Patient Care Act 2015

MTHCS has no matters to report in relation to its obligations under Section 40 of the Safe Patient Care Act 2015.

Health Records Act 2001 and Information Privacy Act 2000

The Acts preserve the privacy and confidentiality of information held by MTHCS.

All patients, residents and clients receive a brochure explaining how their health information will be used and who will have access to such information. All staff must undertake privacy and confidentiality training regularly and follow documented policy and protocols relating to privacy and confidentiality.

The Chief Executive Officer is the designated Privacy Officer and deals with inquiries and complaints relating to the Health Records and Information Privacy Acts. In 2018/19 there were no written complaints with respect to breaches of privacy or confidentiality.

Protected Disclosure Act 2012

The Protected Disclosure Act 2012 intent is to encourage and facilitate the making of disclosure of improper conduct by public officers and public bodies, and establish a system for investigation of matters.

The Act provides protection from detrimental action to any person affected by a protected disclosure whether it is a person who makes a disclosure, a witness, or a person who is the subject of an investigation.

Protected Disclosures are to be reported directly to:
Independent Broad-Based Anti-Corruption Commission (IBAC)
Phone 1300 735 135
Fax 03 8635 6444
Street address Level 1, North Tower,
459 Collins Street, Melbourne VIC 3000
Postal address GPO Box 24234,
Melbourne VIC 3001
www.ibac.vic.gov.au/contact-us

Publications

Publications such as the Annual Report, Quality Account Reports, Strategic Plan, Service Fees, Services Brochures, and a wide range of Patient Information Brochures are available from MTHCS campuses or can be downloaded from our website at www.mthcs.com.au

STATUTORY COMPLIANCE

CONTINUED

Additional Information

The following information, where it relates to Mallee Track Health & Community Service and is relevant to the financial year 2018 – 2019, is available upon request by relevant Ministers, Members of Parliament and the public:

(a) A statement of pecuniary interest has been completed.
(b) Details of shares held by senior officers as nominee or held beneficially.
(c) Details of publications produced by the department about the activities of the entity and where they can be obtained.
(d) Details of changes in prices, fees, charges, rates and levies charged by the entity.
(e) Details of any major external reviews carried out on the entity.
(f) Details of major research and development activities undertaken by the entity that are not otherwise covered either in the Report of Operations or in a document that contains the financial report and Report of Operations.
(g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
(h) Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services.
(i) Details of assessments and measures undertaken to improve the occupational health and safety of employees.
(j) General statement on industrial relations within the entity and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations.
(k) A list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved.
(l) Total entity ICT Business As Usual (BAU) expenditure (excluding GST) for the full 12 month reporting period.

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

Where a service is compliant:

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

Lois O'Callaghan
Chief Executive Officer
Mallee Track Health and Community Service
05/09/2019

DISCLOSURE INDEX

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

Ministerial Directions
Report of Operations

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FRD 22H	Nature and range of services provided	2
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Financial and other information

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DISCLOSURE INDEX

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• Reporting of compliance Health Purchasing Victoria policy	34
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ATTESTATIONS

Data Integrity

I, Lois O'Callaghan, certify that Mallee Track Health and Community Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Mallee Track Health and Community Service has critically reviewed these controls and processes during the year.

Conflict of Interest

I, Lois O'Callaghan, certify that Mallee Track Health and Community Service has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC.

Declaration of private interest forms have been completed by all executive staff within Mallee Track Health and Community Service and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive and board meeting.

Integrity, fraud and corruption

I, Lois O'Callaghan, certify that Mallee Track Health and Community Service has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Mallee Track Health and Community Service during the year.

Lois O'Callaghan
Chief Executive Officer
Mallee Track Health and Community Service

05/09/2019

FINANCIAL SUMMARY

MALLEE TRACK HEALTH AND COMMUNITY SERVICE
COMPREHENSIVE OPERATING STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Income from Transactions			
Operating Activities	2.1	16,059,445	15,577,026
Non-operating Activities	2.1	124,469	314,819
Total Income from Transactions		**16,183,914**	**15,891,845**
Expenses from Transactions			
Employee Expenses	3.1	13,570,104	12,501,518
Supplies and Consumables	3.1	555,528	585,792
Administrative Expenses	3.1	1,665,695	1,771,009
Depreciation and Amortisation	4.3	1,744,211	1,953,902
Other Operating Expenses	3.1	905,528	747,603
Total Expenses from Transactions		**18,441,066**	**17,559,824**
Net Result from Transactions - Net Operating Balance		**(2,257,152)**	**(1,667,979)**
Other Economic Flows Included in Net Result			
Net gain/(loss) on Non-Financial Assets	3.2	72,862	(64,964)
Other Gain/(Loss) from Other Economic Flows	3.2	(75,982)	98,720
Total Other Economic Flows Included in Net Result		(3,120)	33,756
Net Result for the year		**(2,260,272)**	**(1,634,223)**
Other Comprehensive Income			
Items that will not be classified to Net Result			
Changes in Property, Plant & Equipment Revaluation Surplus	4.2 (f)	7,865,614	2,215,630
Total Other Comprehensive Income		7,865,614	2,215,630
Comprehensive Result for the year		**5,605,342**	**581,407**

FINANCIAL INFORMATION

TABLE 1	2019 $000	2018 $000	2017 $000	2016 $000	2015 $000
OPERATING RESULT*	**(788)**	**240**	**646**	**208**	**(255)**
Total Revenue	16,184	15,927	17,224	15,359	14,732
Total Expenses	18,441	17,660	16,232	16,999	16,889
Net Result from Transactions	**(2,257)**	**(1,733)**	**991**	**(1,640)**	**(2,157)**
Total Other Economic Flows	(3)	99	(56)	0	0
Net Result	**(2,260)**	**(1,634)**	**936**	**(1,640)**	**(2,157)**
Total Assets	46,339	39,933	38,990	37,004	36,658
Total Liabilities	9,824	9,024	8,662	7,612	5,626
Net Assets/Total Equity	**36,514**	**30,909**	**30,328**	**29,392**	**31,031**

*The Operating Result is the result for which the health service is monitored in its Statement of Priorities

TABLE 2	2019 $000	2018 $000	2017 $000	2016 $000	2015 $000
Net Operating Result	(788)	240	646	208	(255)
Capital and Specific Items					
Capital Purpose Income	373	238	2,251	356	178
Specific Income	0	0	0	0	0
Assets Provided Free of Charge	0	6	0	0	0
Assets Received Free of Charge	0	0	0	0	0
Expenditure for Capital Purpose	97	162	7	225	55
Depreciation and Amortisation	1,744	1,954	1,898	1,978	2,024
Impairment of Non-Financial Assets	0	100	0	0	0
Finance Costs (Other)	0	0	0	0	0
Net Result from Transactions	**(2,257)**	**(1,733)**	**991**	**(1,640)**	**(2,157)**

MALLEE TRACK HEALTH AND COMMUNITY SERVICE

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

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

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

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

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

.....	.....	.....
Mark Wilson Board Chair	Lois O'Callaghan Accountable Officer	Andrew Arundell Chief Finance & Accounting Officer (Contract)
Ouyen	Ouyen	Ouyen
5th September 2019	5th September 2019	5th September 2019

MALLEE TRACK HEALTH AND COMMUNITY SERVICE
COMPREHENSIVE OPERATING STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019 $	2018 $
Income from Transactions			
Operating Activities	2.1	16,059,445	15,577,026
Non-operating Activities	2.1	124,469	314,819
Total Income from Transactions		**16,183,914**	**15,891,845**
Expenses from Transactions			
Employee Expenses	3.1	13,570,104	12,501,518
Supplies and Consumables	3.1	555,528	585,792
Administrative Expenses	3.1	1,665,695	1,771,009
Depreciation and Amortisation	4.3	1,744,211	1,953,902
Other Operating Expenses	3.1	905,528	747,603
Total Expenses from Transactions		**18,441,066**	**17,559,824**
Net Result from Transactions - Net Operating Balance		**(2,257,152)**	**(1,667,979)**
Other Economic Flows Included in Net Result			
Net gain/(loss) on Non-Financial Assets	3.2	72,862	(64,964)
Other Gain/(Loss) from Other Economic Flows	3.2	(75,982)	98,720
Total Other Economic Flows Included in Net Result		(3,120)	33,756
Net Result for the year		**(2,260,272)**	**(1,634,223)**
Other Comprehensive Income			
Items that will not be classified to Net Result			
Changes in Property, Plant & Equipment Revaluation Surplus	4.2 (f)	7,865,614	2,215,630
Total Other Comprehensive Income		7,865,614	2,215,630
Comprehensive Result for the year		**5,605,342**	**581,407**

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

MALLEE TRACK HEALTH AND COMMUNITY SERVICE
BALANCE SHEET
AS AT 30 JUNE 2019

	Note	2019 $	2018 $
ASSETS			
Current Assets			
Cash and Cash Equivalents	6.1	7,524,751	2,265,980
Receivables	5.1	172,984	303,690
Investments and Other Financial Assets	4.1	0	5,627,297
Inventories		39,423	51,277
Prepayments and Other Assets		137,320	108,901
Total Current Assets		**7,874,478**	**8,357,145**
Non-Current Assets			
Receivables	5.1	662,662	566,996
Property, Plant and Equipment	4.2	37,801,505	31,008,705
Total Non-Current Assets		**38,464,167**	**31,575,701**
TOTAL ASSETS		**46,338,645**	**39,932,846**
LIABILITIES			
Current Liabilities			
Payables	5.3	803,709	732,202
Provisions	3.4	3,167,751	2,418,976
Other Liabilities	5.2	5,484,655	5,272,933
Total Current Liabilities		**9,456,115**	**8,424,111**
Non-Current Liabilities			
Provisions	3.4	368,250	599,797
Total Non-Current Liabilities		**368,250**	**599,797**
TOTAL LIABILITIES		**9,824,365**	**9,023,908**
NET ASSETS		**36,514,280**	**30,908,938**
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.2 (f)	34,047,727	26,182,113
Contributed Capital		9,793,054	9,793,054
Accumulated Surpluses		(7,326,501)	(5,066,229)
TOTAL EQUITY		**36,514,280**	**30,908,938**

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

MALLEE TRACK HEALTH AND COMMUNITY SERVICE
STATEMENT OF CHANGES IN EQUITY
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Surpluses/ (Deficits)	Total
	$	$	$	$	$
Balance at 1 July 2017	23,966,483	870,374	9,793,054	(4,302,380)	30,327,531
Net result for the year	0	0	0	(1,634,223)	(1,634,223)
Other comprehensive income for the year	2,215,630	0	0	0	2,215,630
Transfers to/from accumulated (deficits) / surplus	0	(870,374)	0	870,374	0
Balance at 30 June 2018	**26,182,113**	**0**	**9,793,054**	**(5,066,229)**	**30,908,938**
Net result for the year	0	0	0	(2,260,272)	(2,260,272)
Other comprehensive income for the year	7,865,614	0	0	0	7,865,614
Balance at 30 June 2019	**34,047,727**	**0**	**9,793,054**	**(7,326,501)**	**36,514,280**

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

MALLEE TRACK HEALTH AND COMMUNITY SERVICE
CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

	Note	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		**$**	**$**
Operating Grants from Government		12,625,654	12,146,537
Capital Grants from Government		187,874	18,236
Other Capital Receipts		18,211	0
Patient and Resident Fees Received		1,856,747	1,589,268
Donations and Bequests Received		41,837	45,054
GST (Paid to)/received from ATO		58,696	57,476
Interest Received		124,469	312,929
Other Receipts		1,272,931	1,424,569
Total Receipts		***16,186,419***	***15,594,069***
Employee Expenses Paid		(13,128,858)	(12,794,389)
Payments for Supplies and Consumables		(543,674)	(578,290)
Payments for Administrative Expenses		(1,665,695)	(1,771,009)
Payments for Medical Indemnity Insurance		(12,329)	(11,807)
Payments for Repairs and Maintenance		(470,109)	(353,124)
Other Payments		(347,467)	142,300
Total Payments		***(16,168,132)***	***(15,366,319)***
NET CASH FLOW FROM OPERATING ACTIVITIES	8.1	**18,287**	**227,750**
CASH FLOWS FROM INVESTING ACTIVITIES			
(Purchase) / Proceeds of Investments		5,627,297	487,740
Purchase of Non-Financial Asset		(943,578)	(1,054,048)
Proceeds from Sale of Non-Financial Assets		345,043	69,727
NET CASH FLOW FROM / (USED IN) INVESTING ACTIVITIES		**5,028,762**	**(496,581)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Receipt of Accommodation Deposits		1,616,309	2,079,105
Repayment of Accommodation Deposits		(1,404,587)	(1,518,647)
NET CASH FLOW FROM FINANCING ACTIVITIES		**211,722**	**560,458**
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		**5,258,771**	**291,627**
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		2,265,980	1,974,353
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.1	**7,524,751**	**2,265,980**

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

BASIS OF PRESENTATION

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

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

NOTE 1 : SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Mallee Track Health and Community Service (ABN 43 518 931 864) for the year ended 30 June 2019. The report provides users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

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

(b) Reporting Entity

The financial statements represent the activities of Mallee Track Health and Community Service as a single entity.

Its principal address is:
28 Britt Street
Ouyen VIC 3490

A description of the nature of Mallee Track Health and Community Service operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

BASIS OF PRESENTATION (Continued)

(c) Basis of accounting preparation and measurement

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

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

The financial statements are prepared on a going concern basis.

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

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

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

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

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

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

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

Goods and Services Tax (GST)

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

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

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

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

(d) Intersegment Transactions

Transactions between segments within Mallee Track Health and Community Service have been eliminated to reflect the extent of Mallee Track Health and Community Services' operations as a group.

BASIS OF PRESENTATION (Continued)

(e) Jointly Controlled Operation

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

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

Mallee Track Health and Community Service is a Member of the Loddon Mallee Rural Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7 Jointly Controlled Operations and Assets).

(f) Equity

Contributed Capital

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

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

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

(g) Comparatives

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated at Notes 2 and 3 which flow through to the Comprehensive Operating Statement and Cash Flow Statement..

Note 2: FUNDING DELIVERY OF OUR SERVICES

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

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

Structure
2.1 Income from Transactions

Note 2.1: INCOME FROM TRANSACTIONS

	TOTAL 2019 $	TOTAL 2018 $
Government Grants - Operating	12,680,031	12,154,414
Government Grants - Capital	187,874	56,006
Other Capital Purpose Income	18,211	15,468
Patient and Resident Fees	1,869,635	1,553,231
Commercial Activities	1,084,303	1,178,472
Other Revenue from Operating Activities (Including Non-Capital Donations)	219,391	619,435
Total Income from Operating Activities	**16,059,445**	**15,577,026**
Interest	124,469	314,819
Total Revenue from Non-Operating Activities	**124,469**	**314,819**
Total Revenue	**16,183,914**	**15,891,845**

Revenue Recognition
Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to Mallee Track Health and Community Service and the income can be reliably measured at fair value.
Unearned income at reporting date is reported as income received in advance.

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

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

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

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

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

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

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

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

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

Note 2.1: INCOME FROM TRANSACTIONS (Continued)

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

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

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

Note 3: THE COST OF DELIVERING OUR SERVICES

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

Structure

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

Note 3.1: EXPENSES FROM TRANSACTIONS

	TOTAL 2019 $	TOTAL 2018 $
Salaries and Wages	9,908,117	9,488,317
On-Costs	923,876	902,862
Agency Expenses	727,069	131,969
Fee for Service Medical Officer Expenses	1,844,883	1,852,204
WorkCover Premium	166,159	126,166
Total Employee Expenses	**13,570,104**	**12,501,518**
Drug Supplies	23,237	28,378
Medical and Surgical Supplies (including Prostheses)	145,897	159,241
Other Supplies and Consumables	386,394	398,173
Total Supplies and Consumables	**555,528**	**585,792**
Administrative Expenses	1,665,695	1,771,009
Total Administrative Expenses	**1,665,695**	**1,771,009**
Fuel, Light, Power and Water	373,090	382,672
Repairs and Maintenance	332,183	237,605
Maintenance Contracts	137,926	115,519
Medical Indemnity Insurance	12,329	11,807
Expenditure for Capital Purposes	50,000	0
Total Other Operating Expenses	**905,528**	**747,603**
Depreciation (refer Note 4.3)	1,744,211	1,953,902
Total Other Non-Operating Expenses	**1,744,211**	**1,953,902**
Total Expenses from Transactions	**18,441,066**	**17,559,824**

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

Employee expenses
Employee expenses include:

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

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

Note 3.1: EXPENSES FROM TRANSACTIONS (Continued)

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

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

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

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

NOTE 3.2: OTHER ECONOMIC FLOWS	**TOTAL**	**TOTAL**
	2019	**2018**
	$	**$**
Net gain/(loss) on sale of non-financial assets		
Impairment of property plant and equipment (including intangible assets)	0	(100,000)
Net gain on disposal of property plant and equipment	72,862	35,036
Total net gain/(loss) on non-financial assets	**72,862**	**(64,964)**
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	(75,982)	98,720
Total other gains/(losses) from other economic flows	**(75,982)**	**98,720**
Total other gains/(losses) from economic flows	**(3,120)**	**33,756**

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

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

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

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

NOTE 3.2: OTHER ECONOMIC FLOWS (Continued)

Net gain/ (loss) on financial instruments

Net gain/ (loss) on financial instruments includes:

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

Other gains/(losses) from other economic flows

Other gains/(losses) include:

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

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

	Revenue		Expense	
	2019	2018	2019	2018
	$	$	$	$
Commercial Activities				
Catering Services	47,164	55,427	194,765	192,109
Property Expenses	141,432	165,462	151,669	151,669
Medical Clinics	895,707	947,991	1,611,523	1,375,472
TOTAL	**1,084,303**	**1,168,880**	**1,957,957**	**1,719,250**

Note 3.4 EMPLOYEE BENEFITS IN THE BALANCE SHEET	**2019**	**2018**
Current Provisions	**$**	**$**
Employee Benefits (i)		
Annual Leave and Wages and Accrued Days Off		
- unconditional and expected to be settled wholly within 12 months (ii)	1,046,206	1,046,206
- unconditional and expected to be settled wholly after 12 months (iii)	0	0
Long Service Leave		
- unconditional and expected to be settled wholly within 12 months (ii)	267,521	446,555
- unconditional and expected to be settled wholly after 12 months (iii)	1,473,069	787,340
	2,786,796	2,280,101
Provisions related to employee benefit on-costs		
- unconditional and expected to be settled within 12 months (ii)	179,586	31,246
- unconditional and expected to be settled after 12 months (iii)	201,369	107,629
	380,955	138,875
Total Current Provisions	**3,167,751**	**2,418,976**
Non-Current Provisions		
Conditional Long Service Leave (iii)	323,964	527,665
Provisions related to employee benefit on-costs	44,286	72,132
Total Non-Current Provisions	**368,250**	**599,797**
Total Provisions	**3,536,001**	**3,018,773**
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Annual Leave Entitlements	1,151,137	984,449
Accrued Days Off	38,085	31,958
Unconditional Long Service Leave Entitlements	1,978,529	1,402,569
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements	368,250	599,797
Total Employee Benefits and Related On-Costs	**3,536,001**	**3,018,773**

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

b) Movements in Provisions	**2019** **$**	**2018** **$**
Movement in Long Service Leave:		
Balance at start of year	2,002,366	2,315,611
Provision made during the year		
- Revaluations	(75,982)	98,720
- Expense Recognising Employee Service	508,882	34,590
Settlement made during the year	(88,487)	(446,555)
Balance at end of year	**2,346,779**	**2,002,366**

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

Employee Benefit Recognition

Provision is made for benefits accruing to employees in respect of wages and salaries, 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 the Health Service has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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

Employee Benefits

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

Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities', because the health service does not have an unconditional right to defer settlements of these liabilities.

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

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

Long Service Leave (LSL)

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

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

The components of this current LSL liability are measured at:

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

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

Termination Benefits

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

On-Costs related to employee expense

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

Note 3.4: SUPERANNUATION

Fund	Paid Contributions for the year		Outstanding Contributions at Year End	
	2019 $000	**2018 $000**	**2019 $000**	**2018 $000**
Defined Benefit Plans: (i)				
First State Super	51,004	49,809	0	0
Defined Contribution Plans:				
First State Super	604,428	705,422	0	0
Hesta	108,646	104,567	0	0
Other	159,798	44,477	0	0
Total	**923,876**	**904,275**	**0**	**0**

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

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

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

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

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

Note 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY

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

Structure

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

Note 4.1: INVESTMENTS AND OTHER FINANCIAL ASSETS	Operating Fund		Capital Fund		Total	
	2019	2018	2019	2018	2019	2018
CURRENT	$	$	$	$	$	$
Loans and Receivables						
Term Deposit						
Aust. Dollar Term Deposits > 3 Months (i)	0	191,685	0	1,336,461	0	1,528,146
Managed Funds	0	0	0	4,099,151	0	4,099,151
TOTAL CURRENT OTHER FINANCIAL ASSETS	**0**	**191,685**	**0**	**5,435,612**	**0**	**5,627,297**
Represented by:						
Investments - Health Service	0	0	0	195,465	0	195,465
Investments - Joint Operation	0	191,685	0	0	0	191,685
Investments - Monies Held in Trust	0	0	0	5,240,147	0	5,240,147
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**0**	**191,685**	**0**	**5,435,612**	**0**	**5,627,297**

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

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

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

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

Mallee Track Health and Community Services' investments must comply with Standing Direction 3.7.2 - Treasury and Investment Risk Management.

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

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

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

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

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

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

In order to determine an appropriate fair value as at 30 June 2019 for its portfolio of financial assets, the Health Service used the market value of investments held provided by the portfolio managers.

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

Note 4.2: PROPERTY, PLANT AND EQUIPMENT **(a) Gross carrying amount and accumulated depreciation**	**2019** **$**	**2018** **$**
Land		
- Land at Fair Value	452,000	636,500
Total Land	**452,000**	**636,500**
Buildings		
- Buildings at Fair Value	36,023,000	29,206,554
Less Accumulated Depreciation	0	85,797
	36,023,000	29,120,757
- Buildings Work in Progress at Cost	6,875	53,512
Total Buildings	**36,029,875**	**29,174,269**
Plant and Equipment		
- Plant and Equipment at Fair Value	2,264,279	2,145,951
Less Accumulated Depreciation	1,733,570	1,619,139
	530,709	526,812
- Joint Operation Plant and Equipment at Fair Value	57,577	58,205
Less Accumulated Depreciation	32,660	32,978
	24,917	25,227
Total Plant and Equipment	**555,626**	**552,039**
Medical Equipment		
- Medical Equipment at Fair Value	1,126,369	1094669
Less Accumulated Depreciation	904,015	845628
Total Medical Equipment	**222,354**	**249,041**
Furniture and Fittings		
- Furniture and Fittings at Fair Value	653,755	598069
Less Accumulated Depreciation	460,710	433090
Total Furniture and Fittings	**193,045**	**164,979**
Motor Vehicles		
- Motor Vehicles at Fair Value	1,410,150	1,444,510
Less Accumulated Depreciation	1,061,545	1,212,633
Total Motor Vehicles	**348,605**	**231,877**
TOTAL	**37,801,505**	**31,008,705**

Note 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)
(b) Reconciliation of the carrying amounts of each class of asset

	Land	Buildings	Plant & Equipment	Medical Equipment	Furniture & Fittings	Motor Vehicles	Total
	$	$	$	$	$	$	$
Balance at 1 July 2017	613,500	28,053,899	491,631	300,744	164,413	144,063	29,768,250
Additions	23,000	568,930	159,308	11,627	27,078	201,875	991,818
Asset Revaluation	0	2,215,630	0	0	0	0	2,215,630
Asset Provided Free of Charge	0	0	6,061	0	0	0	6,061
LMRHA Movement	0	0	21,600	0	0	0	21,600
Disposals	0	0	0	0	0	(40,752)	(40,752)
Depreciation (note 4.3)	0	(1,664,190)	(126,561)	(63,330)	(26,512)	(73,309)	(1,953,902)
Balance at 1 July 2018	**636,500**	**29,174,269**	**552,039**	**249,041**	**164,979**	**231,877**	**31,008,705**
Additions	16,000	485,375	131,532	31,699	62,813	216,469	943,888
Asset Revaluation	(150,500)	8,016,114	0	0	0	0	7,865,614
Asset Provided Free of Charge	0	0	0	0	0	0	0
LMRHA Movement	0	0	(310)	0	0	0	(310)
Disposals	(50,000)	(222,181)	0	0	0	0	(272,181)
Depreciation (note 4.3)	0	(1,423,702)	(127,635)	(58,386)	(34,747)	(99,741)	(1,744,211)
Balance at 30 June 2019	**452,000**	**36,029,875**	**555,626**	**222,354**	**193,045**	**348,605**	**37,801,505**

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

(c) Fair value measurement hierarchy for assets

	Carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using: Level 1 (i)	Level 2 (i)	Level 3 (i)
	$	$	$	$
Land at fair value				
Non-Specialised land	164,000	0	164,000	0
Specialised land	288,000	0	0	288,000
Total of land at fair value	452,000	0	164,000	288,000
Buildings at fair value				
Non-Specialised buildings	2,087,875	0	2,087,875	0
Specialised buildings	33,935,125	0	0	33,935,125
Total of buildings at fair value	36,023,000	0	2,087,875	33,935,125
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles	348,605	0	348,605	0
- Plant and equipment	971,025	0	0	971,025
Total of plant, equipment and vehicles at fair value	1,319,630	0	348,605	971,025

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

There have been no transfers between levels during the period.

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

	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using: Level 1 (i)	Level 2 (i)	Level 3 (i)
	$	$	$	$
Land at fair value				
Non-Specialised land	377,000	0	377,000	0
Specialised land	259,500	0	0	259,500
Total of land at fair value	636,500	0	377,000	259,500
Buildings at fair value				
Non-Specialised buildings	2,216,500	0	2,216,500	0
Specialised buildings	26,904,257	0	0	26,904,257
Total of buildings at fair value	29,120,757	0	2,216,500	26,904,257
Plant and equipment at fair value				
Plant equipment and vehicles at fair value				
- Vehicles (ii)	231,877	0	231,877	0
- Plant and equipment	552,039	0	0	552,039
- Furniture and Fittings	164,979	0	0	164,979
- Medical Equipment	249,041	0	0	249,041
Total of plant, equipment and vehicles at fair value	1,197,936	0	231,877	966,059

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

Note 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)
(d) Reconciliation of Level 3 fair value

30-Jun-19	Land	Buildings	Plant and equipment
	$	**$**	**$**
Opening Balance	259,500	26,904,257	966,059
Purchases (sales) & reclassifications	0	261,048	225,734
Transfers in (out) of Level 3	0	0	0
Gains or losses recognised in net result			
- Depreciation	0	(1,123,964)	(220,768)
Subtotal	259,500	26,041,341	971,025
Items recognised in other comprehensive income			
- Revaluation	28,500	7,893,784	0
Subtotal	28,500	7,893,784	0
Closing Balance	288,000	33,935,125	971,025
Unrealised gains/(losses) on non-financial assets	0	0	0
	288,000	33,935,125	971,025

There have been no transfers between levels during the period.

30-Jun-18	Land	Buildings	Plant and equipment
	$	**$**	**$**
Opening Balance	259,500	21,751,028	956,788
Purchases (sales) & reclassifications	0	4,601,789	225,674
Transfers in (out) of Level 3	0	0	0
Gains or losses recognised in net result			
- Depreciation	0	(1,664,190)	(216,403)
Subtotal	259,500	24,688,627	966,059
Items recognised in other comprehensive income			
- Revaluation	0	2,215,630	0
Subtotal	0	2,215,630	0
Closing Balance	259,500	26,904,257	966,059
Unrealised gains/(losses) on non-financial assets	0	0	0
	259,500	26,904,257	966,059

There have been no transfers between levels during the period.

(e) Fair Value Determination

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

Note 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)
(f) Property, Plant and Equipment Revaluation Surplus

Property, Plant and Equipment Revaluation Surplus	**2019** **$**	**2018** **$**
Balance at the beginning of the reporting period	26,182,113	23,966,483
Transfer to Accumulated Deficits		
- Land	0	0
Revaluation Increment		
- Land	(150,500)	0
- Buildings	8,016,114	2,215,630
Balance at the end of the reporting period*	34,047,727	26,182,113
***Represented by:**		
- Land	281,000	431,500
- Buildings	33,766,727	25,750,613
	34,047,727	26,182,113

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

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

The initial cost for non-financial physical assets under finance lease 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.

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

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

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

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

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

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

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

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

In accordance with FRD 103H Mallee Track Health and Community Services' 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.

Note 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)

Fair value measurement (Continued)

For the purpose of fair value disclosures, Mallee Track Health and Community Service has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of fair value hierarchy as explained above.
In addition, Mallee Track Health and Community Service determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

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

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

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

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

Non specialised land and Non specialised buildings

Non-specialised land, non-specialised buildings and cultural assets are valued using the market approach. Under this valuation method, the assets are compared to recent comparable sales or sales of comparable assets which are considered to have nominal or no added improvement value.
For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

Specialised land and specialised buildings

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

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

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

Note 4.2: PROPERTY, PLANT AND EQUIPMENT (Continued)

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

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

An independent valuation of the Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

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

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

There were no changes in valuation techniques throughout the period to 30 June 2019.

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

Note 4.3: DEPRECIATION	**2019**	**2018**
	$	**$**
Depreciation		
Buildings	1,423,702	1,664,190
Plant and Equipment		
- Plant	122,541	123,690
- Major Medical	58,386	63,330
- Motor Vehicles	99,741	73,309
- Furniture and Fittings	34,747	26,512
- Joint Operation	5,094	2,871
TOTAL DEPRECIATION	**1,744,211**	**1,953,902**

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

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

	2019	**2018**
Buildings		
- Structure Shell Building Fabric	25 to 60 years	25 to 60 years
- Site Engineering Services and Central Plant	20 to 30 years	20 to 30 years
Central Plant		
- Fit Out	7 to 13 years	7 to 13 years
- Trunk Reticulated Building Systems	7 to 15 years	7 to 15 years
Plant and Equipment	3 to 7 years	3 to 7 years
Medical Equipment	7 to 10 years	7 to 10 years
Computers and Communication	3 years	3 years
Furniture and Fittings	13 years	13 years
Motor Vehicles	2 to 10 years	2 to 10 years

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

Note 5: OTHER ASSETS AND LIABILITIES

This section sets out those assets and liabilities that arose from the health services operations.

Structure
5.1 Receivables
5.2 Other liabilities
5.3 Payables

Note 5.1: RECEIVABLES	**2019**	**2018**
CURRENT	**$**	**$**
Contractual		
Trade Debtors - Health Service	25,253	52,037
Patient / Resident Debtors	7,957	(4,931)
Accrued Revenue	358	4,305
Joint Operations - Receivables	21,942	18,951
Less Allowance for Impairment Losses of Contractual Receivables	0	0
	55,510	70,362
Statutory		
Accrued Revenue - Dental Health Services Victoria	16,023	50,406
Accrued Revenue - Department of Veterans Affairs	0	9,502
Accrued Revenue - Department of Health and Human Services	1,280	14,553
GST Receivable - Health Service	96,806	151,576
GST Receivable - Loddon Mallee Rural Health Alliance	3,365	7,291
	117,474	233,328
TOTAL CURRENT RECEIVABLES	**172,984**	**303,690**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	662,662	566,996
TOTAL NON-CURRENT RECEIVABLES	**662,662**	**566,996**
TOTAL RECEIVABLES	**835,646**	**870,686**

(a) Movement in the Allowance for Impairment Losses of Contractual Receivables	**2019**	**2018**
	$	**$**
Balance at beginning of year	0	0
Amounts written off during the year	0	0
Increase in allowance recognised on the net result	0	0
Balance at end of year	0	0

Receivables Recognition
Receivables consist of:

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

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

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

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

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

Note 5.2: OTHER LIABILITIES	**2019**	**2018**
	$	**$**
CURRENT		
Monies Held in Trust*		
- Resident Monies Held in Trust	12,739	12,739
- Refundable Accommodation Deposits	5,469,739	5,260,194
- Auspiced Funds	2,177	0
TOTAL CURRENT	**5,484,655**	**5,272,933**
*** Total Monies Held in Trust**		
Represented by the following assets:		
Cash Assets (refer to Note 6.1)	5,484,655	32,786
Investment and other Financial Assets (refer to Note 4.1)	0	5,240,147
TOTAL OTHER LIABILITIES	**5,484,655**	**5,272,933**

Note 5.3: PAYABLES	**2019**	**2018**
	$	**$**
CURRENT		
Contractual		
Trade Creditors	254,753	281,675
Joint Operation - Payables	68,507	68,813
Other Accrued Expenditure	477,449	362,048
Income in Advance	3,000	19,666
	803,709	732,202
Statutory		
Department of Health and Human Services	0	0
	0	0
TOTAL PAYABLES	**803,709**	**732,202**

Payables Recognition

Payables consist of:

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

Maturity analysis of payables

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

Note 6: HOW WE FINANCE OUR OPERATIONS

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

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

Structure

6.1 Cash and cash equivalents
6.2 Commitments for expenditure

Note 6.1: CASH AND CASH EQUIVALENTS

	2019 $	2018 $
Cash on Hand	700	720
Cash at Bank	7,524,051	2,265,260
TOTAL CASH AND CASH EQUIVALENTS	**7,524,751**	**2,265,980**
Represented by:		
Cash for Health Service Operations	1,823,012	2,189,311
Joint Operation - Cash	217,084	43,883
Cash for Monies Held in Trust	5,484,655	32,786
TOTAL CASH AND CASH EQUIVALENTS	**7,524,751**	**2,265,980**

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

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

Note 6.2: COMMITMENTS FOR EXPENDITURE

	2019 $	2018 $
a) Commitments		
Lease commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	227,459	0
Total lease commitments	227,459	0
Total Commitments	227,459	0
b) Commitments payable		
Lease commitments payable		
Photocopiers		
Less than 1 year	56,865	0
Longer than 1 year but not longer than 5 years	170,594	0
Total lease commitments	227,459	0
Total commitments (inclusive of GST)	227,459	0
Less GST recoverable from the Australian Taxation Office	20,678	0
Total commitments (exclusive of GST)	206,781	0

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

Note 7: RISKS, CONTINGENCIES & VALUATION UNCERTAINTIES

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

Structure
7.1 Financial instruments

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 Mallee Track Health and Community Service's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation.*

(a) Financial Instruments: Categorisation

2019	Financial assets at amortised cost $	Financial liabilities at amortised cost $	Total $
Contractual Financial Assets			
Cash and cash equivalents	7,524,751	0	7,524,751
Receivables	55,510	0	55,510
Investments and Other Financial Assets	0	0	0
Total Financial Assets (i)	7,580,261	0	7,580,261
Financial Liabilities			
At amortised cost			
- Payables	0	803,709	803,709
- Other Liabilities	0	5,484,655	5,484,655
Total Financial Liabilities(ii)	0	6,288,364	6,288,364

2018	Contractual financial assets - loans and receivables $	Contractual financial liabilities at amortised cost $	Total $
Contractual Financial Assets			
Cash and cash equivalents	2,265,980	0	2,265,980
Receivables	70,362	0	70,362
Investments and Other Financial Assets	5,627,297	0	5,627,297
Total Financial Assets (i)	7,963,639	0	7,963,639
Financial Liabilities			
At amortised cost			
- Payables	0	732,202	732,202
- Other Liabilities	0	5,272,933	5,272,933
Total Financial Liabilities(ii)	0	6,005,135	6,005,135

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

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

NOTE 7.1: FINANCIAL INSTRUMENTS (Continued)
Categories of financial assets under **AASB 9**

Financial assets at amortised cost
Financial assets are measured at amortised costs if both of the following criteria are met and the assets are not designated as fair value through net result:
- the assets are held by the Health Service to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.
The Department recognises the following assets in this category:
- cash and deposits;
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

Categories of financial assets previously under AASB 139
Loans and receivables and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement loans and receivables are measured at amortised cost using the effective interest method (and for assets, less any impairment).

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

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

Derecognition of financial assets: A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when the rights to receive cash flows from the asset have expired.

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

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

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

Note 7.1: FINANCIAL INSTRUMENTS (Continued)

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

The following table discloses the contractual maturity analysis for Mallee Track Health and Community Services' financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

Maturity analysis of financial liabilities as at 30 June

			Maturity Dates			
2019	**Total Carrying Amount** $	**Nominal Amount** $	**Less than 1 Month** $	**1 - 3 Months** $	**3 Months - 1 Year** $	**1 - 5 Years** $
Financial Liabilities						
At amortised cost						
Payables	803,709	803,709	803,709	0	0	0
Other Financial Liabilities (i)						
- Monies Held in Trust	5,484,655	5,484,655	5,484,655	0	0	0
Total Financial Liabilities	**6,288,364**	**6,288,364**	**6,288,364**	**0**	**0**	**0**
2018						
Financial Liabilities						
At amortised cost						
Payables	732,202	732,202	732,202	0	0	0
Other Financial Liabilities (i)						
- Monies Held in Trust	5,272,933	5,272,933	5,272,933	0	0	0
Total Financial Liabilities	**6,005,135**	**6,005,135**	**6,005,135**	**0**	**0**	**0**

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

Note 7.1: FINANCIAL INSTRUMENTS (Continued)

Note 7.1 (c): Contractual receivables at amortised costs

01-Jul-18	*Current*	*Less than 1 month*	*1-3 months*	*3 months - 1 year*	*1-5 years*	*Total*
Expected loss rate	0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables	39,986	10,045	2,029	18,302	0	70,362
Loss allowance	0	0	0	0	0	0

30-Jun-19	*Current*	*Less than 1 month*	*1-3 months*	*3 months - 1 year*	*1-5 years*	*Total*
Expected loss rate	0%	0%	0%	0%	0%	
Gross carrying amount of contractual receivables	48,230	3,802	3,478	0	0	55,510
Loss allowance	0	0	0	0	0	0

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

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

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

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

Reconciliation of the movement in the loss allowance for contractual receivables

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

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

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

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

The 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.

NOTE 8: OTHER DISCLOSURES

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

Structure

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

Note 8.1: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	**2019 $**	**2018 $**
NET RESULT FOR THE YEAR	(2,260,272)	(1,634,223)
Non-cash movements		
Depreciation	1,744,211	1,951,031
Share of Net Result from Joint Ventures	0	6,628
DHHS Indirect Cash Grant	0	(37,771)
Movements included in investing and financing activities		
Net (Gain)/Loss from Non Financial Assets	(72,862)	64,964
Movements in assets and liabilities		
Change in Operating Assets and Liabilities		
(Increase)/Decrease in Receivables	35,040	102,402
(Increase)/Decrease in Prepayments	(28,419)	(19,064)
Increase/(Decrease) in Payables	71,507	173,706
Increase/(Decrease) in Provisions	517,228	(387,425)
Change in Inventories	11,854	7,502
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**18,287**	**227,750**

Note 8.2: RESPONSIBLE PERSON DISCLOSURES

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

	Period
Responsible Ministers:	
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	01/07/2018 - 29/11/2018
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	29/11/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Mental Health	01/07/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Housing, Disability and Ageing	01/07/2018 - 29/11/2018
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	29/11/2018 - 30/06/2019
Governing Boards	
Mr Mark Wilson	01/07/2018 - 30/06/2019
Mrs Lara Wakefield	01/07/2018 - 30/06/2019
Ms Joy Lynch	01/07/2018 - 30/06/2019
Ms Hodi Beauliv	01/07/2018 - 30/06/2019
Mr Terry Elliott	01/07/2018 - 30/06/2019
Mrs Jenny Heaslip	01/07/2018 - 30/06/2019
Mrs Laurice McClelland	01/07/2018 - 30/04/2019
Mrs Meredith Rowney	01/07/2018 - 30/06/2019
Ms Jenna Yetman	01/07/2018 - 30/06/2019
Accountable Officers	
Ms Lois O'Callaghan	01/07/2018 - 30/06/2019

Remuneration of Responsible Persons

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

	2019	2018
Income Band	**$**	**$**
$0 - $9,999	9	11
$150,000 - $159,999	0	1
$160,000 - $169,999	1	0
Total Numbers	10	12
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	$183,920	$151,575

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

Note 8.3: EXECUTIVE OFFICER DISCLOSURES

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

Remuneration of executive officers	**Total Remuneration**	
	2019	**2018**
	$	**$**
Short-term employee benefits	240,846	263,474
Post-employment benefits	22,438	41,584
Other long-term benefits	5,808	7,113
Termination Benefits	0	9,388
Total Remuneration	**269,092**	**321,559**
Total Number of executives (i)	2	3
Total annualised employee equivalent (AEE) (ii)	2.00	2.35

Notes:
(i) The executives are not considered to meet the definition of Key Management Personnel (KMP) of the entity under AASB 124 Related Party Disclosures and are not also reported within the related parties note disclosure (Note 8.4).
(ii) Annualised employee equivalent is based on the time fraction worked over the reporting period. This is calculated as the total number of days the employee is engaged to work during the week by the total number of full-time working days per week (this is generally five full working days per week).

Note 8.4: RELATED PARTIES

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

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

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

The Board of Directors and the Chief Executive Officer of Mallee Track Health and Community Service are deemed to be KMPs.

Entity	KMPs	Position Title
Mallee Track Health and Community Service	Ms Lois O'Callaghan	Chief Executive Officer
Mallee Track Health and Community Service	Mr Mark Wilson	Board Member
Mallee Track Health and Community Service	Mrs Lara Wakefield	Board Member
Mallee Track Health and Community Service	Ms Joy Lynch	Board Member
Mallee Track Health and Community Service	Ms Hodi Beauliv	Board Member
Mallee Track Health and Community Service	Mr Terry Elliott	Board Member
Mallee Track Health and Community Service	Mrs Jenny Heaslip	Board Member
Mallee Track Health and Community Service	Mrs Laurice McClelland	Board Member
Mallee Track Health and Community Service	Mrs Meredith Rowney	Board Member
Mallee Track Health and Community Service	Ms Jenna Yetman	Board Member

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

COMPENSATION	2019 $	2018 $
Short term employee benefits	166,280	134,327
Post-employment benefits	14,028	13,143
Other long-term benefits	3,612	4,105
Termination benefits	0	0
Share based payments	0	0
Total	**183,920**	**151,575**

KMPs are also reported in Note 8.2 Responsible Persons.

Significant transactions with government-related entities

Mallee Track Health and Community Service received funding from the Department of Health and Human Services of $6,653,101 (2018: $6,229,049)

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

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

The Standing Directions of the Minister for Finance require Mallee Track Health and Community Service to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria 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 key management personnel and other related parties

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

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

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

Mr Mark Wilson, a member of the Board of Management has an ownership interest in Greggs Laser Electrical Ouyen - Electrical Contractors. The Health Service purchased goods and services to the value of $64,792 (2018: $46,051) on normal commercial terms and conditions.

Mrs Janine Wilson, the wife of Mr Mark Wilson who is a member of the Board of Management provided consultancy services to the value of $6,446 on normal commercial terms and conditions.

Note 8.5: REMUNERATION OF AUDITORS

	2019	2018
Victorian Auditor-General's Office	**$**	**$**
Audit of financial statements	17,500	17,500
	17,500	17,500

Note 8.6: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

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

Note 8.7: JOINTLY CONTROLLED OPERATIONS AND ASSETS

Name of Entity	Principal Activity	Ownership Interest 2019 %	Ownership Interest 2018 %
Loddon Mallee Rural Health Alliance	Information Systems	4.46	4.48

Mallee Track Health and Community Service's interest in assets employed in the above jointly controlled operations and assets is detailed below.
The amounts are included in the financial statements under their respective categories:

Summarised Balance Sheet:	**2019**	**2018**
Current Assets	**$**	**$**
Cash and Cash Equivalents	217,084	235,568
Receivables	25,307	30,709
Prepayments	55,149	24,211
Total Current Assets	**297,540**	**290,488**
Non Current Assets		
Property Plant and Equipment	24,917	25,227
Total Non Current Assets	**24,917**	**25,227**
Total Assets	**322,457**	**315,715**
Current Liabilities		
Payables	65,507	68,813
Total Current Liabilities	**65,507**	**68,813**
Total Liabilities	**65,507**	**68,813**
Share of Joint Venture Net Assets	**256,950**	**246,902**

Mallee Track Health and Community Service's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

Summarised Operating Statement:		
Revenues		
Operating Income	344,975	346,544
Capital Income	9,073	0
Total Revenue	**354,048**	**346,544**
Expenses		
Information Technology and Administrative Expenses	341,807	339,659
Capital Expense	5,193	13,513
Total Expenses	**347,000**	**353,172**
Profit	**7,048**	**(6,628)**

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

Investments in joint operations
In respect of any interest in joint operations, Mallee Track Health and Community Service recognises in the financial statements:

- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

NOTE 8.8: ECONOMIC DEPENDENCY

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

NOTE 8.9: AASBs ISSUED THAT ARE NOT YET EFFECTIVE

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

As at 30 June 2019, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Mallee Track Health and Community Service has not and does not intend to adopt these standards early.

Topic	Key Requirements	Effective date	Impact on financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015-8 Amendments to Australian Accounting Standards - Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	01-Jan-19	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied. There is an expectation this will impact capital grant funding, however it is not possible to quantify the impact until such time as funding is received and projects are commenced.
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	01-Jan-19	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: AASB 9 • Statutory receivables are recognised and measured similarly to financial assets. AASB 15 • The 'customer' does not need to be the recipient of goods and/or services; • The "contract" could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or 'equivalent means'; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions. The impact on reporting capital funding has potential to result in material change, however this is not able to be quantified prior to receipt of capital grants and commencement of projects.

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

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

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

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

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

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

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Mallee Track Health and Community Service

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

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Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
10 September 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

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