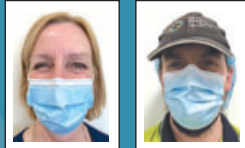
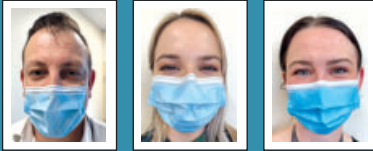
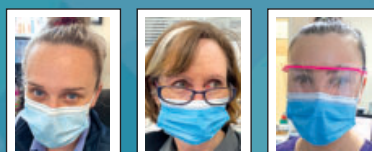
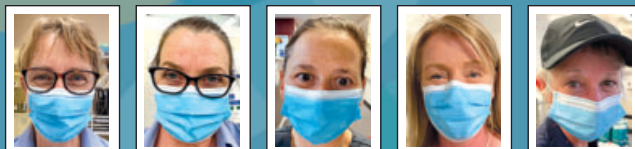
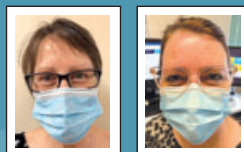
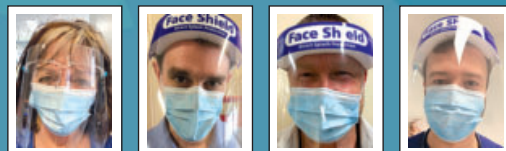
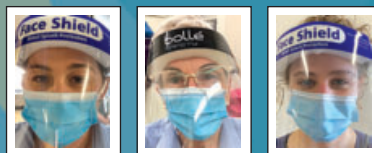
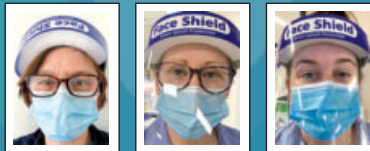
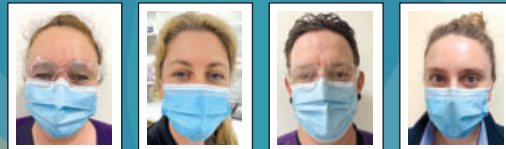


CENTRAL
GIPPSLAND
HEALTH



Annual Report 2019-2020

Central Gippsland Health Service



Better together



**CENTRAL
GIPPSLAND
HEALTH**

CGH respectfully acknowledges the traditional owners and custodians of the land on which we live and work, and pay our respect to their elders past, present and emerging.

Our Vision:

Our vision is of a safe and healthy community where everyone feels valued, supported and can participate.

Our Mission:

Our mission is to provide the health and community services that will best meet the needs of our community.

In doing so we will:

- Support community identified need and promote genuine community participation
- Place people at the centre of our care
- Support our community to access services that maintain and improve their health and wellbeing and minimise the negative impact of chronic disease and injury
- Enable people to benefit from our integrated services
- Allocate and use our resources effectively and efficiently
- Achieve through collaboration and partnerships
- Be creative, innovative and open to discovery

Our Values:

Social Justice and Equity of Outcome

To do this we will:

- focus on achieving equity of outcome for individuals and groups
- understand the impact of poverty, culture, location and disadvantage on behaviour and health status
- act to support the disadvantaged and marginalised amongst us
- ensure our fees policy considers our client's ability to pay
- support harm minimisation and targeted community support programs
- be compassionate and embrace diversity

Honesty, transparency and integrity

To do this we will:

- set and model standards of behaviour consistent with the Victorian public sector code of conduct
- embrace transparency and provide meaningful and clear information to our stakeholders
- support ethical and caring leadership development at all levels of the organisation

Quality and Excellence with the Person at the Centre

To do this we will:

- embed a quality culture of continuous improvement across the organisation such that our client's experience with CGHS is characterised by the following: seamless coordinated, integrated and timely provision of person centered care
- provide facilities and equipment that enable the provision of safe, efficient, effective and sustainable service delivery
- place a very high value on person centred care and excellent customer service

Caring, Support, Compassion and Understanding

To do this we will:

- be welcoming, caring, supportive, share knowledge freely and support learning in every setting
- relate to our community with understanding and compassion
- assist our community to understand their rights and responsibilities and have access to genuine complaints resolution processes
- support our community to identify the need for, and make decisions relating to, the development, delivery and evaluation of services
- develop partnerships that benefit our community
- appreciate the benefits that come from diversity

Value and Support our People

To do this we will strive to provide a healthy, caring and safe environment where we are supported to:

- pursue our personal goals and objectives
- behave consistently with CGHS values and enthusiastically support the achievement of our strategic and service delivery goals and objectives
- put forward ideas, participate in decision making, be creative and innovative
- develop our careers in a manner consistent with our strengths and interests
- make work a positive contributor to our happiness and wellbeing

Four Strategic Pillars



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Who we are

Central Gippsland Health Service (CGHS) is the major provider of health and residential aged care services in the Wellington Shire.

It serves a local population of approximately 44,000 in Central Gippsland, while acute specialist services reach a wider community in East Gippsland and parts of South Gippsland.

Central Gippsland Health is the brand that Sale Hospital shares with independently governed organisations, Heyfield Hospital and Stretton Park.

Our History

CGHS has a long and rich history which spans approximately 150 years.

During that time, CGHS and its predecessor (Gippsland Base Hospital) with various other smaller service entities has become the major provider of health and residential aged care services within the Wellington Shire with more than 70 acute beds, 173 residential aged care beds and 19 independent living units.

Through a series of amalgamations, the Gippsland Base Hospital, Maffra and District Hospital, J.H.F. McDonald Wing Nursing Home and Evelyn Wilson Nursing Home became CGHS in 1999.

CGHS provides management and corporate services to the two not-for-profit private facilities, Stretton Park Incorporated and Heyfield Hospital Incorporated, through management agreements also established in 1999.

The current Sale hospital was built on the existing site in 1990. The only section of the original hospital retained was the operating suite.

Today's CGHS Board of Management and staff continue to uphold the service and the spirit of those early pioneers who worked so hard to establish a hospital in the 1860s.

At your service

CGHS, being a sub-regional health service, works within a statewide rural and regional planning framework that takes into account local area and Gippsland regional planning. The focus is to provide access to services locally, where appropriate, and support people to access higher level services where required.

Within the Gippsland region there is one Regional Health Service, Latrobe Regional Hospital, which is the key specialist service resource for the region and the four sub-regional health services.

As the major provider of health and aged care services in the Wellington Shire, CGHS serves Central Gippsland and reaches a wider community in East Gippsland and parts of South Gippsland in terms of more specialised services such as perinatal services, critical care, obstetrics and surgery.

CGHS is a sub-regional and integrated health service, providing a broad range of primary, secondary and tertiary services, including a comprehensive range of Home and Community Care (HACC) services, through to adult intensive, coronary care and level 3 neonatal care.

Acute services include a full-time emergency department, critical care unit, neonatal special care unit, operating theatres, day procedure unit, and oncology and dialysis services, in addition to general medical and surgical services and sub-acute services including rehabilitation.

CGHS has acute and residential aged care services at Sale and Maffra. Community and home support services are provided throughout the Shire of Wellington (with the exception of Yarram and district) with centres in Maffra, Sale, Heyfield, Rosedale and Loch Sport.

Our aim is to develop a highly efficient system that responds to people's needs by placing them at the centre of a service delivery system focused on supporting them to achieve their goals and aspirations.

The CGHS Health Plan 2012-2022 describes how we are supporting an area-based planning approach to develop a system responsive to people's needs.

Our services

Population served (approximately)	44,000
Emergency attendances	16,580
Inpatient services	12,177
Mothers delivered	351
Community Services hours of service	110,990
Non-admitted Subacute and Specialist Outpatient Clinic Service Events	31,940

People

647 Full Time Equivalent employees
991 people employed, including casual, part-time and full-time active employees at 30 June, 2020.

Assets and Revenue

\$49,472m in net assets
\$45,963m in buildings
\$10,680m in plant and equipment
\$109,722m in revenue



Report

by the Chair, Board of Management

In 2019, I wrote with some excitement of the development of our new five-year Strategic Plan. In 2020, I reflect on an idea coined by a 19th century Army General that no plan survives first contact with the enemy. In this instance, the enemy is the Coronavirus that is attempting to stymie progress to the plan. So far, I am pleased to report that our team has refused to be derailed.

With this steadfast resolve to continue to serve the ever-changing health needs of our community, our brave frontline heroes and management teams stay focused on their goals and strive to do better every day.

The enormous challenges that the Coronavirus has presented to our health and aged care systems have been met head on by our people. They have worked hard to understand the clinical challenge, the risks and the ever-changing treatment and prevention protocols. This has been a significant investment in mental and physical energy. Worldwide, we all look forward to the end of this threat and to a time when we can all catch our breath, shake hands and hug once again.

In this challenging period, the CGHS team has prudently dealt with the significant disruption to our hospital activity levels and the underlying funding that it brings. Despite their significant efforts, it was always going to be a challenge to meet our financial targets. In recognition of this, the Department of Health & Human Services generously provided additional funding to bring our financial result into balance with our budget, resulting in a modest surplus of income to expenditure.

In the spirit of doing better every day, I am pleased to report that CGHS has continued to invest in its people, operations and infrastructure. Of particular note are the following:

- Completion of a fourth operating theatre to support Orthopaedic surgery, reducing the need for our community to travel outside the local region for this type of surgery;
- Commencement of a master-planning project for the Maffra Hospital;
- Completion of the significant refurbishment of the Special Care Nursery;
- Expansion of the Critical Care Unit, combined with the implementation of a Short Stay Unit;

- Partnering with Stretton Park to commence stage one of their redevelopment: an expansion of its aged care accommodation facilities, helping to secure \$1M in Federal Government funding to support stage two of the project; and
- Taking further steps towards the construction of new medical student accommodation which will see the existing units on the corner of Elgin and Foster Streets demolished and replaced with modern accommodation.

Throughout all the challenges that 2020 has served, I congratulate our CEO, Dr Frank Evans for steadfastly leading the Values Based Health Care project.

This initiative will deliver an exciting new approach to integrated care in our local community, focusing on a coordinated approach to proactively managing the healthcare needs of the most vulnerable members of our community.

I would like to thank my fellow Board Members for their ongoing contributions to CGHS. On their behalf, I also thank Frank, his Executive team and the staff of our health service for the ongoing, high quality care they provide to our local community.

In accordance with the Financial Management Act 1994, I am pleased to present the report of operations for Central Gippsland Health Service for the year ending 30 June 2020.

Tony Anderson
Responsible Officer, Central Gippsland Health Service
30 June 2020



Report

by the Chief Executive Officer

I am writing this, my concluding annual report, with a mixture of excitement, trepidation and some sadness.

By the time I finish up on the 30 June next year, I will have had the privilege of working at CGHS for over 12 years.

It's been an exciting journey and has included some of the greatest highlights of my career and life.

What makes me most happy about my time with you all has been to see our social justice value reflected more deeply in our decision making and actions.

The work we have done to provide learning and employment pathways for people, and our commitment to supporting the most disadvantaged, vulnerable or marginalised in our community, has been incredibly fulfilling.

We have worked very hard over the past 12 years to make a difference for people living with chronic illness, initially focusing on care coordination and restorative care programs, and more recently piloting Values Based Health Care.

We have also worked hard, and at significant cost, to maintain our higher-level clinical capabilities within a rapidly changing regional environment.

We have made ongoing and considerable investments in infrastructure across the whole network and we now have good cause to be hopeful that our decade long endeavour to rebuild Maffra Hospital and McDonald Wing will happen!

It gives me a great deal of satisfaction to be leaving at a time when Stretton Park Aged Care and Heyfield Hospital / Laurina Lodge are doing so well. Congratulations to both Boards and our Aged Care Team, the staff and volunteers for what has been achieved in recent years.

It has been my quest to provide an environment where growth and development is part of our core business and where everyone is fully engaged in our vital mission to make a difference for our community and our work adds value to our lives, rather than just enabling us to put food on the table, a roof over our heads, or even a Juke in the driveway!

For many of us, this has been our experience. It has certainly been mine. It is perhaps my biggest disappointment that we have not been able to support everyone in the same way. I take responsibility for this and I am very sorry for those of us who have had a different experience.

I am grateful that we have embraced transparency and not been afraid to admit when we have got things wrong or to say we are sorry. We were one of the first Victorian Health services to implement Patient Opinion (now Care Opinion) which I am convinced has contributed a great deal to our culture, a culture that is less defensive and more understanding of how vulnerable people can be when receiving health care.

We have been one of the most active participants in the Gathering of Kindness movement which we have integrated with our innovative Wellvember. These are some of the more visible things we have done as we have worked to develop and implement a comprehensive Staff Health and Wellbeing Framework.

My thanks go out to our Primary Care Partnership for the ground-breaking work they have been doing to support our shift workers, of which we have many.

Strategically, we have positioned CGHS to thrive into the future, as long as we stay true to our quest. That is, to provide services in a manner that will make the greatest improvements to the health and wellbeing of our community.

We have a relatively slow growing but rapidly ageing population that requires a health service that can provide a very large range of services across all health care settings, including where we live and work.

We are a highly integrated network of health and aged care services and our community deserves to receive the greatest possible benefit from our integration. We need to be careful that we don't let our pride, and in particular the well-deserved pride we have in our high acuity hospital services, deny our community the health care options they are entitled to.

Our Vision, Mission and Values have and will continue to provide us with a guiding light that can keep our quest at the centre of our work and prevent us from being distracted from what, at times, may appear to be more important endeavours.

One thing I have learnt in my career as a public health service CEO is that our quest cannot always be achieved by staying in fair waters. Sometimes we have to be willing to steer into a storm to prevent powerful vested interests from diverting us from our course, to benefit a few at the expense of the many.

I would like to offer my heartfelt thanks to the Board members who have served the health service and community so diligently during my time here. I would particularly like to acknowledge and thank the Board Chairs I have had the privilege of working for and with: Glenn Stagg, John Sullivan, Catherine Greaves and Tony Anderson. You have all been remarkable and extremely capable Board Chairs, and above all, you have been deeply interested in the health service and our community.

We all know that our staff and volunteers, including our wonderful liaison groups, are our most important asset. I want to thank you, the vast majority of our staff who come to work every day wanting to make a difference for people, for workmates, for patients and clients, and for your belief in our quest.

I would also like to encourage the small number among us who do not share our vision or values to make a conscious effort to find a job and a workplace where you will be happy, and not settle for less. When we settle for less, it isn't only us that suffer.

CGH is a wonderful healthcare network. Please stay true to our quest, be kind, compassionate and look after each other.

Frank Evans
Chief Executive Officer, Central Gippsland Health Service

Strategic Plan

Key Areas and Objectives Summary



Key area 1

Strengthening Access to Core Services

Objective Provide access to a highly integrated, networked, technology enabled system that will give people access to services as close to home as is safe and appropriate.

Key area 2

Taking a Partnership Approach

Objective Enhance our sustainability and clinical capability and, as a consequence, increase the number of treatments available closer to home.

Key area 3

Adjusting to an Older Population

Objective Provide more services in the community and home based setting with a focus on reablement.

Key area 4

Investing in our People

Objective To develop a highly talented, skilled, supported and happy workforce.

Quality Improvement

and Innovation Framework

CGH is committed to quality, safety and excellence with the client/patient at the centre of our care.

In line with the CGH Strategic Plan, the health service developed a Quality Improvement and Innovation Framework which details a comprehensive response from the Board and senior management team to develop organisational structures and processes that support a capable, enabled and engaged workforce.

The purpose of the Quality Improvement and Innovation Framework is to describe how CGH is working to embed continuous improvement and innovation within our organisation and develop a high performing, positive culture.

As part of our Quality Improvement and Innovation Framework, we have been working to embed a quality culture of continuous improvement across the organisation. Throughout the organisation, staff are contributing new and better ways to assist them in carrying out their duties to support a more efficient and smarter working environment.

As part of the CGH Clinical Governance Framework, the Clinical Governance Group meets monthly to identify and monitor issues relating to patient/client/resident safety and quality of service.

The Quality Committee has bi-monthly meetings with Board and consumer representation. It provides comprehensive reports relating to quality improvement and innovation which are presented to the following Board of Management meeting.

Community and consumer participation groups work with CGH to enable community and consumer perspectives to be at the centre of continuous improvement efforts.

These improvements are recognised through our monthly Quality newsletter and other sharing opportunities. This year there has been a focus on our person centred care program and pilot projects that improve our approach to keeping the person at the centre of their care.

Current

Accreditation Status

CGH (including Dental Services) is currently accredited against the National Safety and Quality Health Service Standards, version two. The organisation wide survey in August 2019 resulted in all core and developmental items being met. Our next organisation wide survey against the National Standards will be conducted in 2022.

The Home and Community Service currently has full accreditation against the three Home Care Common Standards. An Accreditation contact visit was conducted in August 2018 and all six outcomes reviewed from the Standards were met.

Aged care facilities Laurina Lodge, Wilson Lodge and Stretton Park hold current Aged Care Accreditation, meeting all 44 outcomes when assessed against the Aged Care Accreditation standards. J.H.F. McDonald Wing underwent Aged Care Accreditation in 2019 against the new version of the Aged Care Accreditation standards, meeting all 8 standards. This year Wilson Lodge will also be assessed against the new Accreditation Standards.

Consumer

Carer and Community Participation

Our Consumer and Community networks continue to assist in improving our provision of services to best meet the needs of the community. These include:

- **Community Liaison Group (CLG)** which meets on a monthly basis and has Board representation at each meeting.
- **Aboriginal and Torres Strait Islander Advisory Committee** and the **Rosedale Community Health Centre Advisory Committee** which meet on a bi-monthly basis.

All Consumer and Community Networks are chaired and vice-chaired by community members and receive administrative support from the CGHS Consumer Network and Volunteer Support Officer. Consumer and Community Network meetings are attended by Executive members of the health service.

The CLG is the key consumer and community advisory group for CGHS and is responsible to the Board of Management, supporting the Board and other consumer groups, such as our Sale and District Cancer Support Group.

During 2019/20, CLG members assisted in the development and implementation of appropriate consumer and community participation strategies, such as identifying and understanding community health needs, review of continuous quality improvement initiatives and quality accreditation activities, and oversight of our Access and Inclusion Action Plans.

The Aboriginal and Torres Strait Islander Advisory Committee has continued its work in making CGHS a safe and welcoming health environment for Aboriginal and Torres Strait Islander community members. The committee has continued to oversee the development and implementation of our inaugural Reconciliation Action Plan. In July 2019, CGHS celebrated its tenth flag raising ceremony to mark NAIDOC Week.

The Rosedale Community Health Centre Advisory Committee advocates on behalf of the Rosedale community on the appropriateness of community health activities. In addition, the committee oversees budgetary measures to ensure the health centre remains viable, providing the supports and services needed in the Rosedale Community.

The Lesbian, Gay, Bi-sexual, Transgender and Intersex (LGBTI) Focus Group, comprised of local LGBTI community members and CGHS staff, developed the inaugural LGBTI Access and Inclusion Action Plan. In 2019/20, CGHS celebrated IDAHOBIT Day (International Day Against Homophobia, Biphobia, Intersexism and Transphobia).

The CGHS Consumer Advocate, Alan Murray, continues to play an active and important role in advocating for CGHS patients and clients. Alan is also a community representative on our Quality Committee which is a sub-committee of the Board of Management.

A plan to support reconciliation

Actions towards reconciliation are at the centre of Central Gippsland Health's (CGH) operations this week as the nation celebrates National Reconciliation Week.

CGH's Innovate – Reconciliation Action Plan (RAP) July 2019 – June 2021 was developed to provide a framework to support the national reconciliation movement. It is a strategic document that supports CGH's business plan and includes practical actions that drive the organisation's contribution to reconciliation both internally and in the communities in which it operates.

CGH Chief Executive Officer (CEO), Dr Frank Evans, said as a collective, staff believed in the importance of "taking action on reconciliation".

"The evidence is clear on the importance of making sure that all people have equity of access and the best possible journey as a patient through our health service," he explained.

"Our Aboriginal and Torres Strait Islander Advisory Committee strongly endorsed this strategy and were key in its development. They will oversee the implementation of the Reconciliation Action Plan."

The CGH RAP focuses on developing and strengthening relationships with Aboriginal and Torres Strait Islander peoples, engaging staff and stakeholders in reconciliation, and developing and piloting innovative strategies to empower Aboriginal and Torres Strait Islander peoples.

Director of Nursing, Mandy Pusmucans, said actions within the CGH RAP for the next 12 months would be focussed on updating policies and protocols, and engaging staff through training and events.

"We have an opportunity to build on our cultural learning opportunities and continue to work alongside our Aboriginal and Torres Strait Islander staff, patients and visitors," Ms Pusmucans explained.

"We will also review, implement and document an Aboriginal and Torres Strait Islander Cultural Awareness Training Strategy for our staff which will enhance our continuous cultural learning needs of employees in all areas of our business."



Carers'

Recognition Act 2012

The Carers Recognition Act 2012 is embedded in CGHS's organisational policies and procedures and incorporated into staff position descriptions, staff orientation packs and consumer brochures.

Central Gippsland Health Service's Carer Recognition procedure was updated in early 2020.

Carers' luncheons occurred on a monthly basis until March 2020 when they ceased due to Coronavirus. The aim of our Carers' luncheons is to enable carers to come together, have fun and support others who take on a caring role. Carers are identified in a number of ways, including through the care coordination process.

Carer diversity has been addressed through the Care Coordination process and with support from the multidisciplinary team. Each carer's individual needs are identified using a person-centred approach focused on the individual.

Governance

and Community Accountability

Consultation took place over the past year with the Community Liaison Group providing input into the content of this Annual Report.

The Governance Accountability Framework is continuously modified and improved to ensure that key performance indicators adequately report the performance of CGHS across the governance domains.

This framework enables accountability and transparency on a number of fronts, including to various funding bodies, local government and the community.

The framework responsibilities have been assigned to various committees within the organisation's Quality Structure, ultimately reporting to the Board of Management.



Board of Management

as at June 2020



Tony Anderson (Chair):

Tony is the Branch Manager of Rabobank in Sale. He is a specialist in agribusiness finance and investment with over 20 years' experience in rural lending, establishing Rabobank's first Gippsland office here in 2004. Prior to moving back to Sale, Tony spent 6 years with the NAB in various locations across Australia, finally

working in its head office in the position of Manager of Sales & Marketing for the agribusiness Division. Tony holds a Bachelor of Business (Agribusiness) and a Graduate Diploma in Applied Finance & Investment. Born and raised in Sale, Tony has a strong affinity with the local community and is driven by a desire for it benefit from the best possible health services that can be provided. For the period, Tony also served on the CGHS Quality Committee and the Remuneration Committee.



Louise McMahon:

Louise has been a community pharmacist manager in Gippsland for more than 25 years and during this time, has managed an opioid replacement program for drug dependent individuals. She is currently employed by Latrobe Regional Hospital as a grade 3 clinical pharmacist, supervising students, acting

as a mentor to interns and is trained in the aseptic suite for the provision of chemotherapy. She sits on a number of committees at Latrobe Regional Hospital, involved in improving quality and reducing risk to patients. As an accredited pharmacist, Louise also visits patients across Gippsland in their homes to perform Home Medicine Reviews. Louise is a former secretary of the Traralgon Arts Council and holds a Bachelor of Pharmacy, is accredited by the AACP and has a Diploma of Management. For the period, Louise served on the CGHS Credentials and Appointments Committee and the Strategic Land and Buildings Use Committee.



Jim Vivian (Vice Chair):

Jim is currently employed as Executive Officer at Gippsland Sports Academy. Prior to this, he worked as Executive Director of Academic Programs and General Manager of Industrial Operations at GippsTAFE. Jim holds a Diploma in Frontline Management, a Graduate Diploma in Educational Administration, an Advanced

Certificate in Management Skills and a Diploma of Technical Teaching. For the period, Jim also served on the CGHS Credentials and Appointments Committee, the Strategic Land and Buildings Use Committee and the Remunerations Committee.



Abbas Khambati:

Abbas Khambati is a Non Executive Board Director and an Executive Director, specialising in the Not-for-Profit sector, with over 20 years of senior and executive management experience within the public and private sectors. His experience and strengths are in financial and business strategy, policy,

governance, policy and risk management. He represents Regional Health Services as a Board Member with Victorian Healthcare Association. In his executive capacity, Abbas is the Director of Business Support Services at Monash Health, Victoria's largest health service and is responsible for managing the business finance partnering portfolio across the organisation. Abbas is a Chartered Accountant, a Graduate with the Institute of Company Directors, holds a Masters in Health Services Management. He is inspired by values of respect, excellence and integrity. During the period, Abbas also served on the CGHS Risk & Audit Committee.



Kumar Visvanathan:

Professor Kumar Visvanathan is a specialist in infectious diseases and the immunology of the innate immune system with a career spanning over three decades. He is currently the Deputy Chair of Medicine at the University of Melbourne (Eastern Hill Campus), Co-Director of the Immunology Research

Centre at St Vincent's Hospital (Melbourne) as well as a Senior Infectious Diseases Physician at St Vincent's Hospital. Following his medical undergraduate degree in 1986, Kumar completed his PhD thesis at the University of NSW and undertook postgraduate work at Rockefeller University in New York. He returned to Australia in 2000 and started his laboratory in innate immunity at the Murdoch Children's Research Institute, moving to Monash University and Monash Medical Centre in 2005 before relocating more recently to the University of Melbourne and St Vincent's Hospital in 2012. During the period, Kumar also served on the CGHS Quality Committee and the Credentials and Appointments Committee.



Lesley Fairhall:

Lesley has retired from full-time employment as Finance Manager at Wellington Shire Council where she worked for 13 years. Prior to this, Lesley held positions at the Department of Defence (Resource Officer) and Gippsland and East Gippsland Aboriginal Co-operative Limited, Bairnsdale (Finance Manager). Lesley

has worked in both small and large business and was the first Group Financial Controller for MYOB Ltd when it transitioned from a small, privately-owned entity to a publicly listed, global entity. Lesley holds a Bachelor of Commerce, double major in both Accounting and Computing, is a Fellow of CPA Australia and a Graduate of the Australian Institute of Company Directors. For the period, Lesley also served on the Strategic Land and Buildings Use Committee and the Remunerations Committee.

Board of Management

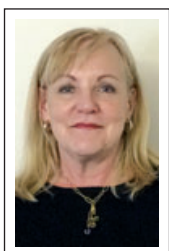
continued



Glenys Butler:

Glenys recently retired from full-time employment, following a successful career spanning 18 years in local government. All this time was spent with Wellington Shire Council where she has worked in the community sector as Manager Community Development, Manager Community Strengthening,

Emergency Manager, General Manager Liveability and General Manager Community and Culture. Glenys originally trained as a nurse and has worked in the community health sector and leisure industry. She is a graduate of the Australian Institute of Company Directors, holds a Bachelor of Social Welfare and in 2008, completed a PhD with Monash University, focussed on organisational response to community decision making. During the period, Glenys also served on the CGHS Quality Committee and the Community Liaison Group.



Faith Page:

Faith is a graduate of the Australian Institute of Company Directors and is currently a partner in the Risk Advisory Services practice of BDO Australia. Faith is also on the board of BankVic, a mutual bank specialising in the Police, Emergency Services and Healthcare sectors. Faith has previously had senior

executive roles in local government and with professional services firms, EY, Deloitte and IBM. She brings a wealth of experience in Cyber, Technology and Operational Risk Management, as well as Digital Strategy and Transformation, Governance, Assurance, and Regulatory Compliance with bachelor's degrees in Economics and Computer Science. During the period, Faith also served on the CGHS Risk and Audit Committee.



Jenny Dempster:

Jenny is currently the Associate Program Director of the Acute and Aged Medicine Program, Box Hill Hospital and Director of Nursing, Acute Medicine, Eastern Health. She has a Masters in Public Health – Health Service Management and a Bachelor of Applied Science – Advanced Clinical Nursing.

Jenny has extensive management experience in both the Public and Private Health Sectors. Jenny brings a wealth of knowledge and skills to the Board in relation to asset management, clinical governance, executive management, human resources management, finance, risk management, information and communication technology. During the period, Jenny also served on the CGHS Risk and Audit Committee, the Quality Committee and the Remuneration Committee.



Lauren Carey:

Lauren has worked in the power generation and mining sector for the last eight years, employed by ENGIE as the External Communications Manager for the company's Hazelwood asset and holds a Bachelor in Public Relations. Born and schooled in Sale, Lauren has significant links to the Wellington Shire and

is passionate about using her skills in corporate communications, stakeholder engagement, strategic leadership and governance to benefit the patients, residents and clients of Central Gippsland Health Service now and into the future. During the period, Lauren also served on the CGHS Community Liaison Group.

Gerry Watts:

Gerry has a strong grasp of hospital board governance and an extensive history in procurement, his most recent role being that of Regional Procurement Advisor with Health Purchasing Victoria, which supports a strong understanding of governance, process and probity. Gerry is a competent and experienced Board member who is enthusiastic about his contribution to Central Gippsland Health Service. He holds an Advanced Diploma in Hospitality Management, a partial Masters of Information Systems and AICD Clinical Governance. During the period, Gerry also served on the CGHS Credentials and Appointments Committee.

Risk and Audit

Committee (Independent Members)

Arthur Skipitaris (Independent Chair):

Arthur is a senior executive experienced in establishing, leading, managing and transforming Corporate and Business Shared Services Operations within highly transactional, multifunctional and diverse business environments in both private and public sector organisations. Arthur currently works at Wellington Shire Council where he holds the position of General Manager Corporate Services.

Sally Sibley (Independent Member):

Sally is the Quality Manager at Ramahyuck District Aboriginal Corporation, working with internal stakeholders to implement continuous quality improvement processes across all areas of the organisation. Sally has extensive experience in facilitating and conducting internal audits and improvement processes, and is an assessor with the independent international review body Quality Innovation Performance (QIP).

Graham Manson (Independent Member)

Graham is a director with the International Resilience Group (IRG), an independent consultancy company providing a range of resilience services within the public, private and not-for-profit sectors. Prior to establishing IRG, he was employed in a national role by the Australian Energy Market Operator where he focused on Business Security, Crisis and Contingency Planning and Emergency Planning and Response. Graham is an accomplished security, safety and emergency professional having presented to a number of organisations and businesses on Crisis, Security, Emergency, Brand Protection and Risk Management throughout Asia and Australia.

Non-independent members of the Risk & Audit Committee include: Frank Evans (Chief Executive Officer), Faith Page (Board member), Abbas Khambati (Board member), Cherie Campbell (Director Corporate Services), Jenny Dempster (Board member), Kelli Mitchener (Director Clinical Governance & Medical Operations).

Workforce

Labour Category	June Current Month EFT		Average Month EFT	
	2019	2020	2019	2020
Administration & Clerical	101	107	99	101
Ancillary Staff (Allied Health)	49	52	53	53
Hospital Medical Officers	25	29	24	25
Hotel & Allied Services	148	150	149	149
Medical Officers	20	19	18	17
Medical Support	42	46	40	45
Nursing	257	265	256	259
Sessional Clinicians	N/A	N/A	N/A	N/A
Total	642	668	639	649

Labour Category	June Current Month EFT		Average Month EFT	
	2019	2020	2019	2020
Central Gippsland Health Service	642	668	639	649
Heyfield Hospital	38	36	37	36
Stretton Park	24	24	25	25
Total EFT for the Whole Network	704	728	701	710

Central Gippsland Health Service is committed to the application of merit and equity principles when appointing staff. Selection processes ensure that applicants are assessed and evaluated fairly and equitably on the basis of the key selection criteria and other accountabilities, without discrimination. Employees have been correctly classified in workforce data collections.

Occupational Health & Safety and Occupational Violence

The Health Service has 16 Health and Safety Representatives (HSRs) appointed, representing 66 per cent of vacant roles. All HSRs are formally trained for the role and assist with hazard identification and incident investigations. A number of vacant HSR positions are currently in the process of being filled.

In addition to the HSRs, Central Gippsland Health Service has six (6) Harassment Contact Officers who are available to support staff with information concerning bullying or harassment and six (6) Family Violence Contact Officers. All appointed staff have received specific training in their roles.

Mandatory online competencies continue to be the focus for bullying and harassment training. Face to face sessions have been impacted with just two (2) sessions conducted during 2019/20 due to Coronavirus.

During 2019/20, five (5) Occupational Health and Safety Committee meetings were held, in line with the Terms of Reference for this committee.

An Occupational Violence and Aggression Incident Review Committee was established in 2019/20 to review incidents of aggression against staff and make recommendations for improving staff and patient safety.

<i>Occupational Health & Safety</i>	<i>2017-18</i>	<i>2018-19</i>	<i>2019-20</i>
1. Number of reported hazard/incidents for the year per 100 EFT staff members	22.25	18.68	22.41
2. Number of 'lost time' standard claims for the year per 100 EFT staff members	2.99	0.99	2.16
3. Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	\$99,861*	\$40,166	\$41,740
<i>*2017-18 had 1 claim where claim costs totalled approximately \$1m and thus inflating the average claim cost.</i>			

<i>Occupational Violence</i>	<i>2019 -2020</i>
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	57
Number of occupational violence incidents reported per 100 FTE	8.80
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0.7752

Definitions

For the purposes of the above statistics the following definitions apply.

Occupational violence: any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.

Incident: an event or circumstance that could have resulted in, or did result in, harm to an employee.

Accepted WorkCover claims: Accepted WorkCover claims that were lodged in 2018-19.

Lost time: is defined as greater than one day.

Injury, illness or condition: This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Overview

of CGHS Services

Acute Care

Clinical

Cardiology
Critical Care
Day Procedure
Dialysis
Emergency
Rehabilitation
Hospital in the Home
Obstetrics and Gynaecology
Special Care Nursery
Paediatrics
Oncology
General Medicine
General Surgery
Operating Suite
Pre Admission

Visiting Specialist Services

General Surgery
Genetics
Medical Oncology
Radiation Oncology
Ophthalmology
Paediatric Surgery
Paediatric Endocrinology
Paediatric Rehabilitation
Colorectal Surgery
Ear, Nose and Throat
Dermatology
Gastroenterology
Urology
Orthopaedics
Renal
IVF
Vascular Surgery
Upper Gastro Intestinal Surgery

Support Services – Acute

Infection Control
Wound Management
Education & Training
Pharmacy
Environmental
Care Coordination
Clinical Trials
Alcohol & Other Drugs

Outpatient Services

Antenatal
Cardiology
Cardiac and Pulmonary Rehabilitation
Domiciliary Support
Falls Clinic
Haematology
Oncology
Paediatric
Physical Rehabilitation
Pre-Admission
Stomal and Wound Therapy
Women's Health & Integrated Maternity Services

Aged Care Services

Residential Care

Maffra – JHF McDonald Wing
Sale – Wilson Lodge

Community Services

Allied Health to Acute and Community Settings

Physiotherapy
Occupational Therapy
Exercise Physiology
Podiatry and foot care
Dietetics
Speech Therapy
Social Health
Koori Liaison

Community Health

Community Health Nursing
Respiratory Educator
Diabetes Educator
Maternal and Child Health
Volunteers
Community Dental Program
Health Promotion
Aged Care Residential in Reach
Nursing Support
Home Care Packages

Home Support and Service Coordination

Personal Care
Respite Care
Delivered Meals
Property Maintenance
Planned Activity Groups
Community Transport
Care Coordination
Carer Respite
Centralised Information and Intake

Home Nursing

District Nursing
Palliative Care
Continence Nurse Consultancy

Co-located Visiting Services

Community Mental Health
Family Court Counselling
Family Mediation
Primary Mental Health
Disability Services

Overview

of CGHS Services continued

Support Services

Finance

Financial and Management
Reporting
Accounts Payable
Accounts Receivable
Fleet Management

Payroll

Payroll
Salary Packaging

Workforce Planning and Development

Learning services
Human Resources
Payroll

Engineering

Building Maintenance
and Development

Supply Services

Supply

Hotel Services

Food Services
Catering
Security
Waste Management
Environmental Services
Accommodation Management

Information Technology

Education

Information Services

Medical Records
Freedom of
Information/Privacy
Library

Administration

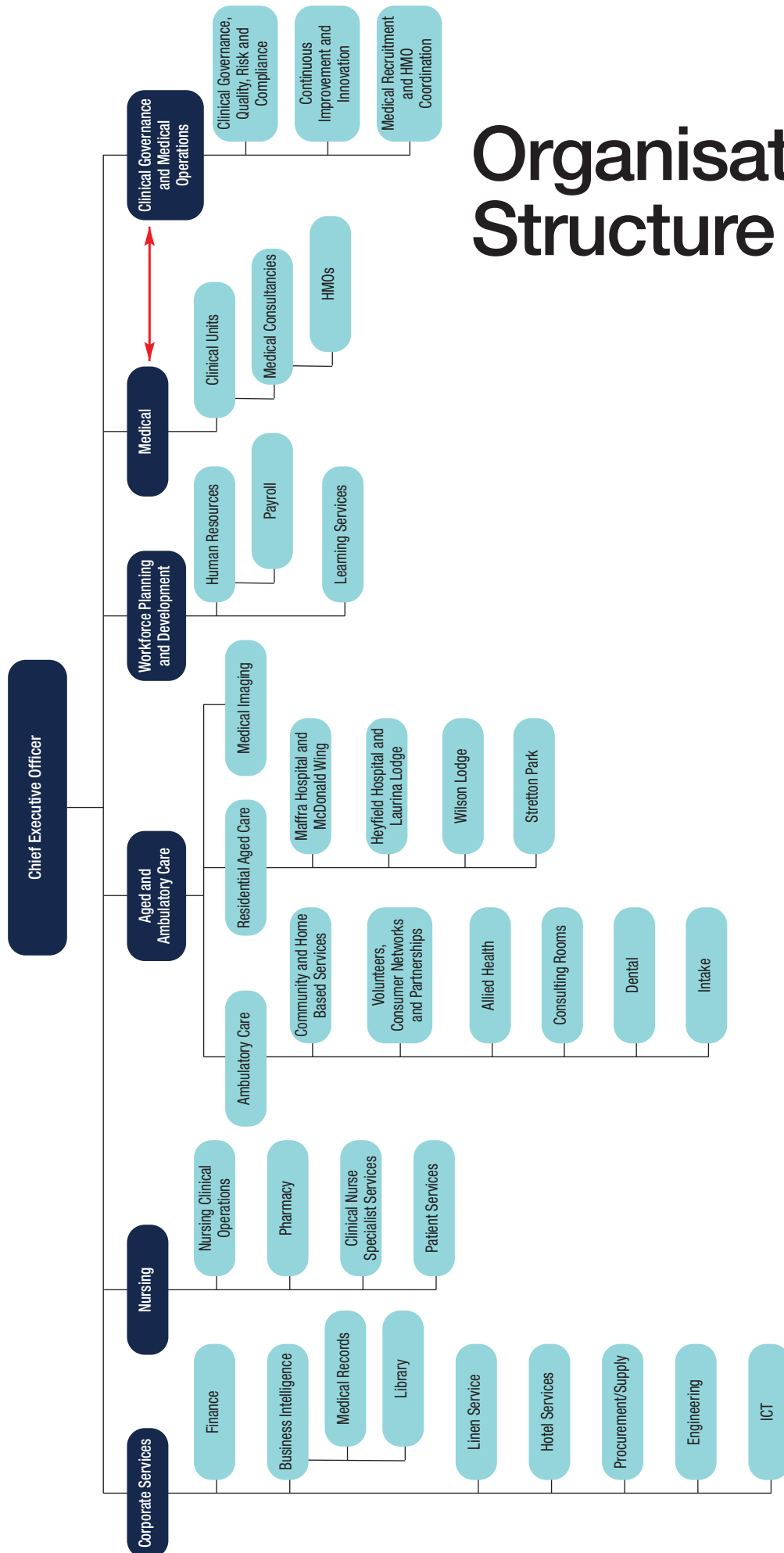
Strategic Planning
Fundraising
Quality and Risk Management

Business Units

Medical Imaging
Linen Service
Consulting Suites



Organisational Structure



Support Groups

Friends of Central Gippsland Health Service

Once again, it is my pleasure to report on the efforts and successes of the Friends of Central Gippsland Health Service for another year.

We conducted our annual Christmas Wrapping for the residents of Sale and offer our thanks to the Gippsland Centre for their support in this.

The Lions Club of Sale held a sausage sizzle during the year and donated the proceeds to us. We thank them for their generosity and support of our health service.

We received donations from the local IGA supermarket and from the Wellington Craft Group which allowed us to purchase some much needed equipment for the Critical Care Unit, Surgical Ward and Day Procedure Unit.

We offer a very big thank you to our office bearers, members and community supporters because we couldn't do what we do without your support.

Yours faithfully
Elva Doolan-Jones
President

New toys for patients

The fundraising efforts of Gippsland Grammar students have put a smile on the faces of children at Central Gippsland Health (CGH).

Students from the St Anne's Campus in Sale donated toys, books and musical instruments to the CGH Women and Children's Unit with money raised from a recent Footy Colours Day.

Students dressed in their favourite AFL team colours and enjoyed a footy themed lunch of pies and sausage rolls.

St Anne's Head of Junior of School, Jie Van Berkel, said fundraising events such as this highlighted the far-reaching benefits to students beyond the school gates.

"All of the profits raised were used to purchase the items for CGH from local bookshops and toy stores," Mr Van Berkel explained.

"As a school, we are placing importance on supporting local businesses and community-based organisations with our fundraising efforts."

Pictured, CGH Executive Director of Nursing, Mandy Pusmucans with Year 6 St Anne's Campus Captains, Regan Leeson and Indi Hicks, and Nurse Unit Manager Women's and Children's Ward, Linda Glover, and Nurse and Midwife, Steph McKinnon.



Maffra Hospital Auxiliary

I am pleased to report on the activities of the Maffra Hospital Auxiliary for the year 2019-20.

Our activities, like those of every other organisation, have been curtailed because of the Coronavirus Pandemic. Despite this, we have been able to continue our support of the Maffra District Hospital and the residents of J.H.F. McDonald Wing.

In November, we held a "Spring Afternoon Tea" at Duart Homestead. The floral theme was evident in the decorations and enhanced with Floral Art demonstrations by the Sale Floral Art Group. This was a "Sell Out" event and was thoroughly enjoyed by all who attended. We wish to acknowledge the generous support of all concerned.

Our Christmas Hamper Raffle was also very successful.

Our biggest project during the year was the supply of blinds to Rooms 1 to 6 in McDonald Wing. The window coverings were dated and the new blinds are modern and allow the residents to see out of the windows without compromising their privacy.

The nursing staff made a request for bathroom caddies which may seem a minor thing, but enable all residents' bathroom necessities to be kept together in a convenient and transportable manner.

The most rewarding thing we did was give individual Christmas gifts to each resident. The wonderful nursing staff put in a great deal of time and effort to give us ideas. Auxiliary members enjoyed shopping for the wide variety of gifts and each one was wrapped and presented to the recipient at an Afternoon Tea. This was a very pleasant occasion and every recipient was delighted with their gift. It has been agreed that the Auxiliary will endeavour to make this a permanent event.

None of the above could have happened without the continued support and hard work of our dedicated Auxiliary Members. We look forward to continuing our efforts into the future for the benefit of the patients and residents of Maffra District Hospital and J.H.F. McDonald Wing.

Ruth Ralph
President, Maffra Hospital Auxiliary

Our Volunteers

Central Gippsland Health Service acknowledges the essential contribution of our volunteers during 2019/20.

This group of dedicated individuals help us make a very real difference in the lives of our patients, clients, staff and residents and we could not do what we do without them.

We thank them for the generous giving of their time for the wellbeing of our community and consider them partners in achieving our vision of a safe and healthy community where everyone feels valued, supported and can participate.

Donations

Clyne Estate: \$85,134

Fundraising: \$269,601

General Donations: \$45,776

Total **\$400,511**

Long-awaited redevelopment commences

Work on the \$3 million Stage 1 redevelopment of Stretton Park Aged Care in Maffra has commenced.

Expected to take six months to complete, Stage 1 works include the redevelopment of 12 resident suites and the new construction of four suites.

Staged to reduce the impact on current service provision, the redevelopment after the final completion of Stage 3 will see an update the aged care facility in line with contemporary aged care standards. This includes 44 single rooms with ensuites, communal and outdoor areas, and a coffee shop located within a community hub space.

Central Gippsland Health (CGH) continues to manage the Stretton Park Aged Care facility on behalf of the Board of Management and the community. SPI Chief Executive Officer, Paul Head, said the redevelopment was a welcome improvement to the aged care facility that had been serving the Maffra and district community for over 40 years.

"Stretton Park is an asset we certainly want to ensure grows with our ever changing community now and well into the future," Mr Head said.

"This redevelopment will ensure the facility can supply demand while ensuring residents are receiving quality care in a modern, accessible and stimulating environment."

Stretton Park Board Chair, Helen Montague, said the community hub aspect of the redevelopment would accommodate multiple community activities.

"The community hub will be a vital meeting space for residents of the aged care home as well as community groups," she explained.

"By providing a valuable community resource, we are capitalising on and consolidating the strong community ties that Stretton Park currently has with Maffra and surrounding areas."



Our People

Senior Management Team as at 30 June 2020

Chief Executive Officer: Dr Frank Evans

Interim Chief Nursing Officer: Dr Frank Evans

Executive Director of Nursing (Sale Hospital):
Ms Mandy Pusmucans

Executive Director Aged & Ambulatory Care: Mr Paul Head

Executive Director Medical Services: Dr Harvey Lee

Executive Director Clinical Governance & Medical Operations:
Ms Kelli Mitchener

Executive Director Workforce Planning & Development:
Ms Suzanne Askew

Executive Director Corporate Services: Ms Cherie Campbell

Director of Pharmacy: Ms Michelle Garner

General Manager Human Resources: Mr Kevin Gray

General Manager Business Performance: Mr Craig Kingham

General Manager Aged Care: Ms Sally Weatherley

General Manager Ambulatory Care: Mr Stewart Harper

Senior Medical and Dental Staff 2019–2020

Anaesthetist Consultants

Dr A Green

Anaesthetists GPs

Dr J Braga
Dr N Fenner
Dr R Nandha
Dr C O’Kane
Dr A Wong

Cardiologist (Outreach consulting)

Dr A Wilson

Cardiologist (Interventional – Outreach consulting)

Dr S Palmer

Dentists

Dr O Husodo
Dr C Law
Dr B Pedrotti
Dr J Roberts
Dr D Wang

Dermatologists

Dr F Bhabha
Dr J Horton
Dr J Kern
Dr A Mar
Dr D Orchard

Director Medical Services

Dr H Lee

Echo Cardiologist

Dr J Gutman

Emergency Medicine Senior Medical Officers

Dr A Al-Safi
Dr S Dobber
Dr S Sivabalan
Dr F Sundermann

Forensic Medical Officer (Affiliated)

Dr R Hides (retired Sep 2019)

Gastroenterologists

Dr M Ryann

General Practitioners

Dr Y Ahmad
Dr S Anderson
Dr JM Bergin
Dr A Burk (left area June 2020)
Dr S Christian
Dr S L Choy
Dr P Dandy
Dr S Dobber
Dr E Gault
Dr Y Jiang
Dr B Johnston
Dr P Marosszeki
Dr DA Monash
Dr D Mudunna
Dr IC Nicolson, Head of Unit
Dr R Nandha
Dr C O’Kane
Dr G Pathania
Dr A Roberts
Dr K Seach
Dr H Stanley
Dr E Stathakopoulos
Dr P Stevens
Dr F Sundermann
Dr S Tan
Dr T Walsh
Dr LA Waters
Dr AJ Watt
Dr AJ Wright
Dr M Young

Haematology

Dr Amanda Ormerod

IVF/Gynaecology

Dr G Weston

Nephrologists

Prof D Power
Dr V Roberts

Nuclear Medicine Physician

Dr Y Jenkin

Obstetricians and Gynaecologists

Dr S Choudhuri
Dr Y Hana
Dr R Pandian
Dr A Sarkar

Obstetricians GP

Dr C O’Kane

Oncologist (Medical)

Dr S Joshi

Oncologists (Radiation)

Dr R Nair

Ophthalmologist

Mr A Amini
Dr T Edwards

Orthopaedic Surgeons

Mr P Rehfish
Dr T Edwards

Otorhinolaryngologists (ENT)

Dr V Mahanta
Dr S Tudge (indigenous outreach)

Paediatricians

Dr L Jindal
Dr S Rana
Dr S Subiramanian, Head of Unit
Dr S Reid

Paediatric Endocrinologist (Consulting)

Dr J Brown

Paediatric Surgeons

Mr P Ferguson
Mr C Kimber

Pain Physician

Dr Aravinthan

Pathologist

Dr G Imhagwe

Physicians

Dr M Cheah
Dr H Connor
Dr K Mandaleson, Head of Unit
Dr N Uddin
Dr RW Ziffer

Physicians (Infectious Diseases)

Dr E Paige
Dr R Pai Mangalore
(maternity cover)

Radiologists

Dr H Aw Yeang
Dr M Gupta
Dr S Kapur
Dr H Patel
Dr K Stribley (retired)
Dr S P Tan
Dr A Tripathi
Dr P Ukwatta
Dr R Wijeratne

Surgeons General

Mr R Nair, Head of Unit
Mr P Strauss
Mr S Syed
Mr R Xu

Surgeon Upper GI

Mr S Banting

Surgeon Vascular (Consulting)

Mr N Roberts

Urologists

Assoc Prof M Frydenberg
(consulting only)
Mr P McCahy

Acute and Aged Care Services as at 30 June 2020

Surgical Services

Head of Unit, Surgery:

Radha Nair

Nurse Unit Manager, Surgical:

Gary McMillan

Nurse Unit Manager, Perioperative Services:

Mauricio Yanez

Obstetric/Paediatric Unit

Head of Unit, Obstetrics and Paediatrics:

Sabapathi Subiramanian

Nurse Unit Manager, Obstetrics and Paediatrics:

Kim Costin and Linda Glover

Medical Services

Executive Director Medical Services:

Harvey Lee

Executive Director Clinical Governance and Medical Operations:

Kelli Mitchener

Head of Unit, General Medicine:

Dr Krishna Mandaleson

Nurse Unit Manager, Critical Care:

Jenny Dennett and Courtney Redaelli

Nurse Unit Manager Dialysis, Cardiology, Oncology:

Jenny Dennett and Courtney Redaelli

Nurse Unit Manager, Medical:

Sue Rowley

Nurse Unit Manager, Medical:

Tom Breakspear

Hospital Medical Officer

Manager: Jacqueline Southall

Clinical Support Services

Executive Director of Nursing:

Mandy Pusmucans

Hospital Coordinators:

Tracy McConnell-Henry, Leanne Perkins, Janny Steed, Therese Smyth, Zoe Pendrick, Anita Sorensen, Caroline Rossetti, Leanne Hearsey, Courtney Redaelli, Jo Bennett, Tom Breakspear, Gary McMillan

Director of Pharmacy:

Michelle Garner

Infection Control Clinical Nurse Consultants:

Cathy Mowat and Andrea Page

Wound/Stomal Therapy Clinical Nurse Consultant:

Ann Payne

Maffra Campus

Director of Nursing:

Sally Weatherley

Nursing Unit Manager, Maffra:

Lachlan Hard

Aged Care Services

Chief Executive Officer, Heyfield Hospital and Stretton Park:

Paul Head

General Manager Aged Care:

Sally Weatherley

Nurse Unit Manager, Heyfield:

Christine Sheehy

Nurse Unit Manager, Stretton Park:

Sally Weatherley (acting)

Nurse Unit Manager, Wilson Lodge:

Caron Mallett

Nurse Unit Manager, JHF McDonald Wing Maffra:

Lachlan Hardy

Ambulatory Care

Executive Director Aged and Ambulatory Care:

Paul Head

General Manager Ambulatory Care:

Stewart Harper

Nurse Unit Manager, District Nursing:

Sue Shadbolt

Manager, Dietetics:

Madeleine Forbes (acting)

Manager, Speech Pathology:

Kath Cook

Manager, Social Health:

Kristen Millar

Clinical Lead, Occupational Therapy:

Jessie Duncan

Clinical Lead, Physiotherapy and Exercise Physiology:

Jenny McGuinness

Palliative Care Clinical Nurse Consultant:

Janine Craft

Corporate Services

Executive Director Corporate Service:

Cherie Campbell

General Manager Business Performance:

Craig Kingham

Finance Manager:

Emma Brennan

Engineering Services Supervisor:

David Martin

Hotel Services Manager:

David Askew

Supply Manager:

Leon Schoenmaekers

Workforce Capability and Learning

Executive Director Workforce Development and Planning:

Suzanne Askew

General Manager Human Resources:

Kevin Gray

Manager Workforce Development:

Janelle Stewart

Payroll Manager:

Raquel King

Librarian:

Relen Ried

Business Units

Medical Imaging Practice

Manager: Simon Waixel

Sale Central Linen Service

Manager: Adam Crotty

Team Leader, Dental:

Emilie Monash

Statutory Compliance

Central Gippsland Health Service is a public hospital listed in Schedule 1 to the Health Services Act 1988 (the Act). Central Gippsland Health Service is an incorporated body regulated by the Act. The Minister for Health during 2019/20 was:

Jenny Mikakos MP, Minister for Health and Minister for Ambulance Services.

Reporting Requirements

The information requirements listed in the Financial Management Act 1994 (the Act), the Standing Directions of the Minister for Finance under the Act (Section 4 Financial Management Reporting); and Financial Reporting Directions have been prepared and are available to the relevant Minister, Members of Parliament and the public on request.

Objectives, functions, powers and duties of Central Gippsland Health Service

The principal objective of Central Gippsland Health Service is to provide public hospital services in accordance with the Australian Health Care Agreement (Medicare) principles. In addition to these, Central Gippsland Health Service has set other objectives which encompass the shared vision, core values and strategic directions of the organisation.

Local Jobs First Disclosure

During 2019/20, Central Gippsland Health Service did not enter into any contracts under the criteria specified in Section 9 of the Local Jobs First Act 2003.

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

In 2019–20, there were two consultancies where the total fees payable to the consultants were less than \$10,000 or greater. The total expenditure incurred during 2019–20 in relation to these consultancies is \$47,627 (excl. GST). Details of individual consultancies can be viewed at www.cghs.com.au

Consultant	Purpose of consultancy	Start Date	End Date	Total approved project fee (excluding GST)	Expenditure 2018–19 (excluding GST)	Future expenditure (excluding GST)
JTA Corporation	Workcover Premium review	May 2020	June 2020	\$32,015	\$32,015	Nil
SIAG	Review and upgrade for Community Carers EBA	Oct 2019	Dec 2019	\$15,612	\$15,612	Nil

Details of consultancies (under \$10,000)

In 2019–20, there were no consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2019–20 in relation to these consultancies is \$0 (excl. GST).

Victorian Industry Participation Policy Act 2003

During 2019–20, Central Gippsland Health Service did not enter into any contracts under the criteria specified in the Victorian Industry Participation Policy Act 2003.

National Competition Policy

Central Gippsland Health Service complies with the National Competition Policy including compliance with the requirements of the policy statement 'Competitive Neutrality Policy Victoria' and subsequent reforms.

Competitive Neutrality is seen as a complementary mechanism to the ongoing quest to increase operating efficiencies by way of benchmarking and embracing better work practices.

Central Gippsland Health Service complies with all government policies regarding competitive neutrality with respect to all tender applications.

Building Act 1993 Compliance

Central Gippsland Health Service complies with the building and maintenance provisions of the Building Act 1993, including relevant provisions of the National Construction Code.

All new work and redevelopment of existing properties is carried out to conform to the above legislation. The local authority or a building surveyor issues either a Certificate of Final Inspection or an Occupancy Permit for all new works or upgrades to existing facilities.

Five yearly fire risk audits were conducted within the 2019/20 financial year and in compliance with Department of Health and Human Services Fire Risk Management Guidelines.

Central Gippsland Health Service installs and maintains fire safety equipment in accordance with building regulations and regularly conducts audits.

Building Act 1993 Compliance continued

The upgrading of fire prevention equipment in buildings is also undertaken as part of any general upgrade of properties, where necessary, and is identified in maintenance inspections.

Central Gippsland Health Service requires building practitioners engaged on building works to be registered and to maintain registration throughout the course of the building works.

Central Gippsland Health Service controls nine (9) properties, six (6) residential care and three (3) non-residential care.

	<i>Non Residential</i>	<i>Residential</i>
Loch Sport Community Health Centre	1	
Community Care	1	
Community Rehabilitation Centre	1	
Heyfield Hospital		1
Laurina Lodge		1
Maffra Hospital		1
Stretton Park		1
Sale Acute		1
Wilson Lodge		1

Safe Patient Care Act 2015

Central Gippsland Health Service has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015.

Privacy

Central Gippsland Health Service has embraced privacy legislation and is committed to ensuring that consumer and staff rights to privacy are upheld at all times. The organisation has proper processes and policies in place to ensure compliance with privacy legislation and to provide information to staff and consumers regarding privacy rights and responsibilities.

All Central Gippsland Health Service consumers have the right to have personal information stored in a secure location and to be assured that only information that is necessary to ensure high quality health care is to be collected. Central Gippsland Health Service has implemented a privacy complaints procedure that can be accessed by both staff and consumers that monitors and enforces privacy issues.

Freedom of Information Act 1992

A total of 100 requests under the Freedom of Information Act were processed during the 2019/20 financial year. There were 97 personal requests made by applicants or their agents (e.g. solicitors) and three were non-personal requests where applicants requests were about another person. All requests were acceded to, with the exception of one request which was not progressed.

Requests for documents in the possession of Central Gippsland Health Service are directed to the Freedom of Information Manager and all requests are processed in accordance with the Freedom of Information Act 1982.

A fee is levied for this service based on the time involved in retrieving and copying the requested documents.

Central Gippsland Health Service nominated officers under the Freedom of Information Act are:

Principal Officer

Dr Frank Evans, Chief Executive Officer.

Freedom of Information Manager

Ms Lisa Fuessel, Chief Health Information Manager.

Protected Interest Disclosure Act 2012

Central Gippsland Health Service complies with the regulations in the Protected Interest Disclosure Act which came into operation on 10 February, 2013 (amended on 6 April 2020). The purposes of the Act are to:

- encourage and facilitate disclosures of
 - (i) improper conduct by public officers, public bodies and other persons, and
 - (ii) detrimental action taken in reprisal for a person making a disclosure under the Protected Disclosure Act.
- provide protection for
 - (i) persons who make those disclosures, and
 - (ii) persons who may suffer detrimental action in reprisal for those disclosures.
- provide for the confidentiality of the content of those disclosures and the identity of persons who make those disclosures.

These procedures, established by the public body under Part 9 are available to all staff on our organisational document management system (PROMPT) and included in our onboarding handbook for all new employees.

During 2019/20, there was one disclosure notified to the Independent Broad-Based Anti-Corruption Commission (IBAC) under Section 21(2).

Statutory Compliance

continued

Additional information available on request

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

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

Report of Operations

Key Performance Indicators Activity Data

Admitted Services

Separations

Same Day	7109
Multi Day	4721
Sub- Acute	347

Total Separations	12,177
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Theatre Services

Emergency Surgery	432
Elective Surgery	2,926
Total Surgical Occasions	3,358
Total WIES	6,886.84
Bed Days	28,451
Emergency Department Attendances	16,580
Mothers Delivered	351

Community Services

Hours delivered by Community Services	110,990
Meals Delivered	8,087
Hours delivered to externally funded community, aged care package clients	17,546
Palliative Care Contacts	5,825
Non-admitted Subacute and Specialist Outpatient Clinic Service Events	31,940

Summary

of Financial Results

	2020 \$'000	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000
Operating Result					
Total Revenue	109,722	101,782	98,088	91,831	86,938
Total Expenses	114,486	104,485	98,369	95,148	90,903
Net Result from Transactions	-4,764	2,703	-281	-3,317	-3,965
Total Other Economic Flows	-56	70	-36,053	-35,772	-29,285
Net Result	-4,820	2,703	43,387	43,668	46,985
Total Assets	83,370	86,668	70,920	68,006	70,038
Total Liabilities	33,898	32,259	27,533	24,338	23,053
Net Assets / Total Equity	49,472	54,409	43,387	43,668	46,985

A summary of significant changes in financial position during the year

Assets decreased by \$3.3M primarily due to the reduction in cash reserves, non-current assets were impacted by the recognition of leased assets and significant building works (theatre). Liabilities increased by \$1.4M due to the recognition of borrowings (leases) and an increase in employee provisions, resulting in an overall decrease in equity of \$4.8M.

The operational and budgetary objectives of the health service

The net financial position for CGHS was a net operating loss after depreciation of \$4.8M compared to the 2019 result of \$2.7 million (a difference of \$2.1 million). The change in the result was due to increased depreciation of \$1.7 million contributed by the revaluations in 2019, capitalisation and amortisation of leases and capitalisation and depreciation of the theatre project. The remainder of the change in financial position was due to a contracted 40% increase in pathology charges.

Revenue for the year increased to \$109.7 million from \$101.8 million (2019) with the significant contributor being State Government Grants; whilst expenses for the year increased from \$104.4 million (2019) to \$114.5 million with the significant contributor as employee expenses.

During the financial year, operational and budgetary objectives included activities and achievements to deliver a balanced budget position. The 2019/20 operations were impacted by the State of Emergency declared due to the Coronavirus (COVID-19) pandemic, bushfires and a significant cybersecurity event.

As a result of the pandemic, CGHS experienced a period of reduced activity. The Department of Health and Human Services (DHHS) provided CGHS with support in the form of redirected activity-based funding. DHHS supported CGHS to the value of activity reductions and COVID-19 associated expenses. More specific disclosures on the impact of COVID-19 are provided in the financial statements section of this annual report.

Events subsequent to balance date

The Coronavirus (COVID-19) pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by CGHS at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on CGHS, its operations, future results and financial position. The State of Emergency in Victoria was extended on 16 August 2020 until 13 September 2020 and remains in place.

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

Reconciliation of Net result from Transactions and Operating Result

	2019-2020 \$'000
Net Operating Result	40
Capital purpose Income	1,824
Specific Income	437
COVID-19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	69
State Supply items consumed up to 30 June 2020	(69)
Assets provided free of charge	-
Assets received free of charge	-
Expenditure for Capital purpose	-
Depreciation and amortisation	(7,002)
Finance Costs (other)	(63)
Net result from transactions	(4,764)

Environmental

Performance

CGHS has continued to improve its environmental impact this year through the following works:

- Construction of an Orthopaedic theatre, including CSSD and RO water for clean steam.
- Continual replacement rollout of all fluorescent tube lighting with efficient LED fittings at Sale and Maffra campuses, which has seen our peak and off-peak electricity consumption reduce from 3163.57 kilowatts to 2611.5 kilowatts.
- Upgraded Carrier BMS to improve control of heating/cooling, increasing efficiencies.
- Replacement of fixed speed motors on air-handling equipment with variable speed drive to minimise energy usage. For the reporting period, CGHS energy consumption was 650.92 megajoules compared to 1537.22 megajoules in 2018–2019.
- Improved water usage through scheduled boiler and other equipment maintenance, and replacement of inefficient fixtures. This contributed to a reduction in water consumption from 37,040 kilolitres in 2018–2019, to 28,397 kilolitres in 2019–2020.
- Our solar installation in December 2018 continues to reduce our annual carbon emissions by 3,500 tonnes and annual greenhouse gas emissions by 961 tonnes. By mid-2022, we expect the installation will also save the Sale Hospital approximately \$250,000 a year in electricity bills.
- CGHS greenhouse gas emissions (scope 2) for the reporting period were 228.66 CO₂ compared to the previous years' 260.80 CO₂. Our scope 1 greenhouse gas emissions are minimal and we are working to cease these altogether.
- In 2019–2020, CGH disposed of 1,456 cubic metres of general waste, with 90 cubic metres of recyclable metal and 175 cubic meters of recycled plastics. The health service is currently investigating options for improved disposal of food waste.

Laundry service giving back

Sale Linen Service (SLS) is experiencing exceptional growth, proving its investment in modern technology is paying off.

As a business unit of Central Gippsland Health (CGH), the revenue SLS is now generating is being returned to CGH to assist in providing high quality health care to the community.

A major \$1.2 million upgrade in 2014 resulted in the purchase of new washing, drying, ironing and folding equipment. Another \$250,000 upgrade in 2017 saw the installation of two additional folding and conditioning machines, making SLS one of the most up-to-date laundry service plants in Australia.

CGH Chief Executive Officer, Dr Frank Evans, said the dedication and commitment of SLS Linen Service Manager, Adam Crotty, had been pivotal to bringing the humble laundry service into the new age.

Former CGH Chief Operating Officer, Jon Millar, was also a driving force behind this strategically important project.

While production is on the steady increase, costs to run the business have reduced, making positive impacts on the environment.

"Current production has reached an average of 150 tonnes of linen washed per month," Mr Crotty explained, "and we're achieving this with less water usage from 25 litres per kilogram to 7.5 litres. That's around 30,940,000 litres of water saved a year."

SLS has also reduced its electricity and gas costs by 15 per cent by moving production from an 11 hour to a nine hour shift per day.

It's not all about the bottom-line at SLS. Thirty-nine staff provide over \$1.4 million in wages to the local economy and nine employees have been with the laundry service for over 20 years.

"We've made good business decisions, but despite that SLS would not be as successful as it is without its people," Mr Crotty said.

"We are a family here. We provide flexible working arrangements and employees work on a rotation so everyone knows how to work every machine and we share the load."

SLS customers include regional health services and sub-regional hospitals, with the healthcare industry providing 93 per cent of its client base.

SLS provides all healthcare linen such as sheeting, blankets, towelling, kitchen linen, bed linen, gowns, theatre scrub suits and sterilised theatre pre-packs. It also specialises in the processing of residential aged care clothing for residents.

Stock supplied per month on average includes 59,000 towels, 34,000 pillowcases, 35,000 sheets, 29,000 blankets, 56,000 face cloths.

"With the new technology, we are doing more for less," Mr Crotty said. "It's really turned our working days around in such a short amount of time and it's so pleasing to now see the benefits extending beyond our walls and into the community."

The new equipment makes folding scrub suits more effective for SLS employee, Jess Gray.



ICT

Information and Communication Technology (ICT) Expenditure

The total ICT expenditure incurred during 2019–2020 is \$3,863 million (excluding GST) with the details shown below:

<i>Business as Usual (BAU) ICT Expenditure</i>		<i>Non-Business as Usual (non-BAU) ICT Expenditure</i>	
Total (excluding GST)	Total= operational and capital expenditure (excluding GST)	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
\$0.442 million	\$3,421 million	\$3,305 million	\$0,116 million

Data Integrity

I, Frank Evans, certify that Central Gippsland Health Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Central Gippsland Health Service has critically reviewed these controls and processes during the year.



Frank Evans
Accountable Officer
Central Gippsland Health Service
30 June 2020

Integrity, Fraud and Corruption

I, Frank Evans, certify that Central Gippsland Health Service has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Central Gippsland Health Service during the year.



Frank Evans
Accountable Officer
Central Gippsland Health Service
30 June 2020

Conflict of Interest

I, Frank Evans, certify that Central Gippsland Health Service has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities requires by the VPSC. Declaration of private interest forms have been completed by all executive staff within Central Gippsland Health 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 board meeting.



Frank Evans
Accountable Officer
Central Gippsland Health Service
30 June 2020

Financial Management Compliance

I, Tony Anderson, on behalf of the Responsible Body, certify that Central Gippsland Health Service has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Tony Anderson
Responsible Officer
Central Gippsland Health Service
30 June 2020

Statement of Priorities

Part A

Goals

Better Health

A system geared to prevention as much as treatment

Everyone understands their own health and risks

Illness is detected and managed early

Healthy neighbourhoods and communities encourage healthy lifestyles

Strategies

Better Health

Reduce Statewide risks

Build healthy neighbourhoods

Help people to stay healthy

Target health gaps

Statement of Priorities 2019-2020

Deliverable:

CGHS will continue to contribute towards building healthy communities by recruiting additional health promotion resources to deliver against the strategic health promotion/prevention deliverables in the Healthy Wellington Plan.

Outcome:

Not achieved.

Following discussions with Yarram District Health Service, CGHS has agreed to support their recruitment of a new health promotion worker and provide collaboration opportunities/professional support to them. This will provide opportunity to develop projects to deliver across both sites, utilising shared health promotion resources. Additional health promotion EFT will be recruited in 2020/21 through the Values Based Health Care project.

Deliverable:

CGHS will promote healthier eating by creating a healthy food and drink environment for visitors and staff in the Sale Hospital kiosk by achieving full compliance with the healthy eating guidelines.

Outcome:

Achieved.

CGHS kiosk healthy food options are aligned with Healthy Eating guidelines. A new vending machine has been commissioned with healthy options and former vending machines have been decommissioned.

Goals

Better Access

Care is always there when people need it

Better access to care in the home and community

People are connected to the full range of care and support they need

Equal access to care

Strategies

Better Access

Plan and invest

Unlock innovation

Provide easier access

Ensure fair access

Statement of Priorities 2019–2020

Deliverable:

Improve access to specialist outpatient's services through the establishment of nurse-led clinics for asthma, prostate health, diabetes, continence and wound care.

Outcome:

Achieved.

Nurse led clinics have been established which has increased the number of public access specialist clinics.

Deliverable:

Establish short term restorative care to enable up to 70 community members to be supported by an intensive multidisciplinary team at home to achieve outcomes that matter to them and improve their self-care capability and independence. The initial performance measure will be the number of people supported by the program.

Outcome:

Achieved.

Our Short Term Restorative Care program has established an effective multidisciplinary team model of care. We will continue to develop the program in the future to further assist the community. To date, the program has supported 33 people. Going forward, the program will form part of the CGHS Values Based Health Care project.

Goals

Better Care

Target zero avoidable harm

Healthcare that focuses on outcomes

Patients and carers are active partners in care

Care fits together around people's needs

Strategies

Better Care

Put quality first

Join up care

Partner with patient

Strengthen the workforce

Embed evidence

Ensure equal care

Statement of Priorities 2019–2020

Deliverable:

Establish a new ward round process to enable consumers to communicate their needs and preferences, to support shared decision making that will be evaluated by an in-hospital patient experience survey.

Outcome:

Partly achieved.

Our multidisciplinary teams have been reviewing their current practices with ward rounds and have identified ways to make it a more person centred experience for patients. Some aspects of the new approach include reducing the number of staff visiting the patient during the ward round, and the use of information technologies to support the learning, education and input of the multidisciplinary team. The new approach is being implemented across the health service and will be evaluated later this year using an in-hospital patient experience survey.

Deliverable:

Our multidisciplinary teams have been reviewing their current practices with ward rounds and have identified ways to make it a more person centred experience for patients. Some aspects of the new approach include reducing the number of staff visiting the patient during the ward round, and the use of information technologies to support the learning, education and input of the multidisciplinary team. The new approach is being implemented across the health service and will be evaluated later this year using an in-hospital patient experience survey.

Outcome:

Partly achieved.

Our Person Centred Care program focuses on the key concepts of Respect, Empowerment, Compassion and Empathy. The program was piloted with four departments and included projects that supported them to become more person centred. The program has now been launched to the wider organisation. The program will be evaluated later this year using an in-hospital patient experience survey.

Goals/Strategies

Specific priorities for 2019–2020

Support the Mental Health System

Statement of Priorities 2019–2020

Deliverable:

Engage in the development of the Regional Mental Health and Suicide Prevention Plan, particularly focusing on a mental health stepped-care model for the Wellington catchment.

Outcome:

Not achieved.

Planning commenced by Executive Director Mental Health at Latrobe Regional Hospital.

Goals/Strategies

Specific priorities for 2019–2020

Address Occupational Violence

Statement of Priorities 2019–2020

Deliverable:

Identify risks and update all related CGHS occupational health and safety policies and procedures to align with DHHS security training principles.

Outcome:

Achieved.

Occupational Health & Safety procedures aligned to the Department of Health & Human Service's principles. Code Grey procedure updated. Occupational Violence & Aggression Review Committee established. Bullying and Harassment procedure and training re-written to comply with the Department of Health & Human Service's "Know Better, Be Better" campaign. De-escalation training held between September and December 2019.

Goals/Strategies

Specific priorities for 2019–2020

Addressing Bullying and Harassment

Statement of Priorities 2019–2020

Deliverable:

Establish a system of identifying and regularly reporting on patients who frequently present to the emergency department and/or for admission to hospital, to ensure they are being supported by a care coordination and multi-disciplinary approach. This will be measured through the development and regular reporting of key performance indicators through the quality and safety scorecard report.

Outcome:

Not achieved.

Application developed to support regular reporting on patients who frequently present to the Emergency Department or for admission to hospital, to ensure support by care coordination. Application still to be utilised to progress this. Some Key Performance Indicators within the quality and safety scorecard report support interim monitoring of the above.

Goals/Strategies

Specific priorities for 2019–2020

Supporting Aboriginal Cultural Safety

Statement of Priorities 2019–2020

Deliverable:

Operationalise the inaugural CGHS Reconciliation Action Plan 2019–2021, including monitoring progress of strategies via the CGHS Integrated Planning System (called Interplan) and oversight by the CGHS Aboriginal and Torres Strait Islander Advisory Committee.

Outcome:

Achieved.

Progress of strategies from the plan monitored through our integrated planning system (Interplan) and reported to the CGHS Aboriginal and Torres Strait Islander Advisory Committee who agreed to take on the function of the Reconciliation Working Group.

Goals/Strategies

Specific priorities for 2019–2020

Addressing Family Violence

Statement of Priorities 2019–2020

Deliverable:

Embed Family Violence contact officers across the organisation as key points for information on addressing violence. This will be measured by the number of contact officers in place across the organisation.

Outcome:

Achieved.

Six (6) Family Violence Contact Officers appointed, trained and in place throughout various departments, in addition to Social Workers who also provide support and guidance to staff in need. Requests for special family violence leave are processed through the General Manager Human Resources who is one of the Contact Officers.

Goals/Strategies

Specific priorities for 2019–2020

Implementing Disability Action Plans

Statement of Priorities 2019–2020

Deliverable:

Operationalise the CGHS Access and Inclusion Plan 2019–2022 (also known as the Disability Action Plan), including monitoring progress of strategies via the CGHS Integrated Planning system (called Interplan) and oversight by the CGHS Community Liaison Group.

Outcome:

Achieved.

Business Intelligence tool (QlikSense) reporting includes trend monitoring of waste expenses to monitor effectiveness of waste management practices.

Goals/Strategies

Specific priorities for 2019–2020

Supporting Environmental Sustainability

Statement of Priorities 2019–2020

Deliverable:

Operationalise the CGHS Access and Inclusion Plan 2019–2022 (also known as the Disability Action Plan), including monitoring progress of strategies via the CGHS Integrated Planning system (called Interplan) and oversight by the CGHS Community Liaison Group.

Outcome:

Achieved.

Community Liaison Group oversees implementation of the plan through regular progress reports.

Statement of Priorities

Part B: Performance Priorities

High Quality and Safe Care		
Key Performance Indicator	Target	Actual
Accreditation		
Compliance with Aged Care Standards	Full Compliance	Full Compliance
Infection Prevention and Control		
Compliance with the Hand Hygiene Australia program	83%	89%
Percentage of healthcare workers immunised for influenza	90%	90%
Patient Experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95% positive experience	97%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95% positive experience	92%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95% positive experience	94%
Victorian Healthcare Experience Survey – percentage of very positive response to questions on discharge care – Quarter 1	75% positive experience	88%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75% positive experience	84%
Victorian Healthcare Experience Survey – percentage of very positive response to questions on discharge care – Quarter 3	75% positive experience	84%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	88%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	90%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	82%
Healthcare Associated Infections (HAIs)		
Rate of patients with surgical site infection	No outliers	No outliers
Rate of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	Nil
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 at 5 minutes	≤ 1.4%	1.3%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	0%
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	100%
Continuing Care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	1.297

Strong Governance, Leadership and Culture

Key Performance Indicator	Target	Actual
Organisational Culture		
People matter survey – percentage of staff with an overall positive response to safety and culture questions	80%	87%
People matter survey – percentage of staff with a positive response to the question, “I am encouraged by my colleagues to report any patient safety concerns I may have”	80%	94%
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	92%
People matter survey – percentage of staff with a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager”	80%	88%
People matter survey – percentage of staff with a positive response to the question, “The culture in my work area makes it easy to learn from the errors of others”	80%	88%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	85%
People matter survey – percentage of staff with a positive response to the question, “This health service does a good job of training new and existing staff”	80%	78%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	83%
People matter survey – percentage of staff with a positive response to the question, “I would recommend a friend or relative to be treated as a patient here”	80%	89%

Timely Access to Care

Key Performance Indicator	Target	Actual
Emergency Care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	93%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	78%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	72%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	91.1%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	100%

Effective Financial Management

Key Performance Indicator	Target	Actual
Finance		
Operating result (\$m)	0.00	0.04
Average number of days to pay trade creditors	60 days	33 days
Average number of days to receive patient fee debtors	60 days	25 days
Public and Private WIES1 activity performance to target	100%	91%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.87
Forecast number of days available cash	14 days	33 days
Actual number of days available cash, measured on the last day of each month.	14 days	Achieved
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance \leq \$250,000	Not Achieved

Statement of Priorities

Part C: Activity and Funding

Funding Type	2019-2020 Activity Achievement
<i>Acute Admitted</i>	
WIES Public	6,293.76
WIES Private	466.85
WIES DVA	108.54
WIES TAC	17.69
<i>Acute Non-Admitted</i>	
Home Enteral Nutrition	105
Specialist Clinics (WASE)	165,86
<i>Subacute and Non-Acute Admitted</i>	
Subacute WIES – Rehabilitation Public	54.41
Subacute WIES – Rehabilitation Private	2.00
Subacute WIES – GEM Public	117.04
Subacute WIES – GEM Private	8.84
Subacute WIES – Palliative Care Public	51.72
Subacute WIES – Palliative Care Private	51.72
Subacute WIES – DVA	7.81
<i>Subacute Non-Admitted</i>	
Health Independence Program – Public	11,404
<i>Aged Care</i>	
Residential Aged Care	25,597
HACC	13,456
<i>Primary Health</i>	
Community Health/Primary Care Programs	13,456
<i>Other</i>	
Health Workforce	29

Disclosure Index

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

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CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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**CENTRAL GIPPSLAND HEALTH SERVICE
FINANCIAL YEAR ENDED 30 JUNE 2020**

**Board member's, accountable officer's and chief
finance & accounting officer's declaration**

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and the financial position of Central Gippsland Health Service at 30 June 2020.

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

We authorise the attached financial statements for issue on 11th November 2020.



TONY ANDERSON, Board Chairperson
Sale, Victoria
11-Nov-20



FRANK EVANS, Accountable Officer & Chief Executive Officer
Sale, Victoria
11-Nov-20



EMMA BRENNAN, Acting Chief Finance & Accounting Officer
Sale, Victoria
11-Nov-20

Independent Auditor's Report

To the Board of Central Gippsland Health Service

Opinion	<p>I have audited the financial report of Central Gippsland Health Service (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2020 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. 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 <i>Code of Ethics for Professional Accountants</i> (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.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>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 <i>Financial Management Act 1994</i>, 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.</p> <p>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.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
13 November 2020

Travis Derricott
as delegate for the Auditor-General of Victoria

CENTRAL GIPPSLAND HEALTH SERVICE

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	<i>Note</i>	2020 \$'000	2019 \$'000
Income from Transactions			
Revenue from Operating Activities	2.1	109,640	101,283
Revenue from Non-operating Activities	2.1	259	499
Total Income from Transactions		<u>109,899</u>	<u>101,782</u>
Expenses from Transactions			
Employee Expenses	3.1	(78,729)	(72,552)
Supplies and Consumables	3.1	(15,163)	(14,087)
Depreciation	4.2	(7,002)	(5,320)
Operating Expenses	3.1	(2,660)	(2,693)
Other Operating Expenses	3.1	(10,325)	(9,086)
Other Non-Operating Expenses	3.1	(784)	(747)
Total Expenses from Transactions		<u>(114,663)</u>	<u>(104,485)</u>
Net Result from transactions - Net Operating Balance		<u>(4,764)</u>	<u>(2,703)</u>
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Sale of non-financial Assets	3.2	33	(30)
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	33	(23)
Other Losses from Other Economic Flows	3.2	(122)	(17)
Total Other Economic Flows included in Net Result		<u>(56)</u>	<u>(70)</u>
NET RESULT FOR THE YEAR		<u>(4,820)</u>	<u>(2,773)</u>
Other Comprehensive Income			
Changes in Property, Plant and Equipment Revaluation Surplus	4.1(f)	-	13,795
Total Other Comprehensive Income			
COMPREHENSIVE RESULT FOR THE YEAR		<u><u>(4,820)</u></u>	<u><u>11,022</u></u>

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

CENTRAL GIPPSLAND HEALTH SERVICE
BALANCE SHEET AS AT 30 JUNE 2020

	<i>Note</i>	2020 \$'000	2019 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6.2	16,254	20,847
Receivables	5.1	2,437	2,432
Investments and other Financial Assets		-	11
Inventories		338	270
Assets held for Sale	5.4	609	-
Other Assets		752	732
Total Current Assets		<u>20,390</u>	<u>24,292</u>
Non-Current Assets			
Other Assets		53	77
Receivables	5.1	1,752	1,779
Property, Plant and Equipment	4.1	61,337	60,730
Total Non-Current Assets		<u>63,142</u>	<u>62,586</u>
TOTAL ASSETS		<u>83,532</u>	<u>86,878</u>
LIABILITIES			
Current Liabilities			
Payables	5.2	7,946	9,361
Borrowings	6.1	1,086	311
Provisions	3.4	14,935	13,749
Other Liabilities	5.3	5,323	5,912
Total Current Liabilities		<u>29,290</u>	<u>29,333</u>
Non-Current Liabilities			
Provisions	3.4	2,679	2,453
Borrowings	6.1	1,929	683
Total Non-Current Liabilities		<u>4,608</u>	<u>3,136</u>
TOTAL LIABILITIES		<u>33,898</u>	<u>32,469</u>
NET ASSETS		<u>49,634</u>	<u>54,409</u>
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.1(f)	57,620	57,620
Restricted Specific Purpose Surplus		1,200	1,361
Contributed Capital		34,298	34,254
Accumulated Deficits		(43,485)	(38,826)
TOTAL EQUITY		<u>49,633</u>	<u>54,409</u>

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

CENTRAL GIPPSLAND HEALTH SERVICE
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2020

		Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributions by Owners	Accumulated Deficits	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2018		43,825	1,361	34,254	(36,053)	43,387
Net result for the year		-	-	-	(2,773)	(2,773)
Other comprehensive income for the year	4.1 (f)	13,795	-	-	-	13,795
Balance at 30 June 2019		57,620	1,361	34,254	(38,826)	54,409
Net result for the year		-	-	-	(4,820)	(4,820)
Receipt of Contributed capital		-	-	44	-	44
Transfer from Specific Purpose Reserve		-	(161)	-	161	-
Balance at 30 June 2020		57,620	1,200	34,298	(43,485)	49,633

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

CENTRAL GIPPSLAND HEALTH SERVICE

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2020

	Note	2020 \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Government Grants (State) - Operating		72,521	65,913
Government Grants (Commonwealth) - Operating		12,725	11,855
Grants - Other Agency		1,174	1,894
Government Grants (State) - Capital		1,824	1,858
Government Grants (Commonwealth) - Capital		684	545
Other Capital purpose income		21	43
Patient and Resident Fees Received		4,689	4,552
Private Fees Received		5,306	5,247
Donations and Bequests Received		114	106
GST Received from ATO		-	124
Interest and investment income received		240	435
Other Receipts		10,607	9,036
Total receipts		109,905	101,608
Employee Expenses Paid		(72,688)	(66,326)
Fee for Service Medical Officers		(5,815)	(4,431)
Payments for Supplies and Consumables		(13,699)	(11,359)
Payments for medical indemnity insurance	3.1	(1,399)	(1,382)
Payments for repairs and maintenance		(1,282)	(1,199)
GST paid to ATO		(54)	-
Cash outflow for short-term leases		(123)	(737)
Other Payments		(13,068)	(10,536)
Total payments		(108,128)	(95,970)
NET CASH FLOW FROM OPERATING ACTIVITIES	8.1	1,777	5,638
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-financial assets		(5,467)	(4,584)
Capital Donations and Bequests Received		286	193
Other capital receipts		182	-
Proceeds from disposal of non-financial assets		33	42
NET CASH FLOW USED IN INVESTING ACTIVITIES		(4,966)	(4,349)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(313)	-
Payment of lease principal		(559)	-
Contributions of capital - state government		44	-
Receipt of accommodation deposits		1,470	2,636
Repayment of accommodation deposits		(2,047)	(1,451)
NET CASH FLOW (USED IN)/FROM FINANCING ACTIVITIES		(1,405)	1,185
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD		(4,594)	2,474
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		20,847	18,373
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	16,253	20,847

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 preparation of 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 Central Gippsland Health Service for the period ending 30 June 2020. The purpose of the report is to provide users with information about Central Gippsland 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 AASBs, 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.

Central Gippsland Health Service is a not-for profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AASBs.

(b) Reporting Entity

The financial statements include all the controlled activities of the Central Gippsland Health Service.

Its principal address is:

155 Guthridge Parade
Sale Victoria 3850.

A description of the nature of Central Gippsland Health Service's operations and its principal activities is included in the report of operations, which does not form part of these financial statements.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

(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 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

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

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

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

The Central Gippsland Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The health service's capital and specific purpose funds include external funding, donations and bequests.

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

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 AABSs that have significant effects on the financial statements and estimates relate to:

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

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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

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

For further details refer to Note 2.1 Funding delivery of our services, Note 3.1 Expenses from Transactions, Note 4.1 Property, plant and equipment and Note 8.6 Events occurring after balance date.

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) 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, Central Gippsland Health Services 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.

Central Gippsland Health Service is a member of the Gippsland Health Alliance and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7 Jointly Controlled Operations).

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Transactions between segments within the Central Gippsland Health Service have been eliminated to reflect the extent of the Central Gippsland Health Service's operations as a group.

(e) Equity

Contributed Capital

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

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

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

Specific Restricted Purpose Surplus

The Specific Restricted Purpose Surplus is established where Central Gippsland Health Service has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 2: Funding delivery of our services

Central Gippsland Health Service's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

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

Structure

2.1 Income from Transactions

Note 2.1 (a): Income from Transactions

	Total 2020 \$'000	Total 2019 \$'000
Government Grants (State) - Operating	72,096	65,644
Government Grants (Commonwealth) - Operating	12,725	11,855
Grants - Other Agency	1,174	1,894
Government Grants (State) - Capital	1,824	1,681
Government Grants (Commonwealth) - Capital	684	545
Other Capital purpose income	21	43
Capital Donations	286	193
Patient and Resident Fees	4,876	4,629
Commercial Activities *	9,586	9,161
Resources received free of charge or for nominal consideration	176	-
Other Revenue from Operating Activities (including non-capital donations)	6,192	5,638
Total Income from Operating Activities	109,640	101,283
Other Interest	240	435
Dividends	19	64
Total Revenue from Non-Operating Activities	259	499
Total Income from Transactions	109,899	101,782

* Commercial Activities represent business activities which health services enter into to support their operations

Government Grants (State) - Operating includes \$0.31m funding to support COVID-19 activities. In addition to this the department allowed the re-purpose of under-utilised state grants to support health service operations. The total amount of re-purposed state grants was \$1.49m.

Impact of COVID-19 on revenue and income

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Revenue Recognition

Income is recognised in accordance with either:

- a) contributions by owners, in accordance with AASB 1004;
- b) income for not-for-profit entities, in accordance with AASB 1058;
- c) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- d) a lease liability in accordance with AASB 16;
- e) a financial instrument, in accordance with AASB 9; or
- f) a provision, in accordance with AASB 137 Provisions, Contingent Liabilities and Contingent Assets.

Accounting policies

Government Grants

Income from grants to construct an additional theatre was recognised when (or as) Central Gippsland Health Service satisfied its obligations under the transfer. This aligns with Central Gippsland Health Service's obligation to construct the asset. The progressive percentage costs incurred are used to recognise income because this most closely reflects the progress of construction as costs are incurred and works are completed.

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

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

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

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

Performance obligations

The types of government grants recognised under AASB15 Revenue from Contracts with Customers includes:

- Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separations (WIES) casemix
- Block Funding (Block) such as training grants
- Occasions of Service Funding (OOS) such as Home and Community Care (HACC) and Community Home Support Program (CHSP) and other Residential aged care funding.

- other one-off grants if funding conditions contain enforceable and sufficiently specific performance obligations.

The performance obligations for ABF are the number and mix of patients admitted to hospital (casemix) in accordance with levels of activity agreed to with the Department of Health and Human Services (DHHS) in the annual Statement of Priorities (SoP). Revenue is recognised when a patient is discharged and in accordance with the WIES activity for each separation. The performance obligations have been selected as they align with funding conditions set out in the Policy and Funding Guidelines issued by the DHHS.

The performance obligations for Block Funding are the number of positions agreed to with the DHHS in the annual SoP. Revenue is recognised when the position is filled and the training requirements are met. The performance obligations have been selected as they align with funding conditions set out in the Policy and Funding Guidelines issued by the DHHS.

The performance obligations for OOS Funding are the number of episodes of care agreed to with the DHHS in the annual SoP. Revenue is recognised at the end of the month in which the service was provided to clients. The performance obligations have been selected as they align with funding conditions set out in the Policy and Funding Guidelines issued by the DHHS.

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Previous accounting policy to 30 June 2019

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

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

For non-reciprocal grants, Central Gippsland Health Service recognises revenue when the grant is received.

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

Patient and Resident Fees

Central Gippsland Health Service exercises judgement over whether performance obligations related to patient fees are met. This is measured by the provision of an episode of care.

Resident fees are recognised as revenue over time as Central Gippsland Health Service provides accommodation. This is calculated on a daily basis and invoiced monthly.

Revenue from commercial activities

Revenue from commercial activities such as diagnostic imaging, pharmacy services, external catering, Sale Linen Service, regional stores and private practice and other patient activities is recognised on an accrual basis as the revenue is earned.

Other Revenue

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

Note 2.1 (b) Fair value of assets and services received free of charge or for nominal consideration

	2020 \$'000	2019 \$'000
Voluntary Services	107	-
Resources received free of charge (FOC)	69	-
Total fair value of services received free of charge or for nominal	176	-

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

The exception to this would be when the resource is received from another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which case such a transfer would be recognised at its carrying value in the transferring department or agency as a capital contribution transfer.

Voluntary Services

Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. Central Gippsland Health Service does receive volunteer services, however it does not depend on volunteers to deliver its services.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Non-cash contributions from the Department of Health and Human Services

The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular
- Fair value of assets and services received free of charge or for nominal consideration
- Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying amount. Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. Central Gippsland Health Service recognises revenue when it transfers control of a good or service to the customer i.e. revenue is recognised when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

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

For contracts that permit the customer to return an item, revenue is recognised to the extent it is highly probable that a significant cumulative reversal will not occur. Therefore, the amount of revenue recognised is adjusted for the expected returns, which are estimated based on the historical data. In these circumstances, a refund liability and a right to recover returned goods asset are recognised. The right to recover the returned goods asset is measured at the former carrying amount of the inventory less any expected costs to recover goods. The refund liability is included in other payables and the right to recover returned goods is included in inventory. Central Gippsland Health Service reviews its estimate of expected returns at each reporting date and updates the amount of the asset and liability accordingly. As the sales are made with a short credit term, there is no financing element present. There has been no change in the recognition of revenue from the sale of goods as a result of the adoption of AASB 15.

2.1 (c) Other income	2020 \$'000	2019 \$'000
Rental Income	240	293
Other interest	240	435
Total other Income	480	728

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

Interest Income

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

Rental and Lease Income

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature, form or the timing of payments.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

In the event that lease incentives are given to the lessee, the aggregate cost of incentives is recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more appropriate of the time pattern over which the economic benefit of the leased asset is diminished.

Amounts due from lessees under finance leases are recorded as receivables. Finance lease receivables are initially recorded at amounts equal to the present value of the minimum lease payments receivable plus the present value of any unguaranteed residual value expected to accrue at the end of the lease term. Finance lease receipts are apportioned between periodic interest revenue and reduction of the lease receivable over the term of the lease in order to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 3: The cost of delivering our services

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

Structure

3.1 Expenses from Transactions

3.2 Other Economic Flows

3.3 Analysis of expense and revenue by internally managed and restricted specific purpose funds

3.4 Employee benefits in the Balance Sheet

3.5 Superannuation

Note 3.1 : Expenses from Transactions

	Total 2020 \$'000	Total 2019 \$'000
Salaries and Wages	59,476	54,836
On-costs	14,093	13,894
Fee for Service Medical Officer Expenses	3,367	2,698
Workcover Premium	1,793	1,124
Total Employee Expenses	78,729	72,552
Drug Supplies	4,772	5,002
Medical and Surgical Supplies (including Prostheses)	4,271	4,154
Diagnostic and Radiology Supplies	1,777	943
Other Supplies and Consumables	4,343	3,988
Total Supplies and Consumables	15,163	14,087
Finance Costs	79	60
Fuel, Light, Power and Water	1,299	1,434
Repairs and Maintenance	415	412
Maintenance Contracts	867	787
Total Operating Expenses	2,660	2,693
Medical Indemnity Insurance	1,399	1,382
Other Expenses	8,926	7,704
Total Other Operating Expenses	10,325	9,086
Depreciation and Amortisation (refer Note 4.2)	7,002	5,320
Total Depreciation and Amortisation	7,002	5,320
Expenditure for Capital Purposes	608	747
Assets and Services Provided Free of Charge or for Nominal Consideration	176	-
Total Other Non-Operating Expenses	784	747
Total Expenses from Transactions	114,663	104,485

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

Impact of COVID-19 on expenses

As indicated at Note 1, Central Gippsland Health Service's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as increased staffing costs, increased use of reusable personal protective equipment (PPE), increased pathology expense, and the purchase of equipment suitable for maintaining safe COVID-19 practices.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Employee Expenses

Employee expenses include:

- salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses;
- Fee for Service medical officer expenses;
- Work cover premium.

Supplies and consumables

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

Finance Costs

Finance costs include:

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

Other Operating Expenses

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

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

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

Non-operating Expenses

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

Operating Expenses

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

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 3.2 Other Economic Flows

	Consolidated 2020 \$'000	Consolidated 2019 \$'000
<u>Net gain/(loss) on sale of non financial assets</u>		
Net gain/(loss) on disposal of property, plant and equipment	33	(30)
<u>Total net gain/(loss) on sale of non financial assets</u>	<u>33</u>	<u>(30)</u>
<u>Net gain/(loss) on financial instruments at fair value</u>		
Other gains/(losses) from Other Economic Flows	33	(23)
<u>Total net gain/(loss) on financial instruments at fair value</u>	<u>33</u>	<u>(23)</u>
Other gains/(losses) from Other Economic Flows		
Net gain/(loss) arising from revaluation of Long Service Liability	(122)	(17)
<u>Total net gain/(loss) on financial instruments at fair value</u>	<u>(122)</u>	<u>(17)</u>
Total gains/(losses) from Economic Flows	<u>(56)</u>	<u>(70)</u>

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 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 gains/(losses) of financial physical assets (Refer Note 4.1 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.

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

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost; 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 reserves to accumulated surplus or net result due to disposal, derecognition or reclassification.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020****Note 3.3 Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds**

	<i>Expense</i>		<i>Revenue</i>	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Commercial Activities				
Private Practice and Other Patient Activities	85	140	67	165
Diagnostic Imaging	4,776	4,790	5,666	5,528
Pharmacy Services	60	62	24	62
External Catering	756	212	756	212
Sale Linen Service	2,609	2,121	2,401	2,420
Regional Stores	517	644	567	657
Property Expense/Revenue	5	4	104	87
Other	12	15	1	30
TOTAL	8,820	7,988	9,586	9,161

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020****Note 3.4 Employee Benefits in the Balance Sheet**

	2020 \$'000	2019 \$'000
Current Provisions		
Employee Benefits (i)		
Accrued Days Off		
- unconditional and expected to be settled wholly within 12 months (ii)	170	175
Annual Leave		
- unconditional and expected to be settled wholly within 12 months (ii)	6,028	5,306
Long service leave		
- unconditional and expected to be settled wholly within 12 months (ii)	1,048	997
- unconditional and expected to be settled wholly after 12 months (iii)	6,212	5,911
	<u>13,458</u>	<u>12,389</u>
Provisions related to Employee Benefit On-Costs		
- unconditional and expected to be settled within 12 months (ii)	691	636
- unconditional and expected to be settled after 12 months (iii)	786	724
	<u>1,477</u>	<u>1,360</u>
Total Current Provisions	<u><u>14,935</u></u>	<u><u>13,749</u></u>
Non-Current Provisions		
Employee Benefits (i)	2,436	2,231
Provisions related to employee benefits on-costs	243	222
Total Non-Current Provisions	<u><u>2,679</u></u>	<u><u>2,453</u></u>
Total Provisions	<u><u>17,614</u></u>	<u><u>16,202</u></u>

(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are at nominal amounts.

(iii) The amounts disclosed are discounted to present values.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

(a) Employee Benefits and Related On-Costs	2020	2019
Current Employee Benefits and related on-costs	\$'000	\$'000
Unconditional LSL Entitlement	8,073	7,684
Annual Leave Entitlement	6,691	5,890
Accrued Days Off	170	175
Non-Current Employee Benefits and related on-costs		
Conditional long service leave entitlements	2,680	2,453
Total Employee Benefits and Related On-Costs	17,614	16,202

(b) Movements in provisions	2020	2019
Movement in Long Service Leave	\$'000	\$'000
Balance 1 July	10,138	9,339
Provision made during the year		
- Revaluations	95	(16)
- Expense recognising Employee Service	1,596	2,011
Settlement made during the year	(1,075)	(1,196)
Balance 30 June	10,754	10,138

The following assumptions were adopted in measuring present value:

- Wage Inflation Rate	4.25%	4.31%
- On-Cost Factor	11.0%	11.0%

Employee Benefits 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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Provisions

Provisions are recognised when Central Gippsland Health Service has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably. The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Annual Leave and Accrued Days off

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

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

- Nominal value - if Central Gippsland Health Service expects to wholly settle within 12 months; or
- Present value - if Central Gippsland Health Service does not expect to wholly settle within 12 months.

Long Service Leave

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where Central Gippsland 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 Central Gippsland Health Service expects to wholly settle within 12 months; or
- Present value - if Central Gippsland Health Service does not expect to wholly settle 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 of benefits in exchange for the termination of employment.

On-Costs Related to Employee Benefits

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 3.5: Superannuation

	Paid Contribution for the year		Contribution Outstanding at Year end	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
(i) Defined Benefit Plans				
Health Super	100	112	8	4
Defined Contribution Plans				
Health Super	4,110	3,359	423	249
Other	2,938	1,971	337	126
Total	7,148	5,442	768	379

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

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

Defined benefit superannuation plans

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by 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.

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

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Central Gippsland Health Service.

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

Defined contribution superannuation plans

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 4: Key Assets to support service delivery

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

Structure

4.1 Property, plant & equipment

4.2 Depreciation

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 4.1: Property, Plant and Equipment

Initial Recognition

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

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

The initial cost for non-financial physical assets under a lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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

Right-of-use asset acquired by lessees (AASB 16 – Leases from 1 July 2019)

Initial measurement

Central Gippsland Health Service recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

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

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Right-of-use asset – Subsequent measurement

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

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

Revaluations of non-current physical assets

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

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Revaluations of non-current physical assets (continued)

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 normally transferred to accumulated funds on derecognition of the relevant asset.

In accordance with FRD 103H, Central Gippsland Health Service's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Fair Value Measurement

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

For the purpose of fair value disclosures, Central Gippsland Health Service has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

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

The Valuer-General Victoria (VGV) is Central Gippsland Health 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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 accordance with paragraph AASB 13.29, Central Gippsland Health Service has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Non-specialised land, non-specialised buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for shape, 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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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 constructive 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 assets will be their highest and best use.

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

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

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

For Central Gippsland 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 Central Gippsland 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).

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Plant and equipment

Plant and equipment (including medical equipment, computers and communication equipment and furniture and fittings) are 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 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 2020. For all assets measured at fair value, the current use is considered the highest and best use.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 4.1: Property, Plant & Equipment continued

(a) Gross carrying amount and accumulated depreciation

	2020 \$'000	2019 \$'000
Land		
Crown Land at Fair Value	3,491	3,491
Freehold Land at Fair Value	450	1,059
Total Land	3,941	4,550
Buildings		
Buildings at Cost	3,894	611
Less Accumulated Depreciation	(21)	(2)
Sub-total Buildings at Cost	3,873	609
Buildings at Fair Value	46,469	46,469
Less Accumulated Depreciation	(4,765)	-
Sub-total Buildings at Fair Value	41,704	46,469
Buildings - Right of Use	78	-
Less Accumulated Depreciation	(16)	-
Sub-total Buildings Right of Use	62	-
Buildings Under Construction at Cost	324	1,039
Total Buildings	45,963	48,117
Plant and Equipment	7,724	7,080
Less Accumulated Depreciation	(3,208)	(2,800)
Total Plant & Equipment	4,516	4,280
Motor Vehicles at fair value	958	1,032
Less Accumulated Depreciation	(599)	(607)
Total Motor Vehicles	359	425
Medical Equipment at fair value	11,029	9,405
Less Accumulated Depreciation	(7,276)	(6,655)
Total Medical Equipment	3,753	2,750
Computers and communication equipment at fair Value	911	795
Less Accumulated Depreciation	(760)	(719)
Total Computers and communication equipment	151	76
Right of Use-plant, equipment, furniture and fittings and vehicles	2,758	-
Less Accumulated Depreciation	(677)	-
Total Right of Use-plant, equipment, furniture and fittings and vehicles	2,081	-
Total plant and equipment	10,860	7,531
Furniture & Fittings at Fair Value	1,418	1,418
Less Accumulated Depreciation	(1,205)	(1,165)
Total Furniture and Fittings	213	253
Other at Fair Value		
Linen	918	810
Less Accumulated Depreciation	(558)	(531)
Total Other	360	279
Total Property, Plant & Equipment	61,337	60,730

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 4.1: Property, Plant & Equipment (continued)

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

	Land \$'000	Buildings \$'000	Right-of Use Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Medical Equipment \$'000	Computers & Communication Equipment \$'000	Right of Use Assets- Plant and Equipment \$'000	Furniture & Fittings \$'000	Linen \$'000	Assets under Construction \$'000	Total \$'000
Balance as at 1 July 2018	3,995	36,102	-	3,123	475	2,471	90	-	130	276	1,039	47,701
Additions	-	1,698	-	1,870	101	444	40	-	158	273	-	4,584
Disposals	-	-	-	-	(30)	-	-	-	-	-	-	(30)
Revaluations	555	13,240	-	-	-	-	-	-	-	-	-	13,795
Depreciation (refer Note 4.2)	-	(3,962)	-	(325)	(121)	(554)	(53)	-	(35)	(270)	-	(5,320)
Balance as at 30 June 2019	4,550	47,078	-	4,668	425	2,361	77	-	253	279	1,039	60,730
Recognition of right-of-use assets on initial application of AASB 16	-	-	78	-	-	-	-	2,758	-	-	-	2,836
Adjusted balance at 1 July 2019	4,550	47,078	78	4,668	425	2,361	77	2,758	253	279	1,039	63,566
Additions	-	3,378	-	566	42	1,624	116	-	-	355	-	6,081
Disposals	(609)	-	-	-	-	-	-	-	-	-	(715)	(1,324)
Depreciation (refer Note 4.2)	-	(4,768)	(16)	(441)	(107)	(621)	(41)	(677)	(41)	(274)	-	(6,986)
Balance as at 30 June 2020	3,941	45,688	62	4,793	360	3,364	152	2,081	212	360	324	61,337

A full revaluation of the Central Gippsland Health Service's land and buildings was performed by the Valuer-General of Victoria (VG) in May 2019 in accordance with the requirements of Financial Reporting Direction (FRD) 103H Non-Financial Physical Assets. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The effective date of the valuation for both land and buildings was 30 June 2019.

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

The VGV indices, which are based on data to March 2020, indicate an average increase of 6% across all land parcels and a 0% increase in buildings.

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

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

The land and building balances are considered to be sensitive to market conditions. To trigger a managerial revaluation a decrease in the land index of 16% and a decrease in the building index of 10% would be required.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 4.1: Property, Plant & Equipment (continued)

(c) Fair Value measurement hierarchy for assets

	Carrying Amount as at	Fair value measurement at end of reporting period using:		
	30 June 2020	Level 1	Level 2	Level 3
Land at fair value				
Non-specialised	1,405	-	1,405	-
Specialised land				
- 155 Guthridge Pd, Sale	2,346	-	-	2,346
- 48 Kent St, Maffra	190	-	-	190
Total Land at fair value	3,941	-	1,405	2,536
Buildings at fair value				
Non-specialised buildings	827	-	827	-
Specialised buildings				
- 155 Guthridge Pd, Sale	42,168	-	-	42,168
- 48 Kent St, Maffra	2,520	-	-	2,520
- Loch Sport	124	-	-	124
- Assets under construction at fair value	324	-	-	324
Total of buildings at fair value	45,963	-	827	45,136
Plant and equipment at fair value				
Plant and equipment at fair value				
- Vehicles (ii)	359	-	-	359
- Plant and equipment	4,667	-	-	4,667
- Medical equipment	3,753	-	-	3,753
Right of Use- plant, equipment, furniture and fittings and vehicles	2,081	-	-	2,081
Total of plant, equipment and vehicles at fair value	10,860	-	-	10,860
Furniture & Fittings at fair value				
Furniture & Fittings at fair value	213	-	-	213
Total medical equipment at fair value	213	-	-	213
Linen at fair value				
Linen at fair value	360	-	-	360
Total linen at fair value	360	-	-	360
Total Assets at fair value	61,337	-	2,232	59,105

(i) Classified in accordance with fair value hierarchy

(ii) Vehicles are categorised to Level 3 assets if the depreciated replacement cost is used in estimating the fair value.

There have been no transfers between levels during the period. In the prior year, there is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the ownership of the land.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 4.1: Property, Plant & Equipment (continued)

	Carrying Amount as at	Fair value measurement at end of reporting period using:		
	30 June 2019	Level 1	Level 2	Level 3
Land at fair value				
Non-specialised	2,014	-	2,014	-
Specialised land				
- 155 Guthridge Pd, Sale	2,346	-	-	2,346
- 48 Kent St, Maffra	190	-	-	190
Total Land at fair value	4,550	-	2,014	2,536
Buildings at fair value				
Non-specialised buildings	828	-	828	-
Specialised buildings				
- 155 Guthridge Pd, Sale	43,180	-	-	43,180
- 48 Kent St, Maffra	2,931	-	-	2,931
- Loch Sport	139	-	-	139
- Assets under construction at fair value	1,039	-	-	1,039
Total of buildings at fair value	48,117	-	828	47,289
Plant and equipment at fair value				
Plant and equipment at fair value				
- Vehicles (ii)	425	-	-	425
- Plant and equipment	4,354	-	-	4,354
- Medical equipment	2,752	-	-	2,752
Total of plant, equipment and vehicles at fair value	7,531	-	-	7,531
Furniture & Fittings at fair value				
Furniture & Fittings at fair value	253	-	-	253
Total medical equipment at fair value	253	-	-	253
Linen at fair value				
Linen at fair value	279	-	-	279
Total linen at fair value	279	-	-	279
Total Assets at fair value	60,730	-	2,842	57,888

(i) Classified in accordance with fair value hierarchy, see Note 1.

(ii) Vehicles are categorised as Level 3 assets if the depreciated replacement cost is used in estimating the fair value.

There is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the ownership of the land.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 4.1: Property, Plant & Equipment (continued)

(d) Reconciliation of Level 3 fair value measurement

30 June 2020	Land	Building	Plant & Equipment	Furniture & Fittings	Linen
Opening Balance	3,491	47,767	7,531	253	279
- Additions/(Disposals)	-	3,378	566	-	355
Gains or Losses recognised in net result					
- Depreciation	-	(4,418)	(441)	(41)	(274)
Items recognised in other comprehensive income					
Closing Balance	3,491	46,727	7,656	212	360

There is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the ownership of the land.

30 June 2019	Land	Building	Plant & Equipment	Furniture & Fittings	Linen
Opening Balance	2,360	36,282	6,159	130	276
Additions/(Disposals)	-	1,698	2,425	158	273
Transfers between levels	820	504	-	-	-
Gains or Losses recognised in net result					
- Depreciation	-	(3,607)	(1,053)	(35)	(270)
Items recognised in other comprehensive income					
- Revaluation	311	12,890	-	-	-
Closing Balance	3,491	47,767	7,531	253	279

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 4.1: Property, Plant & Equipment (continued)

(e) Fair Value Determination

Asset Class	Likely Valuation Approach	Significant Inputs (Level 3 only)
Non-specialised land	Market Approach	n.a
Specialised Land (Crown/Freehold)	Market Approach	Community Service Obligations Adjustments (a)
Non- specialised buildings	Market Approach	n.a
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful Life
Vehicles	Depreciated replacement cost approach	- Cost per square metre - Useful Life
Plant and equipment	Depreciated replacement cost approach	- Cost per square metre - Useful Life
Infrastructure	Depreciated replacement cost approach	- Cost per square metre - Useful Life

(a) A Community Service Obligation (CSO) of 20% was applied to the health services specialised land classified in accordance with the fair value hierarchy.

Note 4.1: Property, Plant & Equipment (continued)

(f) Revaluation Surplus

	2020 \$'000	2019 \$'000
Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	57,620	43,825
Revaluation Increment		
- Land (refer note 4.2(b))	-	555
- Buildings	-	13,240
Balance at the end of the reporting period*	<u>57,620</u>	<u>57,620</u>
 *Represented by:		
- Land	3,491	3,491
- Buildings	54,129	54,129
	<u>57,620</u>	<u>57,620</u>

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 4.2: Depreciation

	2020 \$'000	2019 \$'000
Depreciation		
Buildings	4,784	3,962
Plant & Equipment:		
-Plant	234	163
-Transport	107	121
-Major Medical	621	554
-Computers and Communications	41	53
-Other Equipment	207	162
Furniture & Fittings	41	35
Linen	274	270
Amortisation of Leased Assets	693	-
Total Depreciation	7,002	5,320

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated.

Depreciation is generally calculated on a straight line basis, at rates that allocate the asset value, less any estimated residual value over its estimated useful life.

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

	2020	2019
Buildings		
- Structure Shell Building Fabric	1 - 50 years	1 - 50 years
- Site Engineering and Central Plant	1 - 36 years	1 - 36 years
Central Plant		
- Fit Out	1 - 20 years	1 - 20 years
- Trunk Reticulated Building Systems	1 - 22 years	1 - 22 years
Plant & Equipment	5 - 20 years	5 - 20 years
Furniture & Fittings	5 - 20 years	5 - 20 years
Leased Assets	5 - 10 years	5 - 10 years
Computers & Communication	3 - 5 years	3 - 5 years
Linen	1 - 5 years	1 - 5 years

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 5: Other assets and liabilities

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

Structure

5.1 Receivables and contract assets

5.2 Payables and contract liabilities

5.3 Other liabilities

5.4 Non-financial physical assets classified as held for sale including disposal groups and directly associated liabilities

Note 5.1 (a): Receivables and contract assets	2020 \$'000	2019 \$'000
Current		
Contractual		
Trade Debtors	388	513
Patient Fees	918	763
Accrued Revenue	172	533
Amounts receivable from governments and agencies	335	406
Accrued Revenue - Department of Health and Human Services	402	83
Less Allowance for Doubtful Debts		
Patient Fees	(43)	(76)
Trade Debtors	-	(1)
	<u>2,172</u>	<u>2,221</u>
Statutory		
GST Receivable	<u>265</u>	<u>211</u>
	<u>265</u>	<u>211</u>
Total Current Receivables	<u>2,437</u>	<u>2,432</u>
Non Current		
Statutory		
Long Service Leave - Department of Health and Human Services.	1,752	1,779
Total Non-Current Receivables	<u>1,752</u>	<u>1,779</u>
Total Receivables	<u>4,189</u>	<u>4,211</u>

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

Balance at beginning of year	77	70
Reversal of allowance written off during the year as uncollectable	(50)	(31)
Increase in allowance recognised in net result	<u>16</u>	<u>38</u>
Balance at end of year	<u>43</u>	<u>77</u>

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 5.1: Receivables continued

Receivables

Receivables consist of:

- Contractual receivables, which consist 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 cost. They are initially recognised at fair value plus any directly attributable transaction costs. Central Gippsland 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 include predominantly 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. Central Gippsland Health Service applies AASB9 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*.

Central Gippsland 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 Central Gippsland Health Service's contractual impairment losses

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 5.2: Payables and contract liabilities

		2020 \$'000	2019 \$'000
Current			
Contractual			
Trade Creditors		1,859	1,718
Accrued Salaries and Wages		1,479	2,666
Accrued Expenses		2,494	1,618
Amounts payable to governments and agencies		452	2,153
Contract Liability - Deferred grant revenue	5.2(a)	50	-
State Contract Liabilities		59	187
Commonwealth Contract Liabilities	5.2(b)	1,167	-
Other - Contract Liabilities	5.2(b)	386	1,019
		<u>7,946</u>	<u>9,361</u>
TOTAL CURRENT PAYABLES		<u>7,946</u>	<u>9,361</u>

Payables consist of:

- contractual payables, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Central Gippsland Health Service prior to the end of the financial year that are unpaid; and

- statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

Note 5.2 (a) Deferred capital grant revenue

	2020 \$,000
Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year	50
Grant consideration for capital works received during the year	-
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	-
Closing balance of deferred grant consideration received for capital works	50

Grant consideration was received for the Electronic Medical Record (EMR) project. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Central Gippsland Health Service satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred are used to recognise income because this most closely reflects progress to completion as costs are incurred and the works completed. (see note 2.1) As a result, Central Gippsland Health Service has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 5.2 (b) Contract Liabilities	2020 \$,000
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	1,019
Add: Payments received for performance obligations yet to be completed during the period	1,167
Add: Grant consideration for sufficiently specific performance obligations received during the year	(633)
Less: Revenue recognised in the reporting period for the completion of a performance obligation	-
Less: Grant revenue for sufficiently specific performance obligation works recognised consistent with the performance obligations met during the year	-
Total contract liabilities	1,553
Represented by	
Current contract liabilities	1,553
Non-current contract liabilities	-

Contract liabilities include consideration received in advance from customers in respect of homecare packages, maternal and child health programs, anaesthetics interns, family violence training, paid maternity leave and recallable grants. Invoices are raised once the goods and services are delivered/provided.

Note 5.3: Other Liabilities	2020 \$,000	2019 \$,000
Current		
Monies Held in Trust		
- Patient monies held in trust	-	11
- Refundable Accommodation Deposits	5,323	5,900
Other - Gippsland Health Alliance	-	1
Total Other Liabilities	5,323	5,912

* Total monies held in trust represented by the following assets:

Cash Assets	5,323	5,900
Investments and other financial assets	-	11
	5,323	-

Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

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

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 5.4 Non-Financial physical assets classified as held for sale

	2020 \$'000	2019 \$'000
Freehold land held for sale(i)	609	-
Total Non-financial physical assets classified as held for sale	609	-

(i) The Health Service intends to dispose of freehold land it no longer utilises in the next 10 months. The land was previously vacant land used as a storage site. A search is underway for a buyer. No impairment loss was recognised on reclassification of the freehold land as held for sale or at the end of the reporting period.

Non-financial physical assets are treated as current and are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable, the asset's sale is expected to be completed within 12 months from the date of classification, and the asset is available for immediate use in the current condition.

Non-financial physical assets classified as held for sale are treated as current and are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation or amortisation.

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

	Carrying Amount 2020 \$'000	Fair Value Measurement at end of Reporting period Using:		
		Level 1	Level 2	Level 3
Freehold land held for Sale (i)	609	-	609	-
Total Non-Financial Physical Assets Classified as Held for Sale	609	-	609	-

	Carrying Amount 2019 \$'000	Reporting period Using:		
		Level 1	Level 2	Level 3
Freehold land held for Sale (i)	-	-	-	-
Total Non-Financial Physical Assets Classified as Held for Sale	-	-	-	-

Classified in accordance with the fair value hierarchy.

(i) Freehold land held for sale is carried at fair value less costs to disposal.
Refer to note 4 for the valuation technique applied to non-specialised land.

CENTRAL GIPPSLAND HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 6: How we finance our operations

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

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

Structure

6.1 Borrowings

6.2 Cash & Cash equivalents

6.3 Commitments for expenditure

Note 6.1 Borrowings	2020 \$'000	2019 \$'000
Current		
Loans from Government (i)	311	311
Lease Liability (ii)	775	-
Total Current	1,086	311
Non-Current		
Loans from Government (i)	369	683
Lease Liability (ii)	1,560	-
Total Non-Current	1,929	683
Total Borrowings	3,015	994

(i) These are unsecured loans which bear no interest

(ii) Secured by the assets leased. Leases are effectively secured as the rights to the leased assets and revert to the lessor in the event of default.

Maturity analysis of borrowings

Please refer to Note 7.1(c) for the ageing analysis of borrowings.

Defaults and breaches

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 6.1 (b): Lease Liabilities

Repayments in relation to leases are payable as follows:

	Minimum Future Lease Payments		Present value of minimum future lease payments	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not later than one year	816	-	775	-
Later than 1 year and not later than 5 years	1,569	-	1,516	-
Later than 5 years	44	-	44	-
Minimum lease payments	2,429	-	2,335	-
Less future finance charges	(94)	-	-	-
Total	2,335	-	2,335	-
Included in the statements as:				
Current borrowings - lease liability	-	-	775	-
Non-current borrowings - Lease liability	-	-	1,560	-
Total	-	-	2,335	-

The weighted average interest rate implicit in the lease is 2.0%.

Leases

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

Central Gippsland Health Service's leasing activities

Central Gippsland Health Service has entered into leases related to medical equipment, motor vehicles, accommodation, and non-medical equipment.

For any new contracts entered into on or after 1 July 2019, Central Gippsland Health Service considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition Central Gippsland Health Service assesses whether the contract meets three key evaluations which are whether:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Central Gippsland Health Service and for which the supplier does not have substantive substitution rights;
- Central Gippsland Health Service has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Central Gippsland Health Service has the right to direct the use of the identified asset throughout the period of use; and
- Central Gippsland Health Service has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Separation of lease and non-lease components

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

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Central Gippsland Health Service's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

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

Lease Liability – subsequent measurement

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

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

Short-term leases and leases of low value assets

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

Below market/Peppercorn lease

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable Central Gippsland Health Service to further its objectives, are initially and subsequently measured at cost.

These right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

Presentation of right-of-use assets and lease liabilities

Central Gippsland Health Service presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet. Lease liabilities are presented as 'borrowings' in the balance sheet.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Recognition and measurement of leases (under AASB 117 until 30 June 2019)

In the comparative period, leases of property, plant and equipment were classified as either finance leases or operating leases.

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

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

Contingent rentals associated with finance leases were recognised as an expense in the period in which they are incurred.

Assets held under other leases were classified as operating leases and were not recognised in Central Gippsland Health Service's balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

The impact of initially applying AASB15 Revenue from Contracts with Customers and AASB 1058 Income of not-for-profit entities to Central Gippsland Health Service's grant revenue is described in Note 8.13. Under application of the modified retrospective transition method chosen in applying AASB 15 and AASB 1058 for the first time, comparative information has not been restated to reflect the new requirements. The adoption of AASB 15 and AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash flows for the financial year.

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

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

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

Borrowings

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

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

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Note 6.2: Cash and cash equivalents

	2020	2019
	\$'000	\$'000
Cash on Hand (excluding monies held in trust)	35	35
Cash at Bank - CBS	16,219	20,812
Total cash and cash equivalents	16,254	20,847

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 with an 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.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020****Note 6.3: Commitments for Expenditure**

	2020 \$'000	2019 \$'000
Capital Expenditure Commitments		
Less than 1 year	613	1,346
Total Capital Expenditure Commitments	<u>613</u>	<u>1,346</u>
Operating Expenditure Commitments		
Less than 1 year	-	747
Total Operating Expenditure Commitments	<u>-</u>	<u>747</u>
Non-Cancellable Operating Lease Commitments		
Less than 1 year	164	440
Longer than 1 year but not longer than 5 years	-	656
Total Non-cancellable Operating Lease Commitments	<u>164</u>	<u>1,096</u>
TOTAL COMMITMENTS (inclusive of GST)	<u>777</u>	<u>3,189</u>
Less GST recoverable from the Australian Tax Office	<u>(78)</u>	<u>(319)</u>
TOTAL COMMITMENTS (exclusive of GST)	<u>699</u>	<u>2,870</u>

All amounts shown in the commitments note are nominal amounts inclusive of GST.

Commitments

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 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.

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 7: Risks, contingencies & valuation uncertainties

Central Gippsland 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 Central Gippsland Health Services' 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) Categorisation of financial instruments

2020	Financial Assets at Fair Value through Net Result \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
Contractual Financial Assets			
Cash and cash equivalents 6.2	16,254	-	16,254
Receivables			
- Trade Debtors 5.1	388	-	388
- Other Receivables 5.1	1,382	-	1,382
Total Financial Assetsⁱ	18,024	-	18,024
Financial Liabilities			
Payables 5.2	7,946	-	7,946
Borrowings 6.1	-	2,335	2,335
Other Financial Liabilities			-
- Accommodation bonds 5.3	5,323	-	5,323
Loan from DHHS 6.1	-	680	680
Total Financial Liabilitiesⁱ	13,269	3,015	16,284

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 7.1: Financial Instruments continued

(a) Categorisation of financial instruments continued

2019		Contractual Financial assets - Loans and Receivables \$'000	Contractual Financial Liabilities at Amortised Costs \$'000	Total \$'000
Contractual Financial				
Cash and cash	6.2	20,847	-	20,847
Receivables				
- Trade Debtors	5.1	1,535	-	1,535
- Other Receivables	5.1	686	-	686
Total Financial Assetsⁱ		23,068	-	23,068
Financial Liabilities				
Payables	5.2	8,155	-	8,155
Other Financial Liabilities				
- Accommodation bonds	5.3	5,900	-	5,900
- Other	5.3	11	-	11
Advance from DHHS	6.1	-	994	994
Total Financial Liabilitiesⁱ		14,066	994	15,060

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

Central Gippsland 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.

Financial assets at amortised cost

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

- the assets are held by Central Gippsland Health Service to collect 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 effective method less any impairment.

The Department recognises the following assets in this category:

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Categories of financial liabilities

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in the Central Gippsland Health Service's own credit risk. In this case, the portion of the change attributable to changes in Central Gippsland Health Service's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised. Central Gippsland Health Service recognises some debt securities that are held for trading in this category and designated certain debt securities as fair value through net result in this category.

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

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

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which a derivative contract is entered into. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.

Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Central Gippsland Health Service has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Central Gippsland Health Service does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

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
- Central Gippsland 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
- Central Gippsland Health Service has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset; or
 - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

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

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

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

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 7.1 (b): Maturity analysis of Financial Liabilities as at 30 June 2020

The following table discloses the contractual maturity analysis for Central Gippsland Health Service's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

	Note	Carrying Amount	Maturity Dates		
			Nominal Amount	3 months - 1 year	1 - 5 years
			\$'000	\$'000	\$'000
2020					
Financial Liabilities					
At amortised cost					
Payables	5.2	7,946	7,946	7,946	-
Borrowings	6.1	2,429	2,429	1,127	1,613
- Accommodation Deposits	5.3	5,323	5,323	1,295	4,028
Total Financial Liabilities		15,698	15,698	10,368	5,641
2019					
Financial Liabilities					
At amortised cost					
Payables		8,155	8,155	8,155	-
Borrowings		682	682	311	371
Other financial liabilities		11	11	11	-
- Accommodation Deposits		5,900	5,900	1,295	4,605
Total Financial Liabilities		14,748	14,748	9,772	4,976

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 7.1 (c): Contractual receivables at amortised costs

30-Jun-19	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate	1%	1%	1%	2%	5%	10%
Gross carrying amount of contractual receivables	2,215	103	49	95	77	2,539
Loss Allowance	8	12	12	11	34	77

30-Jun-20	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Expected loss rate	1%	1%	1%	1%	5%	9%
Gross carrying amount of contractual receivables	1,813	112	53	103	84	2,165
Loss Allowance	8	2	3	5	25	43

Impairment of financial assets under AASB 9 *Financial Instruments*

Central Gippsland Health Service records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 Financial Instruments 'Expected Credit Loss' approach. Subject to AASB 9 Financial Instruments, impairment assessment includes the Central Gippsland 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 Central Gippsland 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 Central Gippsland Health Service has grouped contractual receivables on shared credit risk characteristics and days past due and selects 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 Central Gippsland Health Service determines the opening loss allowance and the closing loss allowance at end of the financial year as disclosed above.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Reconciliation of movement in the loss allowance for contractual receivables

	2020 \$'000	2019 \$'000
Balance at the beginning of the year	77	70
Opening retained earnings adjusted on adoption of AASB 9		
Opening Loss Allowance	77	70
Increase in provision recognised in the net result	16	38
Reversal of provision of receivables written off during the year as uncollectable	(50)	(31)
Balance at end of the year	43	77

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 are written off by mutual consent.

Statutory receivables and debt investments at amortised cost

The Central Gippsland 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 Central Gippsland Health Service also has investments in:

- cash and deposits

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

Note 7.2: Contingent Assets and Contingent Liabilities

Central Gippsland Health Service has no contingent assets or contingent liabilities as at reporting date.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020****Note 8: Other disclosures**

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

Structure

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

	2020 \$'000	2019 \$'000
Net Result for the Year	(4,820)	(2,773)
Non-Cash Movements:		
Depreciation and Amortisation	7,002	5,320
Provision for Doubtful Debts	16	38
Resources and Assets Provided Free of Charge	(176)	-
Resources and Assets Received Free of Charge	176	-
Revaluation of Long Service Leave	122	-
Discount expense on loan	4	-
Adjustment capital contribution	(44)	-
Lease Interest Expense	45	-
Movements included in Investing and Financing Activities:		
Net Profit from sale of Plant and Equipment	(33)	(12)
Less cash (inflow) from investing and financing activities	(468)	-
Change in Operating Assets and Liabilities		
(Decrease)/Increase in Payables	(1,415)	1,894
Decrease in Other Liabilities	-	(259)
Increase in Employee Benefits	1,412	1,795
Decrease in Other Assets	4	51
(Increase)/Decrease in Inventories	(68)	13
Decrease/(Increase) in Receivables	20	(236)
Net Cash Inflow from Operating Activities	<u>1,777</u>	<u>5,831</u>

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

8.2 Responsible persons disclosure

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

Responsible Minister	Period
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	1/07/2019 - 30/06/2020
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers.	1/07/2019 - 30/06/2020
Governing Boards	
Tony Anderson (Chairperson)	1/07/2019 - 30/06/2020
Lesley Fairhall	1/07/2019 - 30/06/2020
Jenny Dempster	1/07/2019 - 30/06/2020
Louise McMahon	1/07/2019 - 30/06/2020
Jim Vivian (Vice Chairperson)	1/07/2019 - 30/06/2020
Abbas Khambati	1/07/2019 - 30/06/2020
Glenys Butler	1/07/2019 - 30/06/2020
Faith Page	1/07/2019 - 30/06/2020
Kumar Visvanathan	1/07/2019 - 30/06/2020
Peter 'Gerry' Watts	1/07/2019 - 30/06/2020
Lauren Carey	1/07/2019 - 30/06/2020
Accountable Officers	
Frank Evans (Chief Executive Officer)	1/07/2019 - 30/06/2020

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020****Note 8.2 Responsible Persons Disclosure continued.****Remuneration of Responsible Persons**

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

Income	2020 No.	2019 No.
\$10,000 - \$19,999	10	9
\$20,000 - \$29,999	1	-
\$310,000 - \$319,999	1	1
Total Numbers	12	10
	2020 \$'000	2019 \$'000
Total remuneration received or due and receivable by Responsible Persons from reporting entity amounted to:	484	445

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in Central Gippsland Health Service's controlled entities financial statements

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 8.3: Remuneration of Executives

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

Remuneration of Executive Officers (excluding Key Management Personnel Disclosed in Note 8.4)	Total Remuneration	
	2020	2019
	\$'000	\$'000
Short-term Benefits	1,148	1,271
Post-employment Benefits	109	119
Other Long-term Benefits	-	70
Total Remuneration i	1,257	1,460
Total Number of Executives	6	8
Total Annualised Employee Equivalent ii	5.4	6.4

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

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

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

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

Short-term Employee Benefits

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

Post-employment Benefits

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

Other Long-term Benefits

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 8.3 Remuneration of Executives continued

Termination Benefits

Termination of employment payments, such as severance packages.

Other factors

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed and renegotiated and a number of executive officers resigned in the past year. This has had a significant impact on remuneration figures for the termination benefits category.

Note 8.4 Related parties

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

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

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

The Board of Directors and the Executive Directors of Central Gippsland Health Service and its controlled entities are deemed to be KMPs.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 8.4 Related parties continued

Key Management Personnel of Central Gippsland Health Service

KMPs	Position Title
Mr Tony Anderson	Chair of the Board
Ms Louise McMahon	Board Member
Ms Lesley Fairhall	Board Member
Ms Jenny Dempster	Board Member
Mr Jim Vivian	Vice Chair of the Board
Mr Abbas Khambati	Board Member
Ms Faith Page	Board Member
Ms Glenys Butler	Board Member
Mr Kumar Visvanathan	Board Member
Ms Lauren Carey	Board Member
Mr Peter 'Gerry' Watts	Board Member
Mr Frank Evans	Chief Executive Officer
Ms Amanda Pusicans	Executive Director of Nursing
	Executive Director of Aged And Ambulatory Care
Mr Paul Head	Executive Director Medical Services
Ms Suhan Baskar (resigned 26/08/2019)	Executive Director Medical Services
Mr Harvey Lee (from 13/04/2020)	Executive Director Clinical Governance and Medical Operations
Ms Kelli Mitchener	Executive Director Workforce Planning and Development
Ms Suzanne Askew	Executive Director Corporate Services
Ms Cherie Campbell	

The compensation detailed below is reported in \$'000 and 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 - KMPs	2020 \$'000	2019 \$'000
Short-term Employee Benefits iii	1,632	1,716
Post-employment Benefits iii	109	119
Other Long-term Benefits iii	-	70
Total i	<u>1,741</u>	<u>1,905</u>

i KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

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

iii 2019 figures have been restated to include remuneration of executive officers reported in Note 8.3.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 8.4 Related Parties continued.

Significant transactions with Government Related Entities

The Central Gippsland Health Service received funding from the Department of Health and Human Services of \$73.9M (2019: \$67.8M).

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

Professional medical indemnity insurance and other insurance products are obtained from a Victorian Public Financial Corporation.

The Standing Directions of the Assistant Treasurer require Central Gippsland Health 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.

During the year Central Gippsland Health Service had the following government-related entity transactions:

Entity	Revenue		Expenditure	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Latrobe Regional Health Service	2,103	1,719	1,430	628
Gippsland Health Alliance	-	-	1,358	1,250
Dental Health Services Victoria	1,076	897	51	35
Ambulance Victoria	95	69	1,089	1,006
Gippsland Southern Health Service	287	254		-
Department of Health & Human Services	96	-	14	-
Omeo District Health Service	26	22	-	-
Orbost Regional Health Service	59	62	-	-
South Gippsland Hospital	65	3	-	-
Victoria Police	32	33	-	-
Yarram District Health Service	47	48	66	56
Bairnsdale Regional Health Service	657	448	37	4
Alfred Health	4	-	148	87
Total	4,547	3,556	4,193	3,066

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

The following related party transactions remain outstanding.

	Receivable		Payable	
	2020	2019	2020	2019
Latrobe Regional Health Service	190	294	12	239
Bairnsdale Regional Health Service	50	-	-	-
Gippsland Southern Health Service	25	-	-	-
Department of Health & Human Services	30	-	-	-
Ambulance Victoria	7	-	74	96
Total	302	294	86	335

Transactions with KMPs and Other Related Parties

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

Outside of normal citizen type transactions with the Department of Health and Human Services, there were no related party transactions that involved key management personnel and their close family members. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluating decisions about the allocation of scarce resources.

There were no related party transactions required to be disclosed for Central Gippsland Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2020.

Controlled Entities Related Party Transactions

Frank Evans is the Chair of the Gippsland Health Alliance Steering Committee. He held this position for the full financial year.

The transactions between the two entities relate to payments made by Central Gippsland Health Service to Gippsland Health Alliance for goods and services and the transfer of funds by way of distributions made to the health service. All dealings are in the normal course of business and are on normal commercial terms and conditions.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020****Note 8.5: Remuneration of Auditors**

	Consolidated	
	2020	2019
	\$,000's	\$,000's
Victorian Auditor-Generals Office		
Audit or review of financial statements	42	41
Other Providers		
Internal Audit	133	16
	<u>175</u>	<u>56</u>

Note 8.6: Events occurring after balance date

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Central Gippsland Health Service at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Central Gippsland Health Service, its operations, future results and financial position. The State of Emergency in Victoria was extended on 11 October 2020 until 8 November 2020 and the State of Disaster is still in place.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Central Gippsland Health Service, the results of the operations or the state of affairs of Central Gippsland Health Service in the future financial years.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 8.7: Jointly Controlled Operations

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest (%)	
			2020	2019
Gippsland Health Alliance (GHA)	Information Technology	Australia	13.04	12.89

Central Gippsland Health Service's interest in the above jointly controlled operations are detailed below. The amounts are included in the consolidated financial statements under the respective categories:

	2020 \$'000 *	2019 \$'000 *
Current Assets		
Cash and cash equivalents	798	1,016
Receivables	110	213
Other Current assets	444	520
Total Current Assets	1,352	1,749
Non-Current Assets		
Property, Plant and Equipment	109	24
Total Non-Current Assets	109	24
Share of Total Assets	1,461	1,773
Current Liabilities		
Other Current Liabilities	160	-
Total Current Liabilities	160	-
Share of Total Liabilities	160	-
Net Assets	1,301	1,773
Operating Revenue		
GHA Revenue	2,260	1,770
Total Operating Revenue	2,260	1,770
Operating Expenses		
GHA Expenses	2,578	1,716
Total Operating Expenses	2,578	1,716
Net Operating Result	(318)	54
Capital Expenditure		
Depreciation	28	4
Total Capital Expenditure	28	4
Net Result	(346)	50

* Figures obtained from audited Gippsland Health Alliance annual report.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Note 8.7: Jointly Controlled Operations Continued

Contingent Liabilities and Capital Commitments

Central Gippsland Health Service and Gippsland Health Alliance have entered an agreement to implement an Electronic Medical Record (EMR) in the 2020/21 financial year.

Note 8.8: Economic dependency

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

Note 8.9: Changes in accounting policy and revision of estimates

Changes in accounting policy

Leases

This note explains the impact of the adoption of AASB 16 Leases on Central Gippsland Health Service's financial statements.

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

Previously, Central Gippsland Health Service determined at contract inception whether an arrangement was or contained a lease under AASB 117 and Interpretation 4 – 'Determining whether an arrangement contains a Lease'.

Under AASB 16, Central Gippsland Health Service has assessed whether a contract is or contains a lease based on the definition of a lease as explained in note 6.1.

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Leases classified as operating leases under AASB 117

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

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

Central Gippsland Health Service has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contained options to extend or terminate the lease.

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

Leases as a Lessor

Central Gippsland Health Service is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor. Central Gippsland Health Service accounted for its leases in accordance with AASB 16 from the date of initial application.

Impacts on financial statements

On transition to AASB 16, Central Gippsland Health Service recognised \$2,852,461 of right-of-use assets and \$2,852,461 of lease liabilities.

When measuring lease liabilities, Central Gippsland Health Service discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 2%.

	\$'000
Total Operating lease commitments disclosed at 30 June 2019	1,096
Discounted using the incremental borrowing rate at 1 July 2019	(191)
Extension Options included in calculation	1,947
Finance lease liabilities as at 30 June 2020	-
Recognition exemption for:	
Short-term leases	-
Leases of low-value assets	-
Lease liabilities recognised at 1 July 2019	<u>2,852</u>

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Revenue from Contracts with Customers

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

Comparative information has not been restated.

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

Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, Central Gippsland Health Service has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Employing the transition method, Central Gippsland Health Service has applied the standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

Note 2.1.2 – Grants includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions.

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

Transition impact on financial statements.

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 *Revenue from Contracts with Customers*;
- AASB 1058 *Income of Not-for-Profit Entities* ; and
- AASB 16 *Leases*

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Impact on Balance Sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards (AASB 15 and AASB 16) at 1 July 2019:

Balance sheet	Notes	Before new accounting standards Opening 1 July 2019 \$'000	Impact of new accounting standards - AASB 16, 15 & 1058 \$'000	After new accounting standards Opening 1 July 2019 \$'000
Property, Plant and Equipment	4.2	60,730	2,081	61,337
Total Assets		60,730	2,081	61,337
Contract Liabilities	5.2 (b)	187	1,039	1,226
Borrowings	6.1	994	2,081	3,075
Total Liabilities		1,181	3,120	4,301
Accumulated surplus/(deficit)	6.2	(38,826)	(38,826)	(38,826)
Physical Revaluation Surplus		57,620	-	57,620
Other items in equity		35,615	-	35,615
Total Equity		54,409	-	38,826
				54,409

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020****Note 8.10: AASB's issues that are not yet effective**

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

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

Standard/ Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 17 Insurance Contracts	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard currently does not apply to the not-for-profit public sector entities.	1 Jan 2021	The assessment has indicated that there will be no significant impact for the public sector.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020**

Standard/ Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
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.	1 Jan 2020	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non- Current	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.



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