



**CENTRAL
GIPPSLAND
HEALTH**

Annual Report
2019



Central Gippsland Health Service



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 an immediate 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 the immediate population of 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 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. Residential aged care services are provided at Sale and Maffra.

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 our clients 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	17,057
Inpatient services	12,414
Mothers delivered	386
Community Services hours of service	126,195
Non-admitted Subacute and Specialist Outpatient Clinic Service Events	34,100

People

706 Full Time Equivalent employees
1036 people employed, including casual, part-time and full-time active employees at 30 June, 2019.

Assets and Revenue

\$54,409m in net assets
\$48,117m in buildings
\$7,531m in plant and equipment
\$101,782m in revenue

Report by the Chair, Board of Management



With the 2019 financial year now drawn to a close, this annual report offers us all a moment in time to reflect on the importance of providing a strong and committed health service for our community.

I take great pleasure in commending the efforts of everyone who has contributed to CGHS during this time, be it as an employee, supplier, volunteer or patient. You are all part of the team when it comes to supporting a healthier community.

The past 12 months have seen the Board of Management lead the development of a new five-year Strategic Plan. The planning process enabled us to revisit and reaffirm our vision, mission and values. These are outlined on the inside cover of this annual report and I encourage you to consider them as they provide guidance to the choices that we all make in governing CGHS.

The plan itself builds on 4 pillars:

1. Strengthening access to core services

Our community will benefit from a highly networked, technology enabled system that will give people access to services as close to home as is safe and appropriate.

2. Taking a Partnerships Approach

Improve access to services.

3. Adjusting to an older population

More services will be community and home based.

4. Investing in our people

We will have a highly talented, skilled, supported and happy workforce.

Our Strategic Plan supports the decisions and prioritisation of resources over the next five years and draws heavily on the CGHS Health Plan 2012 – 2022 which investigates many of the demographic changes shaping the health needs of our community.

Our management team has delivered several exciting projects this year. A few of particular note include:

- Commencement of a comprehensive refurbishment of our special care nursery;
- Significant refurbishment of Wilson Lodge residential aged care facility;
- Completion of the second stage of our solar power project seeing 2,500 solar panels attached to the roof of Sale Hospital and Wilson Lodge, producing 3,738,716 kwh with potential savings of \$146,809 per annum; and
- Refurbishment of the cafeteria and kiosk at the Sale campus, serving our community healthier dietary choices, supported by a kind donation from the John Leslie Foundation.

We are also nearing completion on our \$4.2 million theatre, enabling us to provide orthopaedic surgical services to our local community. This is a very exciting achievement as this development will enable us to provide better outcomes to our local community by reducing the need to travel outside our local region for this type of surgery.

It is also with the greatest excitement that we have secured funding, again with the kind support of the John Leslie Foundation and Graham Flint Estate, to commence the development of a new accommodation precinct on Palmerston Street for our medical staff. This is a major project for CGHS which will solve a need which has been growing for many years.

With the financial results showing a small surplus, I would like to thank all of our team who strive to provide the best possible care in the most efficient manner to ensure that the service maintains a sustainable footing, supporting our ambition to do more for our communities' health and wellbeing.

I would like to thank my fellow Board members for their ongoing commitment to CGHS. On their behalf, I also thank our Chief Executive Officer, Dr Frank Evans, his Executive team and the staff of our health service for the ongoing, high quality care that 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 2019.



*Tony Anderson
Responsible Officer, Central Gippsland Health Service
30 June 2019*

Chief Executive Officer's Report



The last 12 months have seen Central Gippsland Health Service (CGHS) continue its focus on patient and staff health and wellbeing.

Although we are operating in a challenging environment, I am proud of our continuous improvement approach to managing feedback, putting a high value on excellent customer service and patient advocacy, and ensuring that our patients' experience of CGHS is the best person-centred care we can provide.

The Central Gippsland Health Network is growing stronger each year. Together with our three independently governed health services – Stretton Park Inc., Heyfield Hospital Inc. and Central Gippsland Health Service – we are providing a broad spectrum of services, spanning hospital care, aged care and community services. We want everyone in our community, including our staff and patients, to feel valued and included. Supporting us in our efforts are our Community Liaison Group, our Aboriginal and Torres Strait Islander Advisory Committee and our Lesbian, Gay, Bisexual, Transgender and Intersex Committee.

We know every organisation must continue to improve and we must continue to build on the strong foundations across our network.

This continued improvement includes providing infrastructure to meet everyone's needs. We have a number of significant projects either underway or planned.

Our new \$4.2 million theatre, which will allow for major orthopaedic surgery, will be finished by the end of 2019. This will mean local people won't have to travel out of the area for surgery and can also receive their post-surgery care and rehabilitation locally.

The Surgical Unit is undergoing an upgrade with larger bathrooms in two rooms which will benefit all patients, but particularly those who have undergone a hip or knee replacement.

Plans for the new Special Care Nursery will see a complete refurbishment incorporating four individual cubicles for neonates, a dedicated resuscitation area and enhanced work spaces for staff.

Wilson Lodge, the JHF McDonald Wing at Maffra and Laurina Lodge at Heyfield have all undergone major refurbishments. Staff and residents have been involved in the design process to ensure we continue to provide quality care to our ageing population.

Maffra District Hospital master planning has been approved by the Department of Health and Human Services and we are working with the department to appoint a consultant.

The financial challenges for our service continue and we have responded very well, posting a modest surplus to budget this year. We have worked with the Department of Health and Human Services to reassess and realign funding based on the operational requirements of our Emergency Department and we have been successful in our efforts to increase the number of surgical patients we treat. Nursing managers and their teams have worked very hard to reduce costs when the health service has had fewer patients.

All this means that we can continue to invest in the future of the health service and provide services that will deliver the greatest benefit for our community. Having financial resources is not an end in itself, it is the means to help us achieve our strategic and service delivery objectives.

This year we have developed a new Strategic Plan, and the Board has very generously encouraged consumer, staff and broad stakeholder involvement in the planning process. It is an excellent document that when operationalized will secure a sound future for the health service and improve health outcomes for the community.

It is through our commitment to good leadership and best practice in everything we do that we can deliver high quality, patient-focused services.

We acknowledge that in an increasingly challenging environment, we must strive to be the best that we can. This is why we are continually reviewing what we do and how we can do it better.

This has only been possible through the dedication, great effort and outstanding work of our Board, staff and volunteers that we have achieved so much this year.

Thank you.

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke at the end.

Frank Evans

Chief Executive Officer, Central Gippsland Health Service



Strategic Plan Summary

Key Areas and Objectives

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

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

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 directed by the CGHS 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 and provides comprehensive reports relating to quality improvement and innovation which are presented to the Board of Management on a monthly basis.

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

These improvements are recognised through our quarterly Quality Improvement Showcases. Each area presents innovative ideas and improvements they have made in their area. This allows us all to see what other departments are doing and offers a chance to share knowledge and acknowledge efforts.

Current Accreditation Status

CGHS (including Dental Services) is currently accredited against the 10 National Safety and Quality Health Service Standards. All core and developmental items were met at the organisation wide survey in September 2016. Our next organisation wide survey will be conducted in August 2019.

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

Aged care facilities Laurina Lodge, Wilson Lodge, Stretton Park and J.H.F. McDonald Wing hold current Aged Care Accreditation, meeting all 44 outcomes when assessed against the Aged Care Accreditation standards in 2018.



Consumer, carer and community participation

The CGHS Consumer and Community networks continue to assist us in improving our provision of services to best meet the needs of the community.

CGHS has three Consumer and Community Networks, the *Community Liaison Group (CLG)* which meets on a monthly basis; the *Aboriginal and Torres Strait Islander Advisory Committee*, and the *Rosedale Community Health Centre Advisory Committee* which meet bi-monthly. These networks are chaired and vice-chaired by community members and receive secretariat support from the CGHS Consumer Network and Volunteer Support Officer. Consumer and Community Network meetings are attended by Executive members of the health service.

During 2018–19, the *CLG and former CGHS Chronic Disease and Disability Network* amalgamated, enabling the CLG to be more representative of the Wellington Shire. The CLG has Board representation at each meeting and is the key consumer and community advisory group for CGHS, responsible to the Board and supporting other consumer groups, such as our Sale and District Cancer Support Group.

During 2018–19, members of the CLG provided oversight of the process for gaining community feedback on the draft CGHS Strategic Plan 2019–22. Additionally, CLG members assist in the development and implementation of appropriate consumer and community participation strategies, such as identifying and understanding community health needs; development and review of CGHS policies, procedures and programming; continuous quality improvement; and quality accreditation activities.



The CGHS 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. Five totem poles have been erected in the garden quadrant of the hospital grounds, depicting the five clans of the Gunai Kurnai peoples. Additionally, shields of the five clans of the Gunai Kurnai people are on display on the pylons in front of Sale Hospital. The committee has overseen the development of CGHS's inaugural Reconciliation Action Plan. This year CGHS celebrated its tenth flag raising ceremony to mark NAIDOC Week.

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 the CGHS Quality Committee which is a sub-committee of the Board of Management.

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. Carers' luncheons occur on a monthly basis, enabling carers to come together, have fun and support others who take on a caring role. Carers may be identified in a number of ways, including through the care coordination process.

Carer diversity has been addressed through the Care Coordination process and 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.

Governance

Central Gippsland Health Service is a Body Corporate listed in the Victorian Health Services Act 1988 and operates under the provisions of this Act.

The Ministers responsible for the administration of the Victorian Health Services Act during the reporting period were:

Jill Hennessy MP, Minister for Health and Minister for Ambulance Services (until 29 November 2018)

Jenny Mikakos MP, Minister for Health and Minister for Ambulance Services (from 29 November 2018).

The registered office of Central Gippsland Health Service is 155 Guthridge Parade, Sale, 3850. Telephone (03) 5143 8600.

Powered by solar

Heralded as the largest solar panel installation project on any hospital in Australia, Central Gippsland Health Service (CGHS) in Sale is now being powered by more than 2,200 solar panels.

The extensive solar array has won the praise of Victorian Premier, Daniel Andrews, who has featured the project heavily on his social media accounts. Welcoming Australians to the future, the Premier hoped this impressive solar farm would set a precedent for hospitals nationally where they could comfortably rely on solar power to operate effectively.

For CGHS, the solar panels will reduce annual carbon emissions by 3500 tonnes, 961 tonnes of greenhouse gas emissions and after three and a half years, is expected to save the Sale Hospital around \$250,000 a year in electricity bills.

In 2017, Gippsland Solar was contracted by CGHS to install a 260kW system on the roof of the Sale Hospital and a 70kW system on the Wilson Lodge Aged Care Facility next door.

This Gippsland Solar team finished the installation in December 2018 that includes eight inverters with full remote monitoring and email alerts in the unlikely event of a system failure.

CGHS Chief Executive Officer (CEO), Frank Evans, said it was estimated solar would account for 33 per cent of power usage at the adjoining Wilson Lodge and 11 per cent of Sale Hospital's usage.

"To put it in context, the Sale Hospital system is 1.5 times the size of the Bendigo Hospital system, which is pretty impressive when you compare the population of these two regional cities," Mr Evans explained.

"It was a mammoth project and both Gippsland Solar and CGHS need to be commended for managing to deliver this project in challenging circumstances like adhering to quiet times during theatre operations, managing the power shutdown within CGHS guidelines and commissioning after hours."

Mr Evans said the transition to solar energy had been smooth with no noticeable differences in the way both Sale Hospital and Wilson Lodge were being operated.

"It's a credit to modern technology and the intricate systems in place that allow a major healthcare facility to transition from electricity to solar power without any interruptions to operations," he said.



Board of Management



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 in 2004. Prior to moving back to Sale, Tony spent six years with the National Australia Bank in various locations across Australia, finally working in its head office in the position of Manager of Sales and Marketing for the agribusiness Division. Tony holds a Bachelor of Business (Agribusiness) and a Graduate Diploma in Applied Finance and Investment.

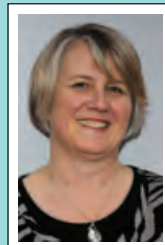
Born and raised in Sale, Tony has a strong affinity with the local community and is driven by a desire for it to benefit from the best possible health services that can be provided.



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.



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.



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.



Abbas Khambati:

With over 15 years senior and executive management experience within the public and private sectors, Abbas is an experienced director providing and leading

business support functions at Monash Health. He is an experienced board director within not-for-profits and represents Regional Health Services as a board member with the Victorian Healthcare Association. His experience and skillset include leadership, governance, risk management and delivery of financial improvement initiatives. As a graduate with the Institute of Company Directors, Chartered Accountant and with a Masters in Health Services Management, Abbas's strategic and analytical thinking, business and negotiation skills, risk analysis and management experience is a great asset to the Board.



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.

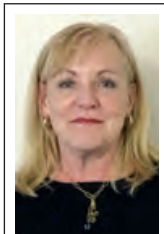
He is currently the Deputy Chair of Medicine at the University of Melbourne (Eastern Hill Campus), Co-Director of the Immunology Research Centre at St Vincent's Hospital (Melbourne) as well as a Senior Infectious Diseases Physician at St Vincent's Hospital. Following his medical undergraduate degree 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.



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 in 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.



Faith Page:

Faith is a graduate of the Australian Institute of Company Directors and is currently employed at South Gippsland Shire Council as Director of Corporate and

Community Services. Prior to joining council, Faith had a long and successful career in consulting with global professional services firms IBM, Deloitte and Ernst & Young (EY). Her most recent role was Advisory Partner with EY after being admitted to the partnership in 2000. Faith has extensive experience in Executive Management, Cyber, Technology, Operational and Project Risk Management, Digital Strategy and Transformation, Governance, Assurance and Regulatory Compliance with bachelor's degrees in Economics and Computer Science.



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.

Executive Staff as at 30 June 2019

Chief Executive Officer:	Dr Frank Evans
Director Medical Services:	Dr Suhan Baskar
Director of Nursing (Sale Hospital):	Ms Mandy Pusmucans
Director Aged and Ambulatory Services:	Mr Paul Head
Director Workforce Development and Planning:	Ms Suzanne Askew
Director Clinical Governance and Medical Operations:	Ms Kelli Mitchener
Director Corporate Services:	Ms Cherie Campbell

Solicitors: Ms Lucy Hunter, Latrobe Regional Hospital, Legal Counsel

Banker: National Australia Bank Limited

Risk & 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 and 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 and Medical Operations).

Workforce

Labour Category	June Current Month EFT		Average Month EFT	
	2018	2019	2018	2019
Administration and Clerical	98	101	93	99
Ancillary Staff (Allied Health)	55	49	48	53
Hospital Medical Officers	26	25	25	24
Hotel and Allied Services	144	148	148	149
Medical Officers	16	20	15	18
Medical Support	41	42	47	40
Nursing	261	257	256	256
Sessional Clinicians	N/A	N/A	N/A	N/A
Total	641	642	632	639
Labour Category	June Current Month EFT		Average Month EFT	
	2018	2019	2018	2019
Central Gippsland Health Service	641	642	632	639
Heyfield Hospital	38	38	37	37
Stretton Park	27	24	26	25
Total EFT for the Whole Network	706	704	695	701

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 and Safety

	2016-17	2017-18	2018-19
1. Number of reported hazard/incidents for the year per 100 EFT staff members	21.54	22.25	18.68
2. Number of 'lost time' standard claims for the year per 100 EFT staff members	1.71	2.99	0.99
3. Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	\$101,455	\$99,861	\$40,166
4. Minimum of two prior years' data on these indicators and explanations for significant variations from one year to the next	1 claim totalling approximately \$1m of incurred costs	1 claim totalling approximately \$1m of incurred costs	Highest cost of any one claim under \$200,000
5. In the event of a fatality, a discussion of the circumstances that led to the fatality and the preventive measures that have been taken to prevent recurrence. If the fatality is under investigation or subject to inquiry, a statement to that effect shall be included.	N/A	N/A	N/A

Occupational Violence

	2018 -2019
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	60
Number of occupational violence incidents reported per 100 FTE	8.56
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0.7132

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 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

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 & 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

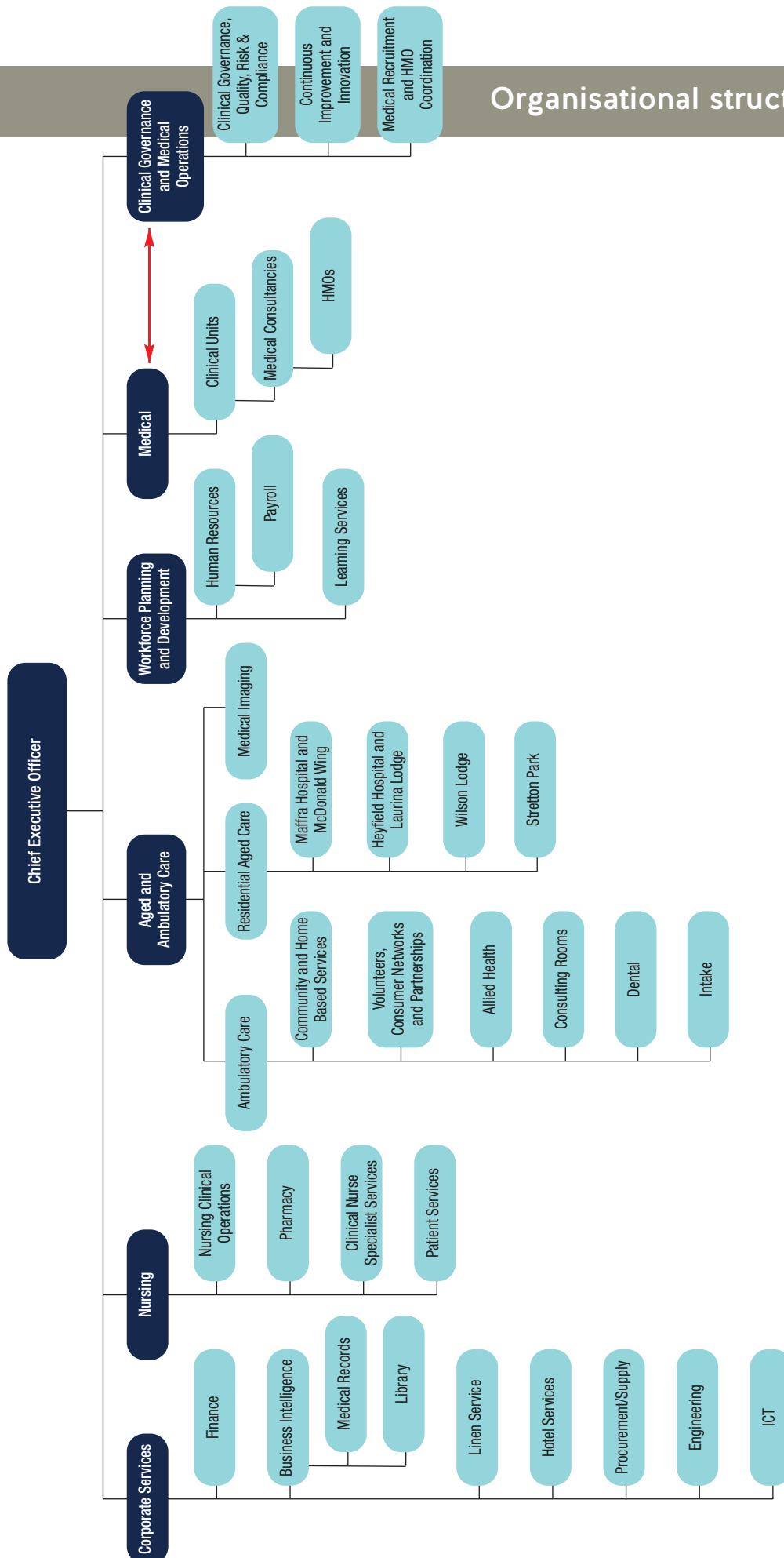
Administration

Strategic Planning
Fundraising
Quality & Risk Management

Business Units

Medical Imaging
Linen Service
Consulting Suites

Organisational structure



Community at the forefront of kindness week

Central Gippsland Health Service (CGHS) invited the community to get involved in its second Gathering of Kindness (GoK) Week which put kindness at the forefront of healthcare.

GoK Week was held from 12 – 16 November with activities across all CGH campuses, culminating in a full day of inspiring presenters to close the week off. The week featured as a highlight during CGHS's annual WELLvember event, which started on 1 November.

GoK addresses bullying and negativity within the health workforce by building, nurturing and instilling a culture of kindness throughout the healthcare system.

With the theme, *Kindness Works Here – Be part of ensuring that kindness is at the forefront of healthcare*, CGHS invited the community to be a part of the solution.

"We all know that we need to change the conversation between the patient and their families, carers and health service professionals," CGHS Chief Executive Officer (CEO), Frank Evans, said.

"Let's talk about a kinder health system and how we may get there. Gathering of Kindness Week is about being part of the solution and continuing the conversation. Kindness starts with all of us."

GoK was created in 2015 by Mary Freer and Dr Catherine Crook of the Hush Foundation – an organisation that aims to reduce stress and anxiety for children and their families in hospital.

The appetite for this positive approach to better relationships in healthcare and beyond grew rapidly and CGHS joined forces with the Hush Foundation for the 2017 GoK Week.

CGHSGoK Week key organiser, Kelli Mitchener, said the event brought together people from inside and outside the healthcare sector who shared the same vision of a healthcare system where kindness, trust and respect were the fundamental components.

"Kindness is not just good for patients, it's also good for healthcare workers who communicate better and make fewer mistakes when they listen empathically to each other," she explained.

"Gathering of Kindness Week at CGHS is an opportunity for our community members to interact with many other inspiring people who will come together to re-imagine, not only a healthcare system, but a world that has kindness at its core."



Support Groups

Friends of Central Gippsland Health Service

It is my great pleasure to report on the last year's activities and our fundraising efforts on behalf of Central Gippsland Health Service, ably supported by many of our local community organisations, including Sale Greyhounds, Lions Club and IGA Sale.

We held a number of raffles throughout the year including our ever popular Father's Day and Easter Raffles, and continued our traditional Christmas Wrapping stall in the shopping centre.

In 2018, we purchased a high back commode chair and vital signs monitors for the Medical Ward and three respiratory monitors, a jaundice monitor and portable bath for the Women's & Children's Unit.

In the second half of 2019, we will be funding the purchase of an Electrocardiogram (ECG) module for the Critical Care Unit, three pressure mattresses for the Surgical Ward and two recovery chairs/recliners for the Day Procedure Unit.

Thank you again to our faithful members, office bearers, volunteers and the community for your ongoing support.

*Elva Doolan-Jones
President.*

Maffra Hospital Auxiliary

I have much pleasure in reporting on another successful year for the Maffra Hospital Auxiliary. As it has done for more than 50 years, the auxiliary has continued to fund projects to help improve the quality of service and comfort for our community at the Maffra Hospital.

We raised \$3,600 from a Mothers' Day Raffle and Fashion Parade. The Fashion Parade was put on by Fever Fashions who provided all the garments and models. This was held on a Sunday afternoon at the Maffra Community Sports Club and we acknowledge the wonderful support we received from both organisations.

Over the past few years, the auxiliary has concentrated on improving the outdoor areas of the hospital. To this end, we have provided garden settings for the Tuscan area. We also funded the installation of a shade sail, artificial grass and planters for the small area off the dining room which has made it a much more inviting space.

It was brought to our attention that there were delays in marking residents' clothing as the labelling machine was shared by CGH's four aged care facilities.

To overcome this, the auxiliary purchased a label machine for Maffra Hospital which has resulted in staff labelling clothing promptly. This is much appreciated by both staff and residents.

The monthly barbecues for residents are a highlight, so when the barbecue was no longer safe to use, a new one was purchased without delay. We were also pleased to fund the purchase of cooking utensils for the use of residents as part of the Diversional Therapy program.

As well as providing funds, our auxiliary members (many of whom are excellent sewers) have made 15 Dignity Capes for the residents. The material was donated and a working bee held at the hospital. These capes are colourful and hopefully bring a little brightness during each trip to the bathroom.

I would like to thank the auxiliary members for their wonderful efforts, without which none of the above would be possible. We also appreciate the continued interest of the wider community which is evident in the support we receive in our fundraising.

*Ruth Ralph
President.*

Our volunteers

Our work would not be possible without the dedication and commitment of our volunteers who assist our staff, patients, clients and residents in many ways on a daily basis.

The Chief Executive Officer and team at CGHS acknowledge the invaluable contribution of each volunteer in providing the community with a quality health service.

Our volunteers are an essential part of our successes and we appreciate all their efforts.

During the Gathering of Kindness program in November 2018, CGHS showed their appreciation to their volunteers by providing a celebratory lunch and movie at the Sale Cinema Complex.

Donations

Clyne Estate:
\$76,847

Fundraising:
\$193,199

General
Donations:
\$29,500

Total: **\$299,546**

Our People

Senior Management Team as at 30 June 2019

Chief Executive Officer: Dr Frank Evans
 Director of Nursing (Sale Hospital): Ms Mandy Pusmucans
 Director Aged & Ambulatory Care: Mr Paul Head
 Director Medical Services: Dr Suhan Baskar
 Director Clinical Governance & Medical Operations: Ms Kelli Mitchener
 Director Workforce Planning & Development: Ms Suzanne Askew
 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 2018-2019

Anaesthetist Consultants

Dr A Dell (RIP Nov 2018)
 Dr A Green
 Dr A Hindle (resigned Jan 2019)

Anaesthetists GPs

Dr N Atherstone (retired Feb 2019)
 Dr J Braga
 Dr N Fenner
 Dr P Marosszeky (resigned May 2019)
 Dr R Nandha
 Dr C O'Kane
 Dr S Wilmot (resigned Mar 2019)
 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 T Ranten (retired June 2019)
 Dr J Roberts
 Dr L Thavarajah (left area 2019)
 Dr D Wang

Dermatologists

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

Director Medical Services

Dr S Baskar

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

Gastroenterologists

Dr A Kalade (resigned Dec 2018)
 Dr M Ryann

General Practitioners

Dr Y Ahmad
 Dr S Anderson
 Dr JM Bergin
 Dr A Burk
 Dr S Christian
 Dr O Chan (left area Feb 2019)
 Dr S L Choy
 Dr P Dandy
 Dr S Dobber
 Dr Y Jiang
 Dr B Johnston
 Dr P Marosszeky
 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 T Walsh
 Dr LA Waters
 Dr AJ Watt
 Dr AJ Wright

General Practitioner Consultants (Rosedale)

Dr A Hughes
 Dr S Syed

Haematology

Dr A Ormerod
 Dr T Wright (end Feb 2019)

IVF/Gynaecology

Dr G Weston

Nephrologists

Prof D Power
 Dr V Roberts

Nuclear Medicine Physician

Dr Y Jenkin

Obstetricians and Gynaecologists

Dr C Black (left area May 2019)
 Dr R Guirguis (retired Jan 2019)
 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 Surgeon

Mr P Rehfish

Otorhinolaryngologists (ENT)

Dr V Mahanta
 Dr S Tudge (Indigenous outreach)
 Dr M Wilson (retired)

Senior Medical and Dental Staff 2018/2019 continued

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 T Kulatunge
Dr H Patel
Dr K Stribley
Dr S P Tan
Dr A Tripathi
Dr P Ukwatta
Dr R Wijeratne

Surgeons General

Mr F Asomah (left area Dec 2018)
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 Services

Head of Unit, General Medicine:

Dr Krishna Mandaleson

Director of Pharmacy: Michelle Garner

Hospital Coordinators: Therese Smyth,
Janny Steed, Caroline Rossetti, Tanya
Stiles, Leanne Backman, Tom Breakspear

Surgical Services

Nursing Unit Manager, Surgical:-
Gary McMillan

**Nursing Unit Manager,
Perioperative Services:** Mauricio Yanez

Obstetric/Paediatric Service

**Nursing Unit Manager, Women's
and Children's Unit:** Kim Costin and
Linda Glover

Medical Services

Nursing Unit Manager, Critical Care:
Courtney Redaelli

**Nursing Unit Manager Dialysis,
Cardiology, Oncology :** Jenny Dennett

Nursing Unit Manager, Medical:
Sue Rowley

Nursing Unit Manager, Emergency:
Kate Roberts

Clinical Support Services

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:
Leah Adams

Affiliated Health Services

Director of Aged & Ambulatory Care:
Paul Head

General Manager Aged Care:
Sally Weatherley

Facility Manager, Heyfield:
Rebecca Bond

Stretton Park Hostel and Independent Living Units

Nursing Unit Manager Stretton Park:
Ann Gibbs

Residential Aged Care

Nursing Unit Manager Wilson Lodge:
Matt Gray

Community Services

General Manager Ambulatory Care:
Stewart Harper

**Nursing Unit Manager,
District Nursing:** John Curran

Manager, Dietetics: Andrea Schofield
Manager, Speech Pathology :
Kath Cook

Manager, Social Health: Kristen Millar

Clinical Lead, Occupational Therapy:
Jessie Duncan

**Clinical Lead, Physiotherapy & Exercise
Physiology :** Jenny McGuinness

**Palliative Care Clinical Care
Consultant:** Jenna Beams

Support Services

Director Corporate Services: Cherie Campbell

Finance Manager: John Leehane
(until 24 February 2019), Emma Brennan
(from 24 February 2019)

Engineering Services Supervisor: David Martin

Hotel Services Manager: David Askew

General Manager Business Performance:
Craig Kingham

Hospital Medical Officer Manager:
Jennifer Harrington (until 14 January 2019),
Jacqueline Southall (from 14 January 2019)

Payroll Manager: Raquel King

Supply Manager: Leon Schoenmaekers

Workforce Capability and Learning

Director Workforce Development & Planning:
Suzanne Askew

General Manager Human Resources:
Kevin Gray

Manager Workforce Development:
Janelle Stewart

Librarian: Helen Ried

Business Units

Medical Imaging Practice Manager:
Simon Waixel

Sale Central Linen Service Manager:
Adam Crotty

Team Leader, Dental: Ruth Churchill
(until 17 March 2019),
Emilie Monash (from 17 March 2019)

Launch of a new “green” cafeteria

Central Gippsland HealthService (CGHS) has made big changes to its food environments.

Foods traditionally high in taste and low in nutrition are what experts point to as contributors in the obesity epidemic. Now, CGHS has renovated its cafeteria with a new healthy menu in keeping with its commitment to Healthy Choices.

CGHS Chief Executive Officer, Dr Frank Evans, is proud staff members have put their own hospital under the microscope.

“As staff, we all recognise that we are the face of CGHS,” he explained. “We all contribute to a culture that promotes wellness and enhances quality of life and this cafeteria is CGHS taking responsibility for its own health and wellbeing that directly benefits patients and their families.”

The changes to the structure of the cafeteria as well as the food options were made to align CGHS with Healthy choices: food and drink guidelines for Victorian public hospitals. A key recommendation of CGHS’s own Health Plan 2012–2022 is to fully implement these guidelines as part of its primary prevention strategy to address cardiovascular disease and obesity.

A hospital is often seen as a pillar of its community and Dr Evans said it was the responsibility of CGHS to walk the talk, understand the connection between healthy eating and good health, and enforce healthy behaviour in all aspects of its operations.

“With approximately 45,000 meals served through the cafeteria each year, we have the ability to make a difference to the health of our community by making the healthy choice the easy choice,” he said.

The interior refurbishment of the cafeteria has included structural changes and new furniture, including booths, benches and smaller tables with charging points for electronic devices.

New signage for all food and drink in the cafeteria categorises options available.

A full menu review for both the cafeteria and hospital menus was undertaken and vending machines audited to ensure 50 per cent of food and drink available fit within the green category of the guidelines.

● *The Sale Hospital kiosk.*



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 Victorian Ministers for Health during 2018/19 were:

Jill Hennessy MP, Minister for Health and Minister for Ambulance Services.

Jenny Mikakos, 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 2018–19, Central Gippsland Health Service (CGHS) did not enter into any contracts under the criteria specified in Section 9 of the Local Jobs First Act 2003.

Details of consultancies (under \$10,000)

In 2018–19, there were 3 consultancies where the total fees payable to the consultants were less than \$10,000.

The total expenditure incurred during 2018–19 in relation to these consultancies is \$26,016 (excl. GST).

<i>Consultant</i>	<i>Purpose of consultancy</i>	<i>Start Date</i>	<i>End Date</i>	<i>Total approved project fee (excluding GST)</i>	<i>Expenditure 2018–19 (excluding GST)</i>	<i>Future expenditure (excluding GST)</i>
Workplace Plus Proprietary Limited	Workplace review	1/7/18	30/9/19	\$9,420	\$9,420	NIL
Batman Discretionary Trust	JHF McDonald and Wilson Lodge Funding Review	Ongoing		40% Funds recovered	\$9,156	Future expenditure as per agreement for funding received.
Workplace Plus Proprietary Limited	Workplace review	1/10/19	31/12/19	\$7,444	\$7,440	NIL
Rodney Vapp & Associates	Quantity Surveying/ Maffra Hospital	–	1/09/18	\$4,200	–	NIL

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

In 2018–19, there were no consultancies where the total fees payable to the consultants were more than \$10,000.

Victorian Industry Participation Policy Act 2003

During 2018–19, Central Gippsland Health Service did not enter into any contracts under the criteria specified in the Victorian Industry Participation Policy Act 2003.

Occupational Health and Safety

The Health Service has 21 Health and Safety Representatives (HSRs) appointed, representing 87 per cent of vacant roles. All HSRs are formally trained for the role and assist with hazard identification and incident investigations.

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

In addition to the mandatory online competencies, 18 bullying and harassment face to face sessions were conducted during 2018/19 with more than 200 staff attending.

During 2018/19, six Occupational Health and Safety Committee meetings were held, in line with the Terms of Reference for this committee.

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.

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 2018/19 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. 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.

	Non Residential	Residential
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

Freedom of Information

A total of 98 requests under the Freedom of Information Act were processed during the 2018/19 financial year.

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

Mr Craig Kingham, General Manager Business Performance

Privacy

Central Gippsland Health Service has embraced the 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 that 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.

Protected Disclosure Act 2012

Central Gippsland Health Service complies with the regulations in the Protected Disclosure Act which came into operation on 10 February, 2013. 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. There were no disclosures notified to the Independent Broad-Based Anti-Corruption Commission (IBAC) under Section 21 (2) during 2018/19.

Additional information available on request

- 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

Report of Operations

Key Performance Indicators Activity Data

Admitted Services	
Separations	
Same Day	7,067
Multi Day	5,014
Sub- Acute	333
Total Separations	12,414
Theatre Services	
Emergency Surgery	386
Elective Surgery	3,100
Total Surgical Occasions	3,486
Total WIES	7,225
Bed Days	28,285
Emergency Department Attendances	17,057
Mothers Delivered	386
Community Services	
Hours delivered by Community Services	126,195
Meals Delivered	9,307
Hours delivered to externally funded community, aged care package clients	18,880
Palliative Care Contacts	5,600
Non-admitted Subacute and Specialist Outpatient Clinic Service Events	34,100

Responsible Bodies Declaration

I, Tony Anderson, on behalf of the Responsible Body, certify that Central Gippsland Health Service has complied with the applicable Standing Directions of 2018 under the Financial Management Act 1994 and Instructions.



Tony Anderson
Board Chair
Sale Victoria
30 June 2019

Summary of Financial Results

	2019 \$'000	2018 \$'000	2017 \$'000	2016 \$'000	2015 \$'000
Operating Result					
Total Revenue	101,782	98,088	91,831	86,938	83,729
Total Expenses	104,485	98,369	95,148	90,903	85,865
Net result from transactions	(2,703)	(277)	(3,314)	(3,929)	(2,136)
Total other economic flows	70	(4)	(3)	(36)	-
Net Result	(2,773)	(281)	(3,317)	(3,965)	(2,136)
Total Assets	86,668	70,920	68,006	70,038	72,316
Total Liabilities	32,259	27,533	24,338	23,053	21,366
Net Assets/Total Equity	54,409	43,387	43,668	46,985	50,950

A summary of significant changes in financial position during the year

Significant factors that affected the Health Services performance during the financial year included outsourcing dental services due to recruitment challenges, and contracted radiology services. Net assets increased to \$54,409 following the Land and Buildings revaluation.

The operational and budgetary objectives of the Health Service

During the financial year, this included significant activities and achievements such as increased revenue for the Pharmaceutical Benefits Scheme, Aged Care Packages, and the Aged Care Funding Instrument. Increased revenue was the result of improved business practices. The increased revenue was offset by expenditure increases relating to new enterprise bargaining arrangements, Locum Medical Staff and increased patient related expenses.

Events subsequent to balance date

There were nil events subsequent to balance date.

Reconciliation between net result from transactions reported in the model to operating result as agreed in the Statement of Priorities.

	2019 \$'000
Net operating result	678
Capital and Specific Items	
Capital purpose income	1,929
Specific income	-
Assets provided free of charge	-
Assets received free of charge	-
Expenditure for capital purpose	-
Depreciation and amortisation	(5,320)
Impairment of non-financial assets	-
Finance costs (other)	(60)
Net result from transactions	(2,773)

Environmental Performance

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

- Continued replacement rollout of all fluorescent tube lighting with efficient LED fittings at Sale and Maffra campuses
- Installation of a 330kW of Solar PV panel onto the Sale Acute building, Linen Service and Wilson Lodge roofs
- Installation of a new emergency generator
- Upgrade of the existing electrical switchboard to support the new generator
- Procurement of new chiller infrastructure and replacement of heating boilers with efficient condensing units, providing increased capacity of our heating and cooling, while reducing the utility usage of the organisation; and
- Expansion of the solar PV installation with an additional 460kWp installation at the Sale campus and a 99kWp installation at the Maffra campus.

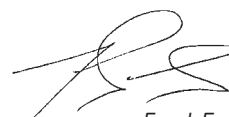
Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2018–19 is \$3.3 million (excluding GST) with the details shown below:

<i>Business as Usual (BAU) ICT Expenditure \$'000</i>	<i>Non-Business as Usual (non-BAU) ICT Expenditure \$'000</i>		
Total (excluding GST)	Total= operational expenditure and capital expenditure (excluding GST)	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
\$572	\$3,305	\$3,251	\$0,054

Data Integrity

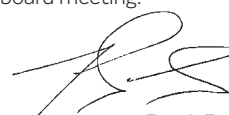
I, Frank Evans, certify that Central Gippsland Health Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Central Gippsland Health Service has critically reviewed these controls and processes during the year.



Frank Evans
Accountable Officer
Central Gippsland Health Service
30 June 2019

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 2019

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 2019

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

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 all requirements set out in the HPV Health Purchasing Policies including mandatory HPV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.



Frank Evans
Accountable Officer
Central Gippsland Health Service
30 June 2019



Statement of Priorities Part A

Goals	Strategies	Health Service Deliverables	Outcome
Better Health <i>A system geared to prevention as much as treatment</i>	Reduce Statewide risks. Build healthy neighbourhoods.	Mental Health Attain recognition for the Healthy Workplaces Achievement Program mental health and wellbeing benchmark.	Not achieved Extensive progress has been made toward recognition for the Healthy Workplaces Achievement Program mental health and wellbeing benchmark. We now expect to reach this important benchmark by December 2019.
<i>Everyone understands their own health and risks.</i>	Help people to stay healthy.	Deliver mental health first aid training sessions to 100 employees.	Not achieved There have been several different streams of mental health training delivered to staff this year. Mental Health First Aid training has been delivered to 42 staff with a further Mental Health First Aid session booked for September 2019. A general mental health study day was delivered to 15 staff members and resilience training to a number of shift workers and managers in the organisation throughout the year. We expect to reach our target with regard to mental health first aid by December 2019.
<i>Illness is detected and managed early</i>	Target health gaps	Preventing Violence and Injury Utilise tools of the "Strengthening Hospital Responses to Family Violence" such as implementing an action plan, delivering training to build staff knowledge and skills in identifying and responding to family violence and implementing a communications plan.	Achieved This year have extensively utilised tools of the "Strengthening Hospital Responses to Family Violence" and have progressed our action plan. This has included delivering training to build staff knowledge and skills in identifying and responding to family violence and implementing a communications strategy.
<i>Healthy neighbourhoods and communities encourage healthy lifestyles</i>		Offer opportunities /increase access to opportunities to increase strength and balance for clients of residential aged care facilities to prevent falls.	Achieved Falls groups are underway led by physiotherapists and Allied Health Assistants. There will be opportunity for aged care residents to join ongoing Allied Health groups, including one on one assessments. We will be focusing on integrated models of care to efficiently deliver falls and balance classes to aged care residents.
		Healthier eating and active living Implement changes in vending machines to align with the healthy choices policy guidelines.	Achieved All vending machines are now compliant.

Goals	Strategies	Health Service Deliverables	Outcome
		Increase the proportion of 'green' items in vending machines to equal to or above 50% of total items available.	Achieved We have invested in a new vending machine to provide greater healthy choices with 24/7 access to healthy food options.
		Implement changes in cafeteria and/or canteens to align with the healthy choices policy guidelines.	Achieved Our Kiosk and cafeteria are fully aligned to healthy choices guidelines.
		Attain recognition for the Healthy Workplaces Achievement Program healthy eating and/or physical activity benchmark.	Achieved We have achieved Physical Activity benchmark and will achieve the healthy eating benchmark in September 2019.
		Tobacco control Implement the ABCD approach to support patients who smoke A: Ask all patients about their smoking status B: Provide a brief intervention, for example advising all smokers to quit, providing written information, offering Nicotine Replacement Therapy (NRT) and referral to relevant supports (i.e. Quitline, smoking cessation clinic, General Practitioner) C, D: Communicate patient smoking status and action taken in their discharge documentation.	Achieved ABCD is fully implemented.
		Ensure Nicotine Replacement Therapy (NRT) is available for staff and patients to increase timely access to minimise withdrawal symptoms.	Achieved NRT is now available for patients and staff
		Collective planning Actively contribute to the development and implementation of the 2018-19 Municipal Public Health and Wellbeing plan action plan.	Achieved CGHS remains engaged in this process at both an executive and senior management level and will continue to do so into the future.
		Contribute senior level leadership in the governance and oversight of the Municipal Public Health and Wellbeing Plan.	Achieved CGHS remains engaged in this process at both an executive and senior management level and will continue to do so into the future.

Goals	Strategies	Health Service Deliverables	Outcome
Better Access <i>Care is always there when people need it</i>	Plan and invest	Achieve 100% of WASE CGHS target for 2018-19.	Not achieved 85% achieved. New Specialist Clinics will be offered in 2019-20 to improve care options and to meet funded targets.
<i>More access to care in the home and community</i> <i>People are connected to the full range of care and support they need</i> <i>There is equal access to care</i>	Unlock innovation Provide easier access Ensure fair access	Implement a heart failure rapid access clinic with associated ongoing community based care coordination.	Not achieved We have not been able to establish a rapid access heart failure clinic and it remains a key objective for us to achieve in 2019-20.
<i>Target zero avoidable harm</i>	Put quality first	Implement person centred care training for staff, aiming for a 75% staff completion rate.	Not achieved The training module is in the final stages of editing and will be rolled out between August and December 2019.
<i>Healthcare that focusses on outcomes</i> <i>Patients and carers are active partners in care</i> <i>Care fits together around people's needs</i> <i>Care fits together around people's needs</i>	Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	Fully implement CGHS leadership and talent development framework.	Achieved The CGHS Leadership and Talent Development Framework has been developed and is currently being implemented across the network. The majority of current and aspiring leaders have completed capability development planning consistent with the Framework.

Specific 2018-19 Priorities (mandatory)

Disability Action Plans Draft disability action plans are completed in 2018-19. Note: Guidance on developing	Submit a draft disability action plan to the department by 30 June 2019. The draft plan needs to outline the approach to full implementation within three years of publication.	Achieved Final draft completed and submitted to the Department of Health & Human Services following endorsement from our Board of Directors.
Volunteer engagement Ensure that the health service executives have appropriate measures to engage and recognise volunteers.	Use Gathering of Kindness week to provide special recognition for volunteers.	Achieved What better time to thank our volunteers for their valued efforts than during kindness week? CGHS volunteers were invited to a luncheon and movie at the Sale cinema as a token of thanks for all that they do for our health service. They watched the movie "A Star is Born."

Goals	Strategies	Health Service Deliverables	Outcome
	Bullying and harassment Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.	Actively participate in the Wellington Primary Care Partnership, Worksafe, Work Well Project.	Achieved CGHS has been an active participant in the Wellington PCP Worksafe/Work Well project including participation in all areas in the (GRiT) Growing resilience internally program.
		Launch CGHS communication charter.	Achieved The Communication Charter was launched in November 2018 with an evaluation undertaken in May 2019. In addition to the mandatory online competencies, 18 bullying and harassment face to face sessions were conducted during 2018/19 with over 200 staff attending. Related policies and procedures have been reviewed and updated.
		Participate in Gathering of Kindness including holding the Hush Play to CGHS.	Achieved CGHS celebrated Gathering of Kindness week from 12 – 16 November 2018. The week was filled with a range of activities promoting kindness and its benefits to CGHS staff, residents and community. Keynote speakers included: <ul style="list-style-type: none"> • Jeremy Scott, who spoke about his pushbike ride from the United Kingdom to New Zealand and the kindness he experienced along the way. • Lorraine Dickey spoke at Sale and Maffra campuses, sharing her thoughts on narrative and the use of storytelling. • Lorraine Dickey, Catherine Crock, Lucy Mayes, Maria Berry, Rosie Keeley, Amy Maddison and Sharee Johnson spoke at different forums sharing their stories and ideas about how kindness can really make a difference. The Hush play “Hear Me” was another highlight that had the Lecture Hall bursting at the seams with attendees. The brilliant Hush Foundation actors once again presented a brilliant immersive play highlighting the tragic effects that poor communication, not listening to patients and families, and bullying behaviour can have.

Goals	Strategies	Health Service Deliverables	Outcome
	<p>Occupational violence</p> <p>Ensure all staff who have contact with patients and visitors have undertaken core occupational violence training, annually. Ensure the department's occupational violence and aggression training principles are implemented.</p>	<p>All staff complete core occupational violence training utilising the department's occupational violence and aggression (OVA) training principles.</p>	<p>Achieved</p> <p>All staff are enrolled in the OVA DHHS training on Moodle. Five external face to face OVA sessions based on the DHHS guidelines have been booked for all frontline staff in high risk areas for September, October and November 2019.</p>
	<p>Environmental Sustainability</p> <p>Actively contribute to development of the Victorian Government's:</p> <ul style="list-style-type: none"> • policy to be net zero carbon by 2050 and improve environmental • sustainability by identifying and implementing projects, including • workforce education, to reduce material environmental impacts with • particular consideration of procurement and waste management, and • publicly reporting environmental performance data, including • measureable targets related to reduction of clinical, sharps and landfill • waste, water and energy use and improved recycling. 	<p>The health service will complete stage 2 of the solar energy project.</p> <p>Projected output – 738,000 kWh per annum and Project reduction in Greenhouse Gas Emissions – 757 tonnes.</p>	<p>Achieved</p> <p>Stage 2 completed with over 90% of projected production and associated reduction in greenhouse emissions achieved.</p>
	<p>LGBTI</p> <p>Develop and promulgate service level policies and protocols, in partnership with LGBTI communities, to avoid discrimination against LGBTI patients, ensure appropriate data collection, and actively promote rights to free expression of gender and sexuality in healthcare settings.</p>	<p>The health service has enrolled in the Gay and Lesbian Health Victoria (GLHV) HOW2 program as a means of meeting the Rainbow Tick accreditation program for LGBTI inclusive health service practice. The associated action plan will be progressed with oversight from a LGBTI Focus Group, comprising staff and community members.</p>	<p>Achieved</p> <p>We have enrolled in the GLHV HOW2 program as a means of meeting the Rainbow Tick accreditation program for LGBTI inclusive health service practice. Our LGBTI focus group continues to meet regularly. 2 staff members are participating in the DHHS required HOW2 training program. Our LGBTI Action Plan is progressing toward completion.</p>

Statement of Priorities Part B: Performance

High Quality and Safe Care

Key Performance Indicator	Target	Actual
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Achieved
Infection Prevention and Control		
Compliance with the Hand Hygiene Australia program	80%	87%
Percentage of healthcare workers immunised for influenza	80%	84%
Key Performance Indicator	Target	Actual
Patient Experience		
Victorian Healthcare Experience Survey – data submission	Full Compliance (FC)	(FC)
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95% positive experience	98.0%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95% positive experience	96.3%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95% positive experience	98.4%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75% positive experience	84.7%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75% positive experience	74.6%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75% positive experience	84.9%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	83.4%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	89.1%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	82.3%
Healthcare Associated Infections (HAIs)		
Number of patients with surgical site infection	No outliers	Achieved
Number of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	Achieved
Adverse Events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Achieved
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%	16.7%
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	1.397

Strong Governance, Leadership and Culture

<i>Key Performance Indicator</i>	<i>Target</i>	<i>Actual</i>
Organisational Culture		
People matter survey – percentage of staff with an overall positive response to safety, and culture questions	80%	88%
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%	92%
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%	87%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	89%
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%	80%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	84%
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%	88%

Timely Access to Care

<i>Key Performance Indicator</i>	<i>Target</i>	<i>Actual</i>
Emergency Care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	94%
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%	77%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	79%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	1
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	85.7%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	100%

Key Performance Indicator	Target	Actual
Finance		
Operating result (\$m)	0.3	0.7
Average number of days to paying trade creditors	60 days	32 days
Average number of days to receiving patient fee debtors	60 days	22 days
Public and Private WIES ¹ activity performance to target	100%	93%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.04
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	32 days
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month.	14 days	Achieved
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	Not achieved

¹ WIES is a Weighted Inlier Equivalent Separation

Statement of Priorities Part C: Activity and Funding

Funding Type	2018/19 Activity Achievement
Acute Admitted	
WIES Public	6,490.49
WIES Private	539.06
WIES DVA	103.57
WIES TAC	36.15
Other Admitted	48.22
Acute Non-Admitted	
Home Enteral Nutrition	103
Specialist Clinics	13,050
Subacute & Non-Acute Admitted	
Subacute WIES – Rehabilitation Public	50.04
Subacute WIES – Rehabilitation Private	3.02
Subacute WIES – GEM Public	95.37
Subacute WIES – GEM Private	7.57
Subacute WIES – Palliative Care Public	56.86
Subacute WIES – Palliative Care Private	2.61
Subacute WIES – DVA	11.76
Subacute Non-Admitted	
Health Independence Program – Public	14,600
Aged Care	
Residential Aged Care	26,564
HACC	17,900
Primary Health	
Community Health/Primary Care Programs	7,900
Health Workforce	33
Total Funding	

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.

<i>Legislation Requirement</i>	<i>Page Reference</i>
Ministerial Directions	
Report of Operations	
Charter and purpose	
FRD 22H Manner of establishment and the relevant Ministers	22
FRD 22H Objectives, functions, powers and duties	22
FRD 22H Nature and range of services provided	14–15
FRD 22H Activities, programs and achievements for the reporting period	27
FRD 22H Significant changes in key initiatives and expectations for the future	4
Management and structure	
FRD 22H Organisational structure	16
FRD 22H Workforce data/employment and conduct principles	12
FRD 22H Occupational Health and Safety	23
Financial information	
FRD 22H Summary of the financial results for the year	27
FRD 22H Significant changes in financial position during the year	27
FRD 22H Operational and budgetary objectives and performance against objectives	27
FRD 22H Subsequent events	27
FRD 22H Details of consultancies under \$10,000	23
FRD 22H Details of consultancies over \$10,000	23
FRD 22H Details of ICT expenditure	28
Legislation	
Reporting obligations under the Safe Patient Care Act 2015 CGHS has no matters to report in relation to its obligations under Section 40 of the Act	24
FRD 22H Application and operation of Freedom of Information Act 1982	24
FRD 22H Compliance with building and maintenance provisions of Building Act 1993	24
FRD 22H Application and operation of Protected Disclosure 2012	25
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FRD 25C Victorian Industry Participation Policy disclosures	23
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SD 5.2.3 Declaration in report of operations	3
Attestations	
Attestation on Data Integrity	28
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Other reporting requirements	
Reporting of outcomes from Statement of Priorities 2018–19	22
Occupational Violence reporting	13
Reporting of compliance Health Purchasing Victoria policy	29

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 2019 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2019 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <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>

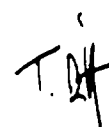
**Auditor's
responsibilities
for the audit
of the financial
report**

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
10 September 2019

Travis Derricott
as delegate for the Auditor-General of Victoria

CENTRAL GIPPSLAND HEALTH SERVICE

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	<i>Note</i>	2019 \$'000	2018 \$'000
Income from Transactions			
Revenue from Operating Activities	2.1	101,283	97,743
Revenue from Non-operating Activities	2.1	499	344
Total Income from Transactions		<u>101,782</u>	<u>98,087</u>
Expenses from Transactions			
Employee Expenses	3.1	(72,552)	(67,685)
Supplies and Consumables	3.1	(14,087)	(13,204)
Depreciation	4.4	(5,320)	(5,150)
Other Operating Expenses	3.1	(11,779)	(11,628)
Other Non-Operating Expenses	3.1	(747)	(697)
Total Expenses from Transactions		<u>(104,485)</u>	<u>(98,364)</u>
Net Result from transactions - Net Operating Balance		<u>(2,703)</u>	<u>(277)</u>
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Sale of non-financial Assets	3.2	(30)	1
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	(23)	-
Other Gains/(losses) from Other Economic Flows	3.2	(17)	(5)
Total Other Economic Flows included in Net Result		<u>(70)</u>	<u>(4)</u>
NET RESULT FOR THE YEAR		<u>(2,773)</u>	<u>(281)</u>
Other Comprehensive Income			
Changes in Property, Plant and Equipment Revaluation Surplus	4.2(b)	13,795	-
Total Other Comprehensive Income			
COMPREHENSIVE RESULT FOR THE YEAR		<u><u>11,022</u></u>	<u><u>(281)</u></u>

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

CENTRAL GIPPSLAND HEALTH SERVICE

BALANCE SHEET AS AT 30 JUNE 2019

	<i>Note</i>	2019 \$'000	2018 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6.2	20,847	18,373
Receivables	5.1	2,432	2,368
Investments and other Financial Assets	4.1	11	7
Inventories		270	284
Other Assets		732	553
Total Current Assets		<u>24,292</u>	<u>21,585</u>
Non-Current Assets			
Other Assets		77	96
Receivables	5.1	1,779	1,538
Property, Plant & Equipment	4.2	<u>60,730</u>	<u>47,701</u>
Total Non-Current Assets		<u>62,586</u>	<u>49,335</u>
TOTAL ASSETS		<u>86,878</u>	<u>70,920</u>
LIABILITIES			
Current Liabilities			
Payables	5.2	9,361	6,633
Borrowings	6.1	311	383
Provisions	3.4	13,749	12,482
Other Liabilities	5.3	<u>5,912</u>	<u>4,642</u>
Total Current Liabilities		<u>29,333</u>	<u>24,140</u>
Non-Current Liabilities			
Provisions	3.4	2,453	2,380
Borrowings	6.1	<u>683</u>	<u>1,013</u>
Total Non-Current Liabilities		<u>3,136</u>	<u>3,393</u>
TOTAL LIABILITIES		<u>32,469</u>	<u>27,533</u>
NET ASSETS		<u>54,409</u>	<u>43,387</u>
EQUITY			
Property, Plant & Equipment Revaluation Surplus	4.2(f)	57,620	43,825
Restricted Specific Purpose Surplus		1,361	1,361
Contributed Capital		34,254	34,254
Accumulated Deficits		<u>(38,826)</u>	<u>(36,053)</u>
TOTAL EQUITY		<u>54,409</u>	<u>43,387</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 2019

		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 2017		43,825	1,361	34,254	(35,772)	43,668
Net result for the year		-	-	-	(281)	(281)
Balance at 30 June 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	4.2 (f)	13,795	-	-	-	13,795
Balance at 30 June 2019		57,620	1,361	34,254	(38,826)	54,409

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

CENTRAL GIPPSLAND HEALTH SERVICE

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2019

	<i>Note</i>	2019 \$'000	2018 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		80,250	75,581
Capital Grants from Government		1,858	3,126
Patient and Resident Fees Received		4,552	4,926
Private Practice Fees Received		5,247	5,253
Donations and Bequests Received		106	56
GST Received from / (paid to) ATO		124	(194)
Interest Received		435	344
Capital Donations and Bequests Received		193	49
Other Receipts		9,036	8,611
Total receipts		101,801	97,752
Employee Expenses Paid		(66,326)	(62,927)
Fee for Service Medical Officers		(4,431)	(3,647)
Payments for Supplies and Consumables		(11,359)	(10,976)
Other Payments		(13,854)	(13,606)
Total payments		(95,970)	(91,156)
NET CASH FLOW FROM OPERATING ACTIVITIES	8.1	<u>5,831</u>	<u>6,596</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of investments		-	1,229
Payments for Non-Financial Assets		(4,584)	(2,587)
Proceeds from Sale of Non-Financial Assets		42	1
NET CASH FLOW USED IN INVESTING ACTIVITIES		<u>(4,542)</u>	<u>(1,357)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Refundable Accommodation Bonds		1,185	(695)
Proceeds from Advance from Government		-	1,396
NET CASH FLOW FROM FINANCING ACTIVITIES		<u>1,185</u>	<u>701</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		2,474	5,940
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		<u>18,373</u>	<u>12,433</u>
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	<u><u>20,847</u></u>	<u><u>18,373</u></u>

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 2019

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CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 2019. 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 2019

(c) Basis of Accounting Preparation and Measurement

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

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

The financial statements are prepared on a going concern basis (refer 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 4.2 Property, Plant and Equipment);
- Superannuation expense (refer to Note 3.5 Superannuation);
- 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).

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 Services 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).

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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

(f) Equity

Contributed Capital

Consistent with the requirements of *AASB 1004 Contributions*, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the 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 2019

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

Structure

2.1 Income from Transactions

Note 2.1: Income from Transactions

2019	Total 2019 \$'000	Total 2018 \$'000
Government Grants - Operating	79,393	74,903
Government Grants - Capital	2,226	2,931
Other Capital purpose income (including capital donations)	236	50
Patient and Resident Fees	4,629	5,178
Private Practice Fees	-	32
Commercial Activities *	9,161	8,917
Other Revenue from Operating Activities (including non-capital donations)	5,638	5,732
Total Income from Operating Activities	101,283	97,743
Other Interest	435	344
Dividends	64	-
Total Revenue from Non-Operating Activities	499	344
Total Income from Transactions	101,782	98,087

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

Revenue Recognition

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

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

Government Grants and other Transfers of Income (other than contributions by owners)

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

The Department of Health and Human Services 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.

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

Patient and Resident Fees

Patient fees are recognised as revenue on an accrual basis.

Private Practice Fees

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

Revenue from commercial activities

Revenue from commercial activities such as commercial laboratory medicine is recognised on an accrual basis.

Other Income

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

Interest Revenue

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

	2019	Total 2019 \$'000	Total 2018 \$'000
Salaries and Wages		54,836	52,028
On-costs		13,894	12,671
Fee for Service Medical Officer Expenses		2,698	2,050
Workcover Premium		1,124	936
Total Employee Expenses		72,552	67,685
Drug Supplies		5,002	4,337
Medical and Surgical Supplies (including Prostheses)		4,154	3,998
Diagnostic and Radiology Supplies		943	842
Other Supplies & Consumables		3,988	4,027
Total Supplies and Consumables		14,087	13,204
Finance Costs		60	45
Fuel, Light, Power and Water		1,434	1,453
Repairs and Maintenance		412	418
Maintenance Contracts		787	815
Total Operating Expenses		2,693	2,731
Medical Indemnity Insurance		1,382	1,401
Other Expenses		7,704	7,496
Total Other Operating Expenses		9,086	8,897
Depreciation and Amortisation (refer Note 4.6)		5,320	5,150
Expenditure for Capital Purposes		747	697
Total Other Non-Operating Expenses		6,067	5,847
Total Expenses from Transactions		104,485	98,364

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

Employee Expenses

Employee expenses include:

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Supplies and consumables

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

Finance Costs

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of finance leases which are recognised in accordance with AASB 117 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 for outside the normal operations such as depreciation, and assets and services provided free of charge or for nominal consideration.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 3.2 Other Economic Flows

	Consolidated 2019 \$'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	(30)	1
<u>Total net gain/(loss) on sale of non financial assets</u>	<u>(30)</u>	<u>1</u>
<u>Net gain/(loss) on financial instruments at fair value</u>		
Other gains/(losses) from Other Economic Flows	(23)	-
<u>Total net gain/(loss) on financial instruments at fair value</u>	<u>(23)</u>	<u>-</u>
Other gains/(losses) from Other Economic Flows		
Net gain/(loss) arising from revaluation of Long Service Liability	(17)	(5)
<u>Total net gain/(loss) on financial instruments at fair value</u>	<u>(17)</u>	<u>(5)</u>
Total gains/(losses) from Economic Flows	<u>(70)</u>	<u>(5)</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 4.2 Property plant and equipment.)
- Net gain/(loss) on disposal of non-financial assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

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 to Note 4.1 Investments and other financial assets; and
- disposals of financial assets and derecognition of financial liabilities.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 or derecognition or reclassification.

Inventories

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

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

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

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 3.3 Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds

	<i>Expense</i>		<i>Revenue</i>	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Commercial Activities				
Private Practice and Other Patient Activities	140	139	165	160
Diagnostic Imaging	4,790	4,849	5,528	5,475
Pharmacy Services	62	51	62	51
External Catering	212	202	212	217
Sale Linen Service	2,121	2,065	2,420	2,457
Regional Stores	644	438	657	447
Property Expense/Revenue	4	4	87	89
Other	15	9	30	21
TOTAL	7,988	7,757	9,161	8,917

Note 3.4 Employee Benefits in the Balance Sheet

	2019	2018
	\$'000	\$'000
Current Provisions		
Employee Benefits (i)		
Accrued Days Off		
- unconditional and expected to be settled wholly within 12 months (ii)	175	167
Annual Leave		
- unconditional and expected to be settled wholly within 12 months (ii)	5,306	4,824
Long service leave		
- unconditional and expected to be settled wholly within 12 months (ii)	997	878
- unconditional and expected to be settled wholly after 12 months (iii)	5,911	5,206
	12,389	11,075
Provisions related to Employee Benefit On-Costs		
- unconditional and expected to be settled within 12 months (ii)	636	510
- unconditional and expected to be settled after 12 months (iii)	724	897
	1,360	1,407
Total Current Provisions	13,749	12,482

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 3.4 Employee Benefits in the Balance Sheet continued

Non-Current Provisions

Employee Benefits (i)	2,231	2,149
Provisions related to employee benefits on-costs	222	231
Total Non-Current Provisions	2,453	2,380
Total Provisions	16,202	14,862

(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.

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and related on-costs

Unconditional LSL Entitlement	7,684	6,960
Annual Leave Entitlement	5,890	5,355
Accrued Days Off	175	167

Non-Current Employee Benefits and related on-costs

Conditional long service leave entitlements	2,453	2,380
Total Employee Benefits and Related On-Costs	16,202	14,862

(b) Movements in provisions

Movement in Long Service Leave:

	2019	2018
	\$'000	\$'000
Balance 1 July	9,339	9,012
Provision made during the year		
- Revaluations	(16)	(5)
- Expense recognising Employee Service	2,011	1,535
Settlement made during the year	(1,196)	(1,203)
Balance 30 June	10,138	9,339

The following assumptions were adopted in measuring present value:

Wage Inflation Rate	4.31%	3.88%
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 2019

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

Termination Benefits

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

On-Costs Related to Employee Benefits

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 3.5: Superannuation

	Paid Contribution		Contribution	
	for the year		Outstanding at Year end	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
(i) Defined Benefit Plans:				
Health Super	112	127	4	5
Defined Contribution Plans:				
Health Super	3,359	4,798	249	135
Other	1,971	215	126	24
Total	5,442	5,140	379	164

(i) The bases 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 hospital 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 and details and amounts that have been expensed in relation to the major employee superannuation funds and contributions made by the Central Gippsland Health Services 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 2019

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 hospital to be utilised for delivery of those outputs.

Structure

4.1 Investments and other financial assets

4.2 Property, plant & equipment

4.3 Depreciation

Note 4.1: Investments and Other Financial Assets

	Operating Fund	
	2019	2018
	\$'000	\$'000
CURRENT		
Loans and Receivables		
Cash Deposits	11	7
TOTAL CURRENT	11	7
TOTAL INVESTMENTS & OTHER FINANCIAL ASSETS	11	7
Represented by:		
Patient Monies held in trust	11	7
TOTAL INVESTMENTS & OTHER FINANCIAL ASSETS	11	7

Investment Recognition

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

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

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 4.1: Investments and Other Financial Assets continued

Central Gippsland Health Service's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

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

Derecognition of Financial Assets

A financial assets (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
- the Health Service has transferred its rights to receive cash flows from the asset and either:
 - (a) has transferred substantially all the risks and rewards of the asset; or
 - (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where 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 the Health Service's continuing involvement in the asset.

Impairment of Financial Assets

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

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

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

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 4.2: Property, Plant and Equipment

Initial Recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated 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.

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

Revaluations of non-current physical assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H Non-current physical assets. This revaluation process normally occurs 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.

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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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.

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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

Specialised land and specialised buildings

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or 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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Specialised land and specialised buildings continued

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)

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 2019.

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 2019

Note 4.2: Property, Plant & Equipment continued

(a) Gross carrying amount and accumulated depreciation	2019 \$'000	2018 \$'000
Land		
Crown Land at Fair Value	3,491	2,360
Freehold Land at Fair Value	1,059	1,635
Total Land	<u>4,550</u>	<u>3,995</u>
Buildings		
Buildings Under Construction at Cost	1,039	946
Buildings at Fair Value	47,080	52,226
Less Accumulated Depreciation	(2)	(16,031)
Total Buildings	<u>48,117</u>	<u>37,141</u>
Plant and Equipment	18,313	16,141
Less Accumulated Depreciation	(10,782)	(9,982)
Total Plant and Equipment	<u>7,531</u>	<u>6,159</u>
Furniture & Fittings at Fair Value	1,418	1,260
Less Accumulated Depreciation	(1,165)	(1,130)
Total Furniture and Fittings	<u>253</u>	<u>130</u>
Other at Fair Value		
Linen	810	723
Less Accumulated Depreciation	(531)	(447)
Total Other	<u>279</u>	<u>276</u>
Total Property, Plant & Equipment	<u>60,730</u>	<u>47,701</u>

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 4.2: Property, Plant & Equipment (continued)

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

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Furniture & Fittings \$'000	Linen \$'000	Total \$'000
Balance as at 1 July 2017	3,995	39,608	6,279	155	347	50,384
Additions	-	1,457	833	7	289	2,586
Disposals	-	-	-	-	(119)	(119)
Depreciation (<i>refer Note 4.4</i>)	-	(3,924)	(953)	(32)	(241)	(5,150)
Balance as at 1 July 2018	3,995	37,141	6,159	130	276	47,701
Additions	-	1,698	2,455	158	273	4,584
Disposals	-	-	(30)	-	-	(30)
Revaluations	555	13,240	-	-	-	13,795
Depreciation (<i>refer Note 4.4</i>)	-	(3,962)	(1,053)	(35)	(270)	(5,320)
Balance as at 30 June 2019	4,550	48,117	7,531	253	279	60,730

Land and buildings and Leased Assets carried at valuation

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 4.2: 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 2019	Level 1	Level 2	Level 3
Land at fair value				
Non-specialised	2,014		1,059	955
Specialised land -				
- 155 Guthridge Pd, Sale	2,346			2,346
- 48 Kent St, Maffra	190			190
Total Land at fair value	4,550	-	1,059	3,491
Buildings at fair value				
Non-specialised buildings	828	-	350	478
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	-	350	47,767
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	-	1,409	59,321

(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 2019

Note 4.2: Property, Plant & Equipment (continued)

	Carrying Amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Land at fair value				
Non-specialised	1,635	-	1,635	
Specialised land -				
- 155 Guthridge Pd, Sale	2,132	-	-	2,132
- 48 Kent St, Maffra	228	-	-	228
Total Land at fair value	3,995	-	1,635	2,360
Buildings at fair value				
Non-specialised buildings	859	-	859	-
Specialised buildings -				
- 155 Guthridge Pd, Sale	34,638	-	-	34,638
- 48 Kent St, Maffra	561	-	-	561
- Loch Sport	137	-	-	137
- Assets under construction at fair value	946	-	-	946
Total of buildings at fair value	37,141	-	859	36,282
Plant and equipment at fair value				
Plant and equipment at fair value				
- Vehicles (ii)	475	-	-	475
- Plant and equipment	2,943	-	-	2,943
- Medical Equipment	2,741	-	-	2,741
Total of plant, equipment and vehicles at fair value	6,159	-	-	6,159
Furniture & Fittings at fair value				
Furniture & Fittings at fair value	130	-	-	130
Total medical equipment at fair value	130	-	-	130
Linen at fair value				
Linen at fair value	276	-	-	276
Total linen at fair value	276	-	-	276
Total Assets at fair value	47,701	-	2,494	45,207

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

(ii) Vehicles are categorised to 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 2019

Note 4.2: Property, Plant & Equipment (continued)

(d) Reconciliation of Level 3 fair value measurement

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

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 2018	Land	Building	Plant & Equipment	Furniture & Fittings	Linen
Opening Balance	2,360	38,734	6,279	155	347
Additions/(Disposals)	-	1,457	833	7	170
Gains or Losses recognised in net result					
- Depreciation	-	(3,909)	(953)	(32)	(241)
Closing Balance	2,360	36,282	6,159	130	276

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****Note 4.2: 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
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

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 4.2: Property, Plant & Equipment (continued)**(f) Revaluation Surplus**

	2019 \$'000	2018 \$'000
Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the reporting period	43,825	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>43,825</u>
 *Represented by:		
- Land	3,491	2,936
- Buildings	54,129	40,889
	<u>57,620</u>	<u>43,825</u>

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 4.3: Depreciation

	2019 \$'000	2018 \$'000
Depreciation		
Buildings	3,962	3,924
Plant & Equipment:		
-Plant	163	131
-Transport	121	113
-Major Medical	554	509
-Computers and Communications	53	62
-Other Equipment	162	138
Furniture & Fittings	35	32
Linen	270	241
Total Depreciation	5,320	5,150

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 allocates 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.

	2019	2018
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 2019

Note 5: Other assets and liabilities

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

Structure

5.1 Receivables

5.2 Payables

5.3 Other liabilities

Note 5.1: Receivables

	2019 \$'000	2018 \$'000
Current		
Contractual		
Trade Debtors	1,535	1,432
Patient Fees	763	670
Less Allowance for Doubtful Debts		
Patient Fees	(76)	(60)
Trade Debtors	(1)	(10)
	<u>2,221</u>	<u>2,032</u>
Statutory		
GST Receivable	211	336
	<u>211</u>	<u>336</u>
Total Current Receivables	<u>2,432</u>	<u>2,368</u>
Non Current		
Statutory		
Long Service Leave - Department of Health and Human Services.	1,779	1,538
	<u>1,779</u>	<u>1,538</u>
Total Non-Current Receivables		
	<u>4,211</u>	<u>3,906</u>

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

Balance at beginning of year	70	88
Reversal of allowance written off during the year as uncollectable	(31)	(49)
Increase in allowance recognised in net result	38	31
Balance at end of year	<u>77</u>	<u>70</u>

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 5.1: Receivables continued

Receivables

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. 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 2019

Note 5.2: Payables

	2019 \$'000	2018 \$'000
Current Contractual		
Trade Creditors	1,718	2,051
Accrued Salaries and Wages	2,666	2,212
Accrued Expenses	1,618	1,076
Amounts payable to governments and agencies	<u>2,153</u>	<u>401</u>
	<u>8,155</u>	<u>5,740</u>
Statutory		
Department of Health and Human Services	187	203
Other - Funded projects	<u>1,019</u>	<u>690</u>
TOTAL CURRENT PAYABLES	<u>1,206</u>	<u>893</u>
TOTAL PAYABLES	<u>9,361</u>	<u>6,633</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 5.3: Other Liabilities

	2019 \$'000	2018 \$'000
Current		
Monies Held in Trust		
- Patient monies held in trust	11	7
- Accommodation Bonds (Refundable Entrance fees)	5,900	4,608
Other - Gippsland Health Alliance	1	27
Total Other Liabilities	<u>5,912</u>	<u>4,642</u>

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

Cash Assets (refer note 4.1)	5,911	7
Investments and other financial assets (refer	-	4,608
	<u>5,911</u>	<u>4,615</u>

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 6: How we finance our operations

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

Structure

6.1 Borrowings

6.2 Cash & Cash equivalents

6.3 Commitments for expenditure

Note 6.1 Borrowings	2019 \$'000	2018 \$'000
Current		
- Advances from Government (i)	311	383
Total Current	<u>311</u>	<u>383</u>
Non-Current		
- Advances from Government (i)	683	1,013
Total Non-Current	<u>683</u>	<u>1,013</u>
Total Borrowings	<u>994</u>	<u>1,396</u>

(i) These are unsecured loans which bear no interest

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 of the loans.

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the 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 2019**

Note 6.2: Cash and cash equivalents

	2019 \$'000	2018 \$'000
Cash on Hand (excluding monies held in trust)	35	35
Cash at Bank (excluding monies held in trust)	14,912	2,497
Deposits at call (excluding monies held in trust)	-	4,501
Short Term Deposits (excluding monies held in trust)	-	11,340
Cash at Bank (monies held in trust)	5,900	-
Total cash and cash equivalents	20,847	18,373

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 2019****Note 6.3: Commitments for Expenditure**

	2019	2018
	\$'000	\$'000
Capital Expenditure Commitments		
Less than 1 year	1,346	279
Total Capital Expenditure Commitments	<u>1,346</u>	<u>279</u>
Operating Expenditure Commitments		
Less than 1 year	747	-
Total Operating Expenditure Commitments	<u>747</u>	<u>-</u>
Non-Cancellable Operating Lease Commitments		
Less than 1 year	440	582
Longer than 1 year but not longer than 5 years	656	996
Total Non-cancellable Operating Lease Commitments	<u>1,096</u>	<u>1,578</u>
TOTAL COMMITMENTS (inclusive of GST)	<u>3,189</u>	<u>1,857</u>
Less GST recoverable from the Australian Tax Office	<u>(319)</u>	<u>(186)</u>
TOTAL COMMITMENTS (exclusive of GST)	<u>2,870</u>	<u>1,671</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 2019

Note 7: Risks, contingencies & valuation uncertainties

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

Structure

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

2019	Financial Assets at Fair Value through Net Result \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
Contractual Financial Assets			
Cash and cash equivalents	20,847	-	20,847
Receivables		-	-
- Trade Debtors	1,535	-	1,535
- Other Receivables	686	-	686
Other Financial Assets			-
- Term Deposit	11	-	11
Total Financial Assetsⁱ	23,079	-	23,079
Financial Liabilities			
Payables	5,489	-	5,489
Other Financial Liabilities			-
- Accommodation bonds	5,900	-	5,900
- Other	11	-	11
Advance from DHHS	-	994	994
Total Financial Liabilitiesⁱ	11,400	994	12,394

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 7.1: Financial Instruments continued

(a) Categorisation of financial instruments continued

2018	Contractual Financial assets - Loans and Receivables \$'000	Contractual Financial Liabilities at Amortised Costs \$'000	Total \$'000
Contractual Financial Assets			
Cash and cash equivalents	18,373	-	18,373
Receivables			-
- Trade Debtors	1,432	-	1,432
- Other Receivables	730	-	730
Other Financial Assets			
- Term Deposit	7	-	7
Total Financial Assets ⁱ	20,542	-	20,542
Financial Liabilities			
Payables	5,740	-	5,740
Other Financial Liabilities			
- Accommodation bonds	4,615	-	4,615
- Other	27	-	27
Advance from DHHS	-	1,396	1,396
Total Financial Liabilities ⁱ	10,382	1,396	11,778

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).

From 1 July 2018, 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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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)
- term deposits; and

Financial assets at fair value through other comprehensive income

Debt investments are measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by Central Gippsland Health Service to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

Equity investments are measured at fair value through other comprehensive income if the net assets are not held for trading and Central Gippsland Health Service has irrevocably elected at initial recognition to recognise in this category.

These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of these debt instruments, any related balance in the fair value reserve is reclassified to profit or loss. However, upon disposal of these equity instruments, any related balance in fair value reserve is reclassified to retained earnings.

Central Gippsland Health Service recognises certain unlisted equity instruments within this category.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Financial services at fair value through net result

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through net result. Other financial assets are required to be measured at fair value through net result unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, Central Gippsland Health Service may, at initial recognition, irrevocably designate financial assets as measured at fair value through net result if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Categories of financial assets previously under AASB 139

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

Central Gippsland Health Service recognises the following assets in this category:

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

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 the Comprehensive Operating Statement over the period of the interest-bearing liability, using the effective interest rate method.

The Health Service recognises the following liabilities in this category:

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

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

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

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

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

The following table discloses the contractual maturity analysis for Central Gippsland Health

Following table discloses the contractual maturity analysis for Central Supplier Fund					
	Note	Carryin g Amount	Maturity Dates		
			Nominal Amount \$'000	3 months - 1 year \$'000	1 - 5 years \$'000
2019					
Financial Liabilities					
At amortised cost					
Payables		5,486	5,486	5,486	-
Borrowings		682	682	311	371
Other financial liabilities (i)		11	11	11	-
- Accommodation Deposits		5,900	5,900	1,295	4,605
- Other		-	-	-	-
Total Financial Liabilities		12,079	12,079	7,103	4,976
2018					
Financial Liabilities					
At amortised cost					
Payables		4,421	4,421	4,421	-
Borrowings		1,396	1,396	383	1,013
Other financial liabilities (i)		7	7	7	-
- Accommodation Deposits		4,608	4,608	4,608	-
- Other		27	27	27	-
Total Financial Liabilities		###	10,459	9,446	1,013

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****Note 7.1 (c): Contractual receivables at amortised costs**

	1-Jul-18	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		1,499	199	102	136	166	2,102
Loss Allowance		5	7	10	18	30	70

	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		1,974	103	49	95	77	2,298
Loss Allowance		8	12	12	11	34	77

Impairment of financial assets under AASB- - applicable from July 1 2018

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

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

Contractual receivables at amortised cost

The 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 select the expected credit loss rate based on the Department's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Reconciliation of the movement in the loss allowance for contractual receivables

	2019 \$'000	2018 \$'000
Balance at the beginning of the year		
Opening retained earnings adjusted on adoption of AASB 9		
Opening Loss Allowance	70	88
Increase in provision recognised in the net result	38	31
Reversal of provision of receivables written off during the year as uncollectable	(31)	(49)
Balance at end of the year	77	70

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

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

Statutory receivables and debt investments at amortised cost [AASB2016-8.4]

The 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 the result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses. No loss allowance recognised at 30 June 2018 under AASB 139. No additional loss allowance required upon transition into AASB 9 on 1 July 2018.

Note 7.2: Contingent Assets and Contingent Liabilities

During 2012-13 the Department of Health provided the Central Gippsland Health Service with a loan of \$1,200,000 to fund the replacement of Sale Linen Service equipment. This grant is recallable at the Departments discretion and \$200,000 was recalled in 2018-19 (2017-18: \$200,000). The total amount has now been recalled, with no further obligation.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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

	2019 \$'000	2018 \$'000
Net Result for the Year	(2,773)	(281)
Depreciation	5,320	5,150
Provision for Doubtful Debts	38	31
Net (Profit) Loss from sale of Plant & Equipment	(12)	119
Change in Operating Assets & Liabilities		
Increase/(Decrease) in Payables	1,894	1,406
Increase/(Decrease) in Other Liabilities	(259)	(20)
Increase/(Decrease) in Employee Benefits	1,795	1,110
Decrease/(Increase) in Other Assets	51	(132)
Decrease/(Increase) in Inventories	13	(5)
Decrease/(Increase) in Receivables	(236)	(782)
Net Cash Inflow/(outflow) from Operating Activities	<u>5,831</u>	<u>6,596</u>

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 Jill Hennessy MLA, Minister for Health, Minister for Ambulance Services	1/07/2018 - 29/11/2018
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	29/11/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Mental Health	1/07/2018 - 30/06/2019
The Honourable Martin Foley, Minister for Housing Disability and Ageing.	1/07/2018 - 29/11/2018
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers.	29/11/2018 - 30/06/2019
Governing Boards	
Tony Anderson (Chairperson)	1/07/2018 - 30/06/2019
Lesley Fairhall	1/07/2018 - 30/06/2019
Jenny Dempster	1/07/2018 - 30/06/2019
Louise McMahon	1/07/2018 - 30/06/2019
Jim Vivian (Vice Chairperson)	1/07/2018 - 30/06/2019
Abbas Khambati	1/07/2018 - 30/06/2019
Glenys Butler	1/07/2018 - 30/06/2019
Faith Page	1/07/2018 - 30/06/2019
Kumar Visvanathan	1/07/2018 - 30/06/2019
Accountable Officers	
Frank Evans (Chief Executive Officer)	1/07/2018 - 30/06/2019

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 8.2 Responsible Persons Disclosure continued.

Remuneration of Responsible Persons

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

Income	2019 No.	2018 No.
\$0 - \$9,999	-	9
\$10,000 - \$19,999	9	-
\$310,000 - \$319,999	1	1
Total Numbers	10	1
	2019 \$'000	2018 \$'000
Total remuneration received or due and receivable by Responsible Persons from reporting entity amounted to:	445	306

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

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 8.5)	Consolidated Total Remuneration	
	2019	2018
	\$'000	\$'000
Short-term Benefits	1,271	928
Post-employment Benefits	119	98
Other Long-term Benefits	70	105
Total Remuneration i	1,460	1,131
Total Number of Executives	8	6
Total Annualised Employee Equivalent ii	6.4	5.4

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 2019

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 or were retrenched 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 2019

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
Mr Frank Evans	Chief Executive Officer
Mr Jon Millar (resigned 12/01/2019)	Chief Operating Officer
	Director Community Services/Executive
Ms Amanda Pusmucans	Director of Nursing
Ms Denise McInnes (resigned 01/12/2018)	Director of Nursing
	Director of Residential Aged Care/ Executive Director of Aged And Ambulatory Care
Mr Paul Head	
Ms Suhan Baskar	Executive Director Medical Services
	Executive Director Clinical Governance and Medical Operations
Ms Kelli Mitchener (from 05/12/2018)	
Ms Suzanne Askew (from 05/12/2018)	Executive Director Workforce Planning and Development
Ms Cherie Campbell (From 06/05/2019)	Executive Director Corporate Services

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	2019 \$'000	2018 \$'000
Short-term Employee Benefits	1,686	1,214
Post-employment Benefits	151	119
Other Long-term Benefits	70	105
Total ii	<u>1,907</u>	<u>1,438</u>

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 \$67.8M (2018: \$65.2M).

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 the 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	
	2019	2018	2019	2018
	\$'000	\$'000	\$'000	\$'000
Latrobe Regional Health Service	1,719	2,005	628	565
Gippsland Health Alliance	-	-	1,250	1,288
Dental Health Services Victoria	897	821	35	44
Ambulance Victoria	69	70	1,006	1,073
Gippsland Southern Health Service	254	272	-	-
Bairnsdale Regional Health Service	448	475	4	4
Alfred Health	-	-	87	145
Total	3,387	3,643	3,010	3,119

The following related party transactions remain outstanding.

	Receivable		Payable	
	2019	2018	2019	2018
Latrobe Regional Health Service	294	349	239	132
Ambulance Victoria	-	-	96	143
Total	294	349	335	276

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 8.4 Related Parties continued.

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 evaluation 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 2019.

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.

Jon Millar was seconded as the Chief Information Officer of the Gippsland Health Alliance. He held this position for the period July 2018 to January 2019, total \$50K (2018: \$50K).

The transactions between the two entities relate to payments made by Central Gippsland Health Service to the Gippsland Health Alliance for goods and services and the transfer of funds by way of distributions made to the hospital. 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 2019**

Note 8.5: Remuneration of Auditors

	Consolidated	
	2019	2018
	\$,000's	\$,000's
Victorian Auditor-Generals Office		
Audit or review of financial statements	41	41
Other Providers		
Internal Audit	15	22
	<u>56</u>	<u>63</u>

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the balance sheet date.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 8.7: Jointly Controlled Operations

Name of Entity	Principal Activity	Country of Incorporation	Ownership Interest (%)	
			2019	2018
Gippsland Health Alliance (GHA)	Information Technology	Australia	12.89	13.14

The 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:

	2019 \$'000 *	2018 \$'000 *
Current Assets		
Cash and cash equivalents	1,016	1,109
Receivables	213	176
Other Current assets	520	333
Total Current Assets	1,749	1,618
Non-Current Assets		
Property, Plant and Equipment	24	28
Total Non-Current Assets	24	28
Share of Total Assets	1,773	1,646
Current Liabilities		
Other Current Liabilities	-	131
Total Current Liabilities	0	131
Share of Total Liabilities	0	131
Net Assets	1,773	1,515
Operating Revenue		
GHA Revenue	1,770	2,229
Total Operating Revenue	1,770	2,229
Operating Expenses		
GHA Expenses	1,716	1,685
Total Operating Expenses	1,716	1,685
Net Operating Result	54	544
Capital Expenditure		
Depreciation	4	-
Total Capital Expenditure	4	-
Net Result	50	544

* Figures obtained from audited Gippsland Health Alliance annual report.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 8.7: Jointly Controlled Operations Continued

Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments held by jointly controlled operations.

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 used to operate the entity. At the date of this report, the Board of Directors has no reason to believe the Department of Health and Human Services will not continue to support Central Gippsland Health Service.

Note 8.9: Changes in accounting policy and revision of estimates

Changes in accounting policy

Central Gippsland Health Service has elected to apply the limited exemption in AASB 9 paragraph 7.2.15 relating to transition for classification and measurement and impairment, and accordingly has not restated comparative periods in the year of initial application. As a result:

(a) any current adjustments to carrying amounts of financial assets or liabilities are recognised at beginning of the current reporting period with difference recognised in opening retained earnings; and

(b) financial assets and provision for impairment have not been reclassified and/or restated in the comparative period.

This note explains the impact of the adoption of AASB 9 Financial Instruments on the Departments financial statements.

Changes to classification and measurement

On initial application of AASB 9 on 1 July 2018, Central Gippsland Health Services' management has assessed for all financial assets based on the Central Gippsland Health Services' business models for managing the assets.

Summary of reclassification of assets and liabilities

AASB 9 Measurement Categories					
As at 30 June 2018	AASB 139 Measurement Categories	Fair value through net result (designated)	Fair value through net result (mandatory)	Amortised Cost	Fair value through other comprehensive income
AASB 139 Measurement categories					
Loans and receivables					
Sale of goods and services	1,432	-	1,432	-	-
Accrued Investment	7	-	7	-	-
Other receivables	730	-	670	-	-
		-		-	-
As at 1 July 2018	2,169	-	2,109	-	-

Changes to the impairment of financial assets

Under AASB 9, all loans and receivables as well as other debt instruments not carried at fair value through net result are subject to AASB 9's new expected credit loss (ECL) impairment model, which replaces AASB 139's incurred loss approach.

For debt instruments at amortised costs, Central Gippsland Health Service considers them to be low risk and therefore determines the loss allowance based on ECLs associated with the probability of default in the next 12 months. Applying the ECL model does not result in recognition of additional loss allowance (previous loss allowance was nil). No further increase in allowance in the current financial year.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****Note 8.9: Changes in accounting policy and revision of estimates continued****Transition impact**

Transition impact of first time adoption of AASB 9 on comprehensive operating statement:

Comprehensive Operating Statement**30/06/2018**

Impairment of financial assets

Other economic flows included in net result

Changes to financial assets at fair value through other comprehensive income revaluation surplus

Other economic flows - other comprehensive income**Comprehensive income**

Transition impact of first time adoption of AASB 9 on balance sheet:

Balance Sheet	Amount as at 30/06/2018	Reclassification	Remeasurement (ECL)	Restated amount as at 01/07/2018
Loans and receivables				
Impairment loss allowance	2,102	-	-	2,102
Other financial assets	(70)			(70)
Total Financial assets	2,032	-	-	2,032
Total Liabilities				
Accumulated surplus/(deficit)				
Financial assets available through other comprehensive income revaluation surplus	43,825	-	-	43,825
Other items in equity				
Total equity	43,825	-	-	43,825

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

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 2019 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 2019, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. 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 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer. Note that amending standard AASB 2015 8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017 for Not-for-Profit entities.	1 Jan 2019	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. Revenue from grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as the performance obligations attached to the grant are satisfied. Expected impact will be minimal as revenue was recognised as an early adopt when benefit passed to our contracting parties.
AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for-Profit Public-Sector Licensors	AASB 2018-4 amends AASB 15 and AASB 16 to provide guidance for revenue recognition in connection with taxes and Non-IP licences for Not-for-Profit entities.	1 Jan 2019	AASB 2018-4 provides additional guidance for not-for-profit public sector licenses, which include: <ul style="list-style-type: none">• Matters to consider in distinguishing between a tax and a license, with all taxes being accounted for under AASB 1058;• IP licenses to be accounted for under AASB 15; and• Non-IP, such as casino licenses, are to be accounted for in accordance with the principles of AASB 15 after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019

Note 8.10: AASB's issues that are not yet effective continued

Standard/ Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not for- Profit Entities	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events	1 Jan 2019	This standard clarifies the application of AASB 15 and AASB 9 in a not-for- profit context. The areas within these standards that are amended for not- for-profit application include: AASB 9 <ul style="list-style-type: none"> • Statutory receivables are recognised and measured similarly to financial assets. AASB 15 <ul style="list-style-type: none"> • The 'customer' does not need to be the recipient of goods and/or services; • The "contract" could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or 'equivalent means'; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be 'sufficiently specific' to be able to apply AASB 15 to these transactions.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged. Estimated impact will be minimal as it will be a split in operational and capital components.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****Note 8.10: AASB's issues that are not yet effective continued**

Standard/ Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 2018-8 Amendments to Australian Accounting Standards – Right of Use Assets of Not-for- Profit entities	This standard amends various other accounting standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.	1 Jan 2019	Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions. For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption. The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets. In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.
AASB 1058 Income of Not-for-Profit Entities	AASB 1058 will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1 Jan 2019	Grant revenue is currently recognised up front upon receipt of the funds under AASB 1004 Contributions. The timing of revenue recognition for grant agreements that fall under the scope of AASB 1058 may be deferred. For example, revenue from capital grants for the construction of assets will need to be deferred and recognised progressively as the asset is being constructed. The impact on current revenue recognition of the changes is the potential phasing and deferral of revenue recorded in the operating statement.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019**

Note 8.10: AASB's issues that are not yet effective continued

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.
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.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2019****Note 8.10: AASB's issues that are not yet effective continued**

Standard/ Interpretation	Summary	Applicable for reporting periods beginning on	Impact on Health Service's Annual Statements
AASB 1059 Service Concession Arrangements: Grantor	This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time.	1 January 2020 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)	For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied: <ul style="list-style-type: none">• Operator is providing public services using a service concession asset;• Operator manages at 'least some' of public services under its own discretion;• The State controls / regulates:<ul style="list-style-type: none">– what services are to be provided;– to whom; and– at what price• State controls any significant residual interest in the asset. If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard
AASB 2018-5 Amendments to Australian Accounting Standards – Deferral of AASB 1059	This standard defers the mandatory effective date of AASB 1059 from 1 January 2019 to 1 January 2020.	1 January 2020 (The State is intending to early adopt AASB 1059 for annual reporting periods beginning on or after 1 January 2019)	This standard defers the mandatory effective date of AASB 1059 for periods beginning on or after 1 January 2019 to 1 January 2020. As the State has elected to early adopt AASB 1059, the financial impact will be reported in the financial year ending 30 June 2019, rather than the following year.

**CENTRAL GIPPSLAND HEALTH SERVICE
FINANCIAL YEAR ENDED 30 JUNE 2019**

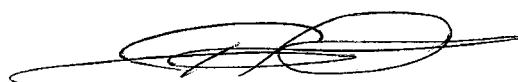
**Board member's, accountable officer's and chief
finance & accounting officer's declaration**

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 2019 and the financial position of Central Gippsland Health Service at 30 June 2019.

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

We authorise the attached financial statements for issue on 5 September 2019.



TONY ANDERSON, Board Chairperson
Sale, Victoria
5-Sep-19



FRANK EVANS, Accountable Officer & Chief Executive Officer
Sale, Victoria
5-Sep-19



CHERIE CAMPBELL, Chief Finance & Accounting Officer
Sale, Victoria
5-Sep-19





CENTRAL GIPPSLAND HEALTH

HOSPITALS

COMMUNITY SERVICES

AGED CARE

Telephone:
03 5143 8800
Facsimile:
03 5143 8889



SALE HOSPITAL

Central Gippsland Health

155 Guthridge Parade
Sale VIC 3850
Telephone:
03 5143 8600
Facsimile:
03 5143 8633



MAFFRA HOSPITAL

Central Gippsland Health

48 Kent Street
Maffra VIC 3860
Telephone:
03 5147 0100
Facsimile:
03 5147 0152



HEYFIELD HOSPITAL

Central Gippsland Health

14 Licola Road
Heyfield VIC
3858
Telephone:
03 5139 7979
Facsimile:
03 5139 7922



STRETTON PARK

Central Gippsland Health



LAURINA LODGE

Central Gippsland Health



WILSON LODGE

Central Gippsland Health



McDONALD WING

Central Gippsland Health

Telephone: 03 5143 8540
Facsimile: 03 5143 8542