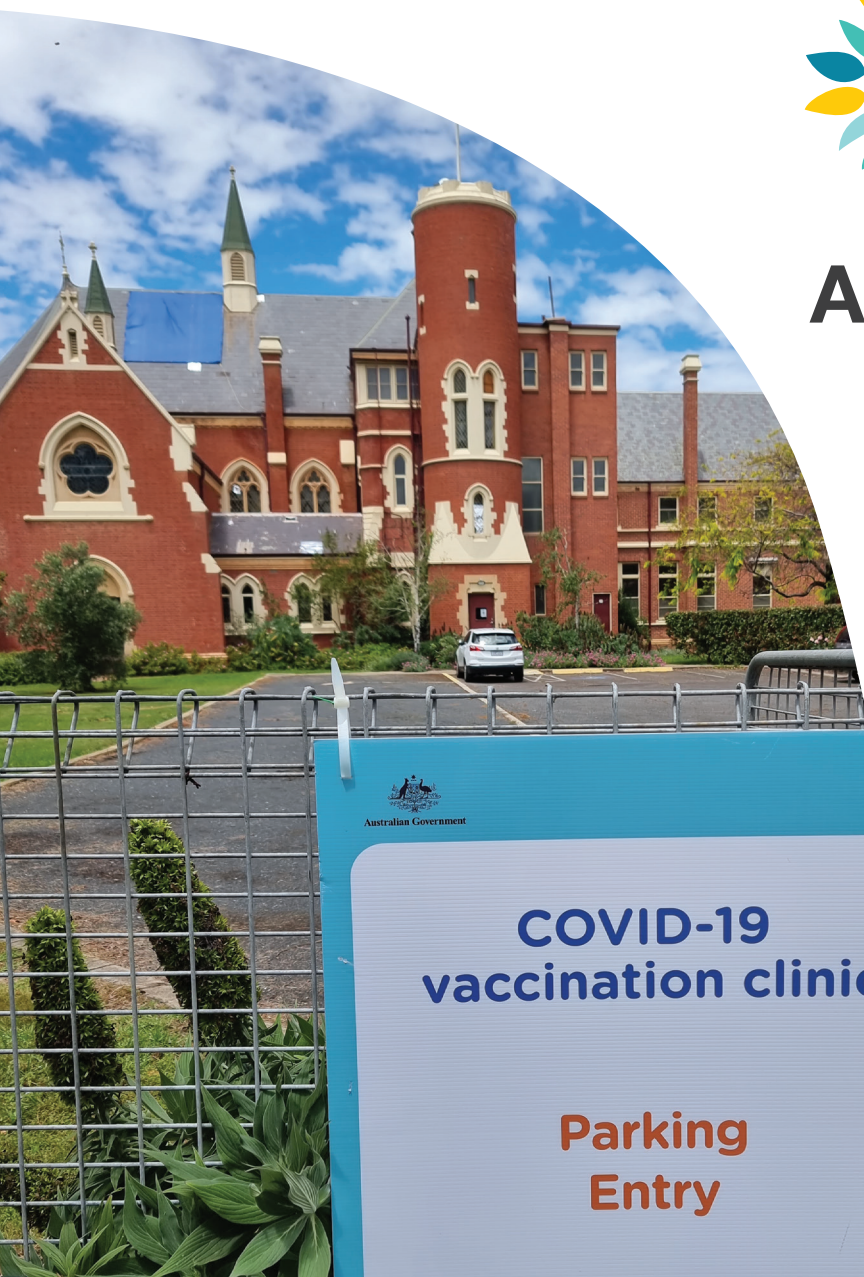




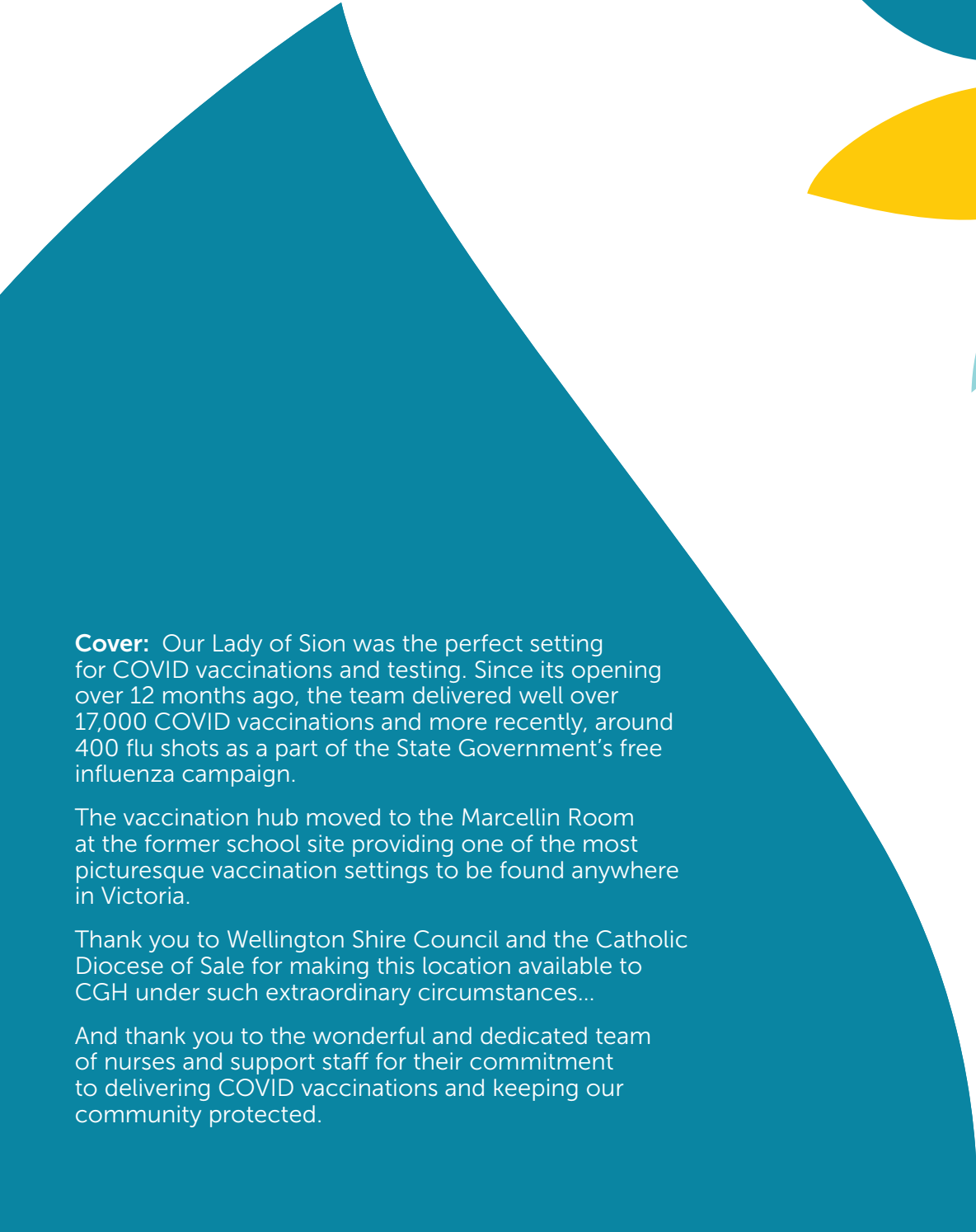
**CENTRAL  
GIPPSLAND  
HEALTH**

# **ANNUAL REPORT 2021-2022**



**COVID-19  
vaccination clinic**

**Parking  
Entry**



**Cover:** Our Lady of Sion was the perfect setting for COVID vaccinations and testing. Since its opening over 12 months ago, the team delivered well over 17,000 COVID vaccinations and more recently, around 400 flu shots as a part of the State Government's free influenza campaign.

The vaccination hub moved to the Marcellin Room at the former school site providing one of the most picturesque vaccination settings to be found anywhere in Victoria.

Thank you to Wellington Shire Council and the Catholic Diocese of Sale for making this location available to CGH under such extraordinary circumstances...

And thank you to the wonderful and dedicated team of nurses and support staff for their commitment to delivering COVID vaccinations and keeping our community protected.

# CONTENTS

|                                                                |       |                                                                                    |       |
|----------------------------------------------------------------|-------|------------------------------------------------------------------------------------|-------|
| Who we are.....                                                | 4     | Organisational Structure.....                                                      | 27    |
| Our history .....                                              | 4     | Major infrastructure project complete.....                                         | 28    |
| At your service.....                                           | 5     | Support groups .....                                                               | 29-30 |
| Report by the Chair, Board of Directors .....                  | 6     | Raffle to save lives .....                                                         | 31    |
| Report by the Chief Executive Officer .....                    | 7     | Senior Management Team.....                                                        | 32    |
| COVID-19 vaccinations<br>& testing at Our Lady of Sion .....   | 8     | New GP clinic at Loch Sport .....                                                  | 32    |
| Strategic Plan Summary .....                                   | 9     | Senior Medical and Dental Staff .....                                              | 33-34 |
| Quality Improvement and Innovation.....                        | 10    | Farewell to Dr Ziffer .....                                                        | 35    |
| Flu vaccinations encouraged<br>for visitors to aged care ..... | 11    | Acute & Aged Care Services .....                                                   | 36-37 |
| Accreditation Status.....                                      | 12    | Statutory Compliance .....                                                         | 38-44 |
| Consumer, Carer<br>and Community Participation.....            | 12-13 | Report Of Operations .....                                                         | 45    |
| Supporting transparency in healthcare .....                    | 13    | Summary of Financial Results .....                                                 | 46    |
| Carers Recognition Act 2012 .....                              | 14    | Reconciliation of the Operating Result<br>to the Net Result from Transactions..... | 46    |
| Governance and Community<br>Accountability.....                | 14    | Environmental Performance .....                                                    | 48-49 |
| Board of Directors.....                                        | 15-18 | Information and Communication<br>Technology (ICT) expenditure .....                | 50    |
| Executive Staff .....                                          | 18    | Data Integrity .....                                                               | 50    |
| Risk & Audit Committee.....                                    | 19    | Conflict of Interest .....                                                         | 51    |
| Workforce.....                                                 | 20    | Integrity, Fraud and Corruption .....                                              | 51    |
| Occupational Health and Safety.....                            | 21    | Financial Management Compliance .....                                              | 52    |
| Occupational Violence .....                                    | 22    | Statement of Priorities.....                                                       | 52-57 |
| Aboriginal Cultural Safety .....                               | 22-23 | Disclosure Index .....                                                             | 58-59 |
| Overview of services .....                                     | 24-25 |                                                                                    |       |
| Healthier and happier<br>parents and newborns .....            | 26    |                                                                                    |       |

**OUR VISION** is of a safe and healthy community where everyone feels valued, supported and can participate.

**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 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 - 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 among us
- ensure our fees policy considers our clients' 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 Code of Conduct for Victorian Public Sector Employees
- embrace transparency and provide meaningful and clear information to our stakeholders
- support ethical and caring leadership development at all levels of the organisation.

### QUALITY - 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 Central Gippsland Health Service is characterised by the following: seamless, coordinated, integrated and timely provision of person-centred 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 Central Gippsland Health Service's 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.

# WHO WE ARE

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

It serves a local population of approximately 45,000 in Central Gippsland, while acute specialist services reach a wider community in East Gippsland and parts of South Gippsland.

Categorised as a sub-regional health service, CGHS provides a range of more complex services than those delivered by small rural health services. There are two public hospitals located in Sale and Maffra. Each has public sector residential aged care facilities on campus; community health centres in Sale, Maffra, Rosedale and Loch Sport; and a Community Rehabilitation Centre located on the Sale campus. This provides a range of allied health and rehabilitation services outreaching to patient homes and other CGHS and non-CGHS facilities.

In addition, CGHS is an integrated health service and provides a range of services usually provided by local government and in particular, home support and maternal and child health services.

Clinical education and training are an important part of CGHS's offering. CGHS provides clinical placements to support undergraduate education and training for medical, nursing and allied health staff, and rotations for specialist nursing, allied health and medical education, including GP proceduralists.

Central Gippsland Health is also a network that includes independently governed organisations, Heyfield Hospital and Stretton Park.

For more information visit: [www.cghs.com.au](http://www.cghs.com.au)

# 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.

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 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 Directors and staff continue to uphold the service and spirit of those early pioneers who worked so hard to establish a hospital in the 1860s.



# AT YOUR SERVICE

CGHS works within a statewide rural and regional planning framework that considers the 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.

As the major provider of health and aged care services in the Wellington Shire, CGHS also provides specialised services such as perinatal services, critical care, coronary care, obstetrics and surgery, as well as a comprehensive range of Home and Community Care (HACC) services.

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 subacute services including rehabilitation.

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 subregional health services.

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

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

## THE NUMBERS AT A GLANCE FOR THE 2021-22 YEAR

### OUR SERVICES

|                                                                       |         |
|-----------------------------------------------------------------------|---------|
| Population served (approximately)                                     | 45,000  |
| Emergency attendances                                                 | 16,665  |
| Inpatient services                                                    | 12,344  |
| Mothers delivered                                                     | 430     |
| Community Services hours of service                                   | 108,589 |
| Non-admitted subacute and specialist outpatient clinic service events | 37,222  |

### PEOPLE

**694** equivalent full time (EFT) employees.  
**1036** people employed, including **145** casual, **625** part-time and **266** full-time active employees at 30 June 2022.

### ASSETS AND REVENUE

**\$46.1 mil** in net assets  
**\$41.7 mil** in buildings  
**\$13.7 mil** in plant and equipment  
**\$128.1 mil** in revenue

# REPORT BY THE CHAIR, BOARD OF DIRECTORS



It is a great honour to present my first annual report as Central Gippsland Health Service (CGHS) Board Chair. In the first instance, I would like to acknowledge the service of two retiring Board Directors, Tony Anderson and Kumar Visvanathan.

Tony has served on the Board for the full term of tenure (nine years). During this time, Tony has served as a Director, Deputy Chair and, for the last four years, Board Chair. Tony is to be commended for his long and distinguished service and should be proud of his achievements over that time.

Kumar served on the Board for nearly six years and, as a specialist in infectious diseases, provided great insight for us during the early stages of the COVID pandemic - we thank him for his service.

I would also like to acknowledge my fellow Board Directors and thank them for their efforts and support over the last 12 months.

In the past year, we have continued to face the challenges presented by COVID-19 and, whilst there has been a significant relaxation of COVID rules in the community, staff across the health service have continued to work in PPE and remain vigilant against the spread of infection. I extend my thanks to all staff across the organisation for their ongoing commitment to the health and wellbeing of those under their care.

CGHS has commenced a number of capital works projects this year which are in various stages from conceptual planning to completion. One of these projects is the completion of our new staff accommodation units. This facility is located in a prime position in Sale with views of Lake Guthridge and within walking distance of modern pool and gym facilities, the local bowls club, and Sale Hospital. This will enable the health service to offer first-class accommodation to a broad range of visiting medical staff and I congratulate all involved in the project, from planning through to completion.

As a health service, we continue to face financial and staffing pressures. However, the Board remains committed to the establishment of good governance processes and strategic planning to provide the best possible working environment for our staff to deliver great care and make our branding statement, Better together, a reality every day.

On behalf of the Board of Directors, I also thank our Chief Executive Officer, Mark Dykgraaf, his Executive team and all staff across our campuses for the important work they do and the great care they provide to our local community.

In accordance with the Financial Management Act 1994, I am pleased to present the report of operations for Central Gippsland Health Service for the year ending 30 June 2022.

A handwritten signature in black ink, appearing to read 'Jim V.', with a stylized flourish at the end.

Jim Vivian  
Board Chair  
Sale, Victoria  
30 June 2022



# REPORT BY THE CHIEF EXECUTIVE OFFICER



It has been a challenging year for our organisation and I would like to say thank you to each and every member of our team for your hard work and commitment in continuing to deliver services to our community during the pandemic. We have, together, been able to maintain service levels while also providing a significant response to the COVID threat.

Our COVID-19 response has been extensive and included setting up a vaccination and testing centre, caring for COVID positive patients in our hospital, keeping our aged care residents safe and delivering support to our community through the High Risk Accommodation Response (HRAR) and Hospital in the Home (HiTH) program.

Our teams have gone above and beyond in so many ways that included assisting other health services in Gippsland, supporting our aged care team(s) when we had COVID outbreaks, agreeing to provide COVID screening services at our ED and other entrances, and taking on additional shifts in order to maintain services. It is impossible to outline everything the teams have done but, once again, thank you.

While COVID-19 has been front and centre, we have also undertaken significant improvement work in the organisation; the establishment of the Maternity Services project has resulted in increased referrals to our antenatal clinic; implementing the Electronic Medical Record (EMR) in the Emergency Department and the new Child Safe Standards; restructuring how we undertake clinical governance; and a comprehensive service improvement project in the Consulting Suites.

We have also progressed significant building works, while securing funding for further capital improvements. The staff accommodation project is now complete, while Stage 2 renovation works at Stretton Park are close to concluding. We have also secured additional funding for renovation works on the Community Services Building, improvement works at Heyfield Hospital, a café/garden expansion at Wilson Lodge and a radiation/oncology expansion adjacent to the Emergency Department. All of these additional projects will commence later this year, or in early 2023.

The key challenges for us in the year ahead will include the ongoing COVID response, working to reduce our elective surgery waiting lists and strengthening the Better at Home program. In addition, we will be seeking to respond to the recommendations of the Aged Care Royal Commission and the Mental Health Royal commission.

In closing, I note the support provided by our Board and its commitment to ensuring that managers and staff have sufficient resources to deal with the pandemic and, most importantly, that our clients, residents and patients are kept as safe as possible. I thank the members for their ongoing leadership, commitment and support.

A handwritten signature in black ink, reading 'M. W. Dykgraaf'.

Mark Dykgraaf  
*Chief Executive Officer*

# COVID-19 VACCINATIONS & TESTING AT OUR LADY OF SION



Our Lady of Sion was the perfect setting for both COVID vaccinations and testing. Since its opening more than a year ago, the team delivered well over 17,000 COVID vaccinations and more recently, around 400 flu shots as a part of the State Government's free influenza campaign.

Originally located at the Gippsland Regional Sports Complex, the vaccination hub moved to the Marcellin Room at Our Lady of Sion providing one of the most picturesque vaccination settings to be found anywhere in Victoria.

The vaccination team has not only delivered vaccinations at this fixed site, but has travelled throughout Wellington Shire to residential aged care facilities, primary schools, community health centres and community houses as well as administering in-home vaccinations.

Targeted sessions for vulnerable and disadvantaged groups have also been provided in partnership with the HRAR project, ensuring equity of access for all. The team has worked tirelessly to deliver this most critical public health service and through this, has supported our community to stay safe throughout the COVID-19 pandemic.

Thank you to Wellington Shire Council and the Catholic Diocese of Sale for making this location available to CGH under such extraordinary circumstances...

And thank you to the wonderful and dedicated team of nurses and support staff for their commitment to delivering COVID vaccinations and keeping our community protected.



# 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

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

To support this, CGHS has a Quality Improvement and Innovation Framework that details a comprehensive response from the Board and senior management team to develop organisational structures and processes that support a capable, enabled and engaged workforce.

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

As part of this, we work to embed a quality culture of continuous improvement across the organisation where staff solve problems together and focus on providing excellent care to consumers, regardless of how they access services.

As part of the CGHS Clinical Governance Framework, the Clinical Governance Committee meets monthly to identify and monitor issues relating to patient/client/resident safety and quality of service. The Committee in turn, provides guidance and support to divisional teams to deliver improvement strategies and safety initiatives.

The Quality and Safety Committee has bi-monthly meetings with Board and consumer representation. It provides comprehensive reports relating to quality improvement and innovation which are presented at Board of Directors meetings.

Community and consumer participation groups work with CGHS to ensure their perspectives are at the centre of continuous improvement efforts. Although this last year has been challenging, community and consumer participants have continued to demonstrate their commitment to CGHS and engage with us via online forums and in person when possible.

These improvements are recognised through our monthly Quality newsletter and other information sharing opportunities. This year there has been a focus on strengthening our systems and processes, and working as a team to solve issues and make improvements.



# FLU VACCINATIONS ENCOURAGED FOR VISITORS TO AGED CARE

To help protect its elderly residents, Central Gippsland Health Service encouraged all visitors to its four aged care facilities to be vaccinated against the flu.

During the COVID pandemic, visitors to aged care were required to have their COVID-19 vaccinations. While flu vaccinations are not mandatory when entering aged care in Victoria, being vaccinated against respiratory illnesses can help protect residents and prevent further outbreaks.

"We would like to see visitors to our aged care facilities fully vaccinated against the flu and COVID-19," CGHS Chief Executive Officer, Mark Dykgraaf explained. "The three full doses of the COVID-19 vaccine, combined with your flu shot adds to the layers of protection against these potentially dangerous respiratory illnesses where our elderly are at most risk."

The outbreak of any virus in an aged care facility can cause significant problems and CGHS asked the community for its support to help take extra precautions when it comes to visits.

Those fully vaccinated against COVID-19 and the flu should still not visit an aged care facility if they have;

- been in contact with a confirmed case of COVID-19 in the last 7 days
- have a fever or symptoms of a respiratory infection such as a cough, sore throat, runny nose or shortness of breath

"The risk of transmission of COVID-19 and now the flu, has necessitated the continuation of restrictions on visitors accessing residential aged care services," Mr Dykgraaf said.

"As we transition into the 'COVID-19 normal world' while facing predictions of a bad flu season, it's important for the valued friends and family of our aged care residents to help us safely manage the risks."





# ACCREDITATION STATUS

CGHS (including Dental Services) is accredited against the National Safety and Quality Health Service Standards Second Edition. The organisation-wide survey in August 2019 resulted in all core and developmental items being met. Our next organisation wide survey against the national standards will be conducted in August 2023.

The Home and Community Service has full accreditation against the three Home Care Common Standards. An accreditation contact visit was conducted in August 2018 and all six outcomes reviewed under the standards were met. The next accreditation for the Home and Community Service is planned for 2022 and will now be assessed under the new Aged Care Quality Standards.

Wilson Lodge underwent aged care accreditation in 2021 against the new version of the Aged Care Quality Standards, meeting all eight standards. J.H.F. McDonald Wing was last accredited against the new Standards in 2019, meeting all eight standards and will be reaccredited in 2022.

## CONSUMER, CARER AND COMMUNITY PARTICIPATION

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

- Community Liaison Committee (CLC); a sub-committee of the Board which meets on a bi-monthly basis and, in addition to consumers, has representation from CGHS, Heyfield Hospital and Stretton Park Boards at each meeting.
- Aboriginal and Torres Strait Islander Advisory Committee; includes employed Aboriginal staff and local Aboriginal community members. This Advisory Committee meets on a bi-monthly basis.
- Lesbian, Gay, Bi-sexual, Transgender and Intersex (LGBTI) Focus Group; consisting of local LGBTI community members and CGHS staff.

The CLC and Aboriginal and Torres Strait Islander Advisory Committees are chaired and vice-chaired by community members, and attended by CGHS Executive members. Members receive administrative support from the CGHS Consumer Network and Volunteer Support Officer.

The CLC is the key consumer and community advisory group for CGHS and is responsible to the Board of Directors.

CLC members continue to assist in the development and implementation of appropriate consumer and community participation strategies, such as the review of continuous quality improvement initiatives and quality accreditation activities, as well as oversight of a variety of CGHS action plans. In 2022, the CLC began a body of work to ensure CGHS continues to meet the National Standards around Partnering with Consumers.

A community consultation to improve and strengthen maternity services is forefront to this work as we move towards the 2022/23 financial calendar.

The CGHS Aboriginal and Torres Strait Islander Advisory Committee continues its work in making CGHS a safe and welcoming health environment for Aboriginal and Torres Strait Islander community members.

The Advisory Committee continued to oversee the work contained in the inaugural Reconciliation Action Plan and assisted in the implementation of the "Geewan Scripts" Program; where discharge medications for Aboriginal and Torres Strait Islanders are provided at no cost to the patient.

The renaming of significant meeting spaces across CGHS to local Gunai/Kurnai animal names is currently in development through this Advisory Committee.

The LGBTI Focus Group developed the inaugural CGHS LGBTI Access and Inclusion Action Plan. CGHS acknowledges and celebrates IDAHOBIT (International Day Against Homophobia, Biphobia, Intersexism and Transphobia) annually with a commitment to staff training and education on diversity and inclusivity.

## SUPPORTING TRANSPARENCY IN HEALTH CARE

Over the last 6-12 months, Central Gippsland Health Service (CGHS) has managed a pilot program to support community engagement and transparency in health care.

Jude Bridgeman's job as the CGHS Care Opinion Project Manager is to recruit and support small rural health services across Victoria to use community online feedback platform, Care Opinion Australia.

With 27 health services already registered, Ms Bridgeman's goal was to recruit up to 10 more throughout the five regional areas across the state; Grampians, Loddon Mallee, Hume, Barwon South West Region and Gippsland.

CGH has been using Care Opinion, formerly Patient Opinion Australia, since 2016. Care Opinion is an independent and confidential site where anyone can share their stories from their experience of care.

"Care Opinion also gives people the opportunity to see what others are saying about services and read how services respond and whether they make an improvement," Ms Bridgeman said. "The platform supports a direct line of communication between service and client, supporting both to be honest, transparent and accountable."

According to Ms Bridgeman, the more people who share their stories about their care experiences, the better health services will be across the board.

# CARERS RECOGNITION ACT 2012

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

Carers' luncheons occur at Loch Sport Health Centre bi monthly. The aim of these luncheons is to enable carers to come together, have fun and support others who take on a similar role.

Carers are identified in a number of ways, including through care coordination, My Aged Care and National Disability Insurance Scheme processes. Each carer's needs are identified using a person-centred approach focused on the individual.

## GOVERNANCE AND COMMUNITY ACCOUNTABILITY

Each year, the Community Liaison Committee (CLC) is invited to provide 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 Directors.

# BOARD OF DIRECTORS

AS AT 30 JUNE 2022



## JIM VIVIAN (CHAIR)

Jim has retired from the workforce, with his most recent employment being the role of 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.



## ARTHUR SKIPITARIS (VICE CHAIR)

Arthur is the General Manager Corporate Services for Wellington Shire Council. Prior to this role, Arthur was a senior executive for the Finance Shared Services Division of General Electric, Australia and New Zealand. He was also the General Manager of Australia Post's Shared Services Division and has worked in a number of senior banking and finance roles.

Arthur holds a Bachelor of Business double major in Accounting and Economics, is a CPA, a Fellow of the Financial Services Institute of Australasia and a Graduate of the Australian Institute of Company Directors.



## TONY ANDERSON

Tony recently resigned his position as Branch Manager of Rabobank in Sale to take on a role with Dairy Australia. He is a specialist in agribusiness finance and investment with over 20 years' experience in rural lending, establishing Rabobank's first Gippsland office in Sale in 2004. Prior to moving back to Sale, Tony spent six years with the NAB 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.



## BOARD OF DIRECTORS Continued



### ABBAS KHAMBATI

Abbas Khambati is a Non-Executive Board Director and an Executive Director, specialising in the not-for-profit sector, with over 20 years of senior and executive management experience within the public and private sectors. His experience and strengths are in financial and business strategy, policy, governance, policy and risk management. He represents regional health services as a Board Member with the Victorian Healthcare Association. In his executive capacity, Abbas is the Director of Business Support Services at Monash Health, Victoria's largest health service and is responsible for managing the business finance partnering portfolio across the organisation. Abbas is a Chartered Accountant, a Graduate of the Australian Institute of Company Directors and holds a Masters in Health Services Management. He is inspired by the values of respect, excellence and integrity.



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

## BOARD OF DIRECTORS Continued



### JENNY DEMPSTER

Jenny is 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 Master's 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.



### PETER (GERRY) WATTS

Gerry has a strong grasp of hospital board governance and an extensive history in procurement. His most recent role of Regional Procurement Advisor with Health Purchasing Victoria, supported his strong understanding of governance, process and probity. Gerry is a competent and experienced Board member who is enthusiastic about his contribution to Central Gippsland Health. He holds an Advanced Diploma in Hospitality Management, a partial Masters of Information Systems and an AICD Clinical Governance qualification.



### LAUREN CAREY

An experienced communications specialist, Lauren currently leads the communication and marketing function as Manager Engagement and Customer Focus at Latrobe City Council. Prior to joining Council, Lauren spent nine years working in the power generation and mining sector as the External Communications Manager for global company ENGIE's Hazelwood asset and holds a Bachelor in Public Relations. Born and schooled in Sale, Lauren has significant links to the Wellington Shire and is passionate about using her skills in corporate communications, stakeholder engagement, strategic leadership and governance to benefit the patients, residents and clients of Central Gippsland Health Service now and into the future.

## BOARD OF DIRECTORS Continued



### CLAIRE MILLER

Claire has over 10 years of board level experience across the public and commercial sectors with a focus on the utilities, resources, infrastructure and energy industries. In her executive capacity she has held the role of General Counsel and Company Secretary managing governance, compliance, risk and audit functions across a range of industry sectors including energy, infrastructure, gas, utilities, resources and property in government, ASX and private entities. Claire holds a Bachelor of Laws and a Graduate Diploma of Applied Corporate Governance. Claire currently serves as a Commissioner for the Victorian Gambling and Casino Control Commission, Board Director of Mine Land Rehabilitation Authority and is an Audit and Risk Committee member for the Australian Radiation Protection and Nuclear Safety Agency.



### FRANKIE MACLENNAN

Frankie MacLennan lives on a farm near McLoughlins Beach. She has had a varied career in education, small business and most recently community engagement in public land management in Gippsland and statewide. She has a Masters of Applied Science and is a graduate of the Australian Institute of Company Directors. Frankie has recently completed a term as Chair of the Yarram and District Health Service and is a current board member of the East Gippsland Catchment Management Authority.

## EXECUTIVE STAFF

AS AT 30 JUNE 2022

#### Chief Executive Officer

Mr Mark Dykgraaf

#### Director Medical Services

Dr Syed Khadri

#### Director of Nursing / Chief Nurse

Ms Mandy Pasmus

#### Director Aged Care Services

Ms Caron Mallet

#### Director Quality & Learning Services

Ms Kelli Mitchener

#### Director Corporate Services

Ms Cherie Campbell

#### Acting General Manager Community & Allied Health Services

Ms Rachel Strauss

#### Solicitor

Ms Lucy Hunter,  
Latrobe Regional Hospital, Legal Counsel

#### Banker

National Australia Bank Limited

# RISK & AUDIT COMMITTEE

## (INDEPENDENT MEMBERS)

### LESLEY FAIRHALL (INDEPENDENT CHAIR)

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.

### 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.

As at 30 June 2022, non-independent members of the Risk & Audit Committee included: Mark Dykgraaf (Chief Executive Officer), Frankie MacLennan (Board member), Cherie Campbell (Director Corporate Services), Claire Miller (Board member), Kelli Mitchener (Director Clinical Governance & Medical Operations), Peter (Gerry) Watts (Board member), Emma Brennan (Finance Manager).

# WORKFORCE

| Labour Category                 | June Current Month EFT |            | Average Month EFT |            |
|---------------------------------|------------------------|------------|-------------------|------------|
|                                 | 2021                   | 2022       | 2021              | 2022       |
| Administration & Clerical       | 118                    | 128        | 101               | 124        |
| Ancillary Staff (Allied Health) | 46                     | 31         | 52                | 35         |
| Hospital Medical Officers       | 31                     | 34         | 25                | 30         |
| Hotel & Allied Services         | 119                    | 89         | 120               | 92         |
| Medical Officers                | 12                     | 14         | 16                | 13         |
| Medical Support                 | 85                     | 127        | 83                | 125        |
| Nursing                         | 279                    | 271        | 258               | 270        |
| Sessional Clinicians            | N/A                    | N/A        | N/A               | N/A        |
| <b>Total</b>                    | <b>690</b>             | <b>694</b> | <b>655</b>        | <b>689</b> |

| Labour Category                      | June Current Month EFT |            | Average Month EFT |            |
|--------------------------------------|------------------------|------------|-------------------|------------|
|                                      | 2021                   | 2022       | 2021              | 2022       |
| Central Gippsland Health Service     | 690                    | 694        | 669               | 689        |
| Heyfield Hospital                    | 38                     | 45         | 37                | 39         |
| Stretton Park                        | 28                     | 31         | 26                | 27         |
| <b>Total EFT for the CGH network</b> | <b>756</b>             | <b>770</b> | <b>732</b>        | <b>755</b> |

Central Gippsland Health Service (CGHS) 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

CGHS currently has 15 Health and Safety Representatives (HSRs) appointed. All HSRs are formally trained for the role and assist with hazard identification and incident investigations.

A review of the Designated Work Groups (DWG) is being undertaken in 2022 with the aim of reducing their number. This will assist in the retention of existing HSRs and reduce the number of vacant positions that have been difficult to fill.

In addition to the HSRs, CGHS has a number of Harassment Contact Officers who are available to support staff with information concerning bullying or harassment and Family Violence Contact Officers. These appointments are being refreshed in 2022 and updated training is currently being sourced for later in the year.

Mandatory online competencies continue to be the focus for a number of health and safety training measures. Face to face sessions continue to be impacted as a result of COVID-19 due to the increased risk that physical gatherings pose to the safety of staff.

During 2021/22, six (6) Occupational Health and Safety Committee meetings were held, in line with the Terms of Reference for this committee.

Occupational Violence and Aggression (OVA) continues to be a major focus with the establishment of an OVA Incident Review Committee which assesses incidents of aggression against staff and makes recommendations for improving staff and patient safety.

|                                                                                                                                       | 2019-20  | 2020-21  | 2021-22  |
|---------------------------------------------------------------------------------------------------------------------------------------|----------|----------|----------|
| 1. Number of reported hazards/incidents for the year per 100 EFT staff members                                                        | 22.41    | 29.25    | 29.20    |
| 2. Number of 'lost time' standard claims for the year per 100 EFT staff members                                                       | 1.75     | 0.77     | 1.15     |
| 3. Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe) | \$75,374 | \$29,332 | \$12,763 |

# OCCUPATIONAL VIOLENCE

| Occupational violence                                                                                                     | 2021-22 |
|---------------------------------------------------------------------------------------------------------------------------|---------|
| 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                                                                        | 42      |
| Number of occupational violence incidents reported per 100 FTE                                                            | 6.04    |
| Percentage of occupational violence incidents resulting in a staff injury, illness or condition                           | 0.103   |

## 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 2021/22.

**Lost Time** – is defined as greater than one day.

**Injury, Illness or Condition** – includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

# ABORIGINAL CULTURAL SAFETY

Central Gippsland Health Service (CGHS) received the Aboriginal cultural safety fixed grant which has enabled it to strengthen partnerships with local Aboriginal communities, increasing Aboriginal health staffing and delivering cultural safety training.

Further information in relation to the grant can be found in the *Aboriginal Cultural Safety Fixed Grant Requirements Cultural Safety Planning and Reporting 2020-21* on the Department of Health website at [www.health.vic.gov.au](http://www.health.vic.gov.au).

Some of the key actions underway or implemented at CGHS in support of Aboriginal cultural safety include (but are not limited to):

- Achievement of the key strategies in CGHS's first Reconciliation Action Plan (July 2019 to June 2021).
- Celebrating key cultural activities, including National Reconciliation Week, NAIDOC Week, National Sorry Day, National Aboriginal and Torres Strait Islander Children's Day and Mabo Day.
- Acknowledging Traditional Owners of the Land at all relevant meetings and activities consistent with CGHS policy.

- Encouraging and seeking Aboriginal or Torres Strait Islander representation on the CGHS Board of Directors.
- Maintaining Aboriginal and Torres Strait Islander employment to at least 10 employees, consistent with the CGHS Aboriginal Employment Plan.
- Maintaining the CGHS Aboriginal Hospital Liaison position.
- Providing professional development opportunities for the CGHS Aboriginal Liaison Officer and other Aboriginal staff, including attendance at statewide networking events.
- Maintaining CGHS's Aboriginal traineeship positions.
- Continuing to engage our Aboriginal and Torres Strait Islander Advisory Committee members in supporting employment of Aboriginal people into positions, including trainee positions.
- Supporting Aboriginal representation on our Community Liaison Committee.
- Using local health service and statewide data to identify service needs and gaps, as well as providing this information to our Aboriginal and Torres Strait Islander Advisory Committee, Leadership and Management Committee, and our Aboriginal Hospital Liaison Officer.
- Budgeting for brokerage of funds to support patient care such as transport assistance, food vouchers, discharge medications and accommodation support.
- Making cultural safety training available and mandatory for all staff.
- Developing a cultural mentoring network for existing staff and managers.
- Creating and displaying signs that acknowledge Aboriginal and Torres Strait Islander works/spaces, including the Quiet Room, Cultural Garden and Cultural Totem Poles.
- Establishing a Torres Strait Islander flagpole at the Sale Hospital entrance (alongside the Aboriginal and Australian flagpoles).
- Displaying additional Aboriginal artworks in the hospital building, including our refurbished Critical Care Unit family room.
- Reviewing our training program in relation to identifying Aboriginal or Torres Strait Islander peoples at all points of entry.
- Promoting our feedback pathways so that we are confident that Aboriginal and Torres Strait Islander patients and family have access to formal and culturally appropriate feedback processes.

# 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  
Elective Orthopaedic 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 - 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  
Property Maintenance

### *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  
Domestic Support  
Respite Care  
Delivered Meals  
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

### *Human Resources and Payroll*

Payroll  
Salary Packaging  
Health and Safety  
Industrial Management  
Employee Management  
Recruitment and Contract Management

### *Quality, Risk and Education*

Risk Management  
Quality Audits  
Learning Services / Education  
Emergency Management  
Legislative Compliance

### *Engineering*

Building Maintenance & Development

### *Supply Services*

Supply

### *Hotel Services*

Food Services  
Catering  
Security  
Waste Management  
Environmental Services  
Accommodation Management

### *Information Technology*

## INFORMATION SERVICES

Medical Records  
Business Management  
Freedom of Information / Privacy  
Library

## ADMINISTRATION

Strategic Planning  
Fundraising  
Quality & Risk Management

## BUSINESS UNITS

Medical Imaging  
Linen Service  
Consulting Suites  
Dental Clinic



# HEALTHIER AND HAPPIER PARENTS AND NEWBORNS

The Murdoch Children's Research Institute's (MCRI) innovative GenV research project was launched at Central Gippsland Health Service (CGHS) on 10 August 2021.

GenV is one of the world's largest birth and parent cohort studies. The opt-in project follows babies and their parents to help solve problems like asthma, food allergies, obesity and mental illness – mostly using data that is already routinely collected.

GenV is entering an important phase as it scales up to be available to all newborns and their parents across Victoria. Every family with a newborn baby will be able to join the project over a two-year period, no matter where they live.

CGH joined other birthing hospitals across Victoria in offering local families the opportunity to take part in GenV.

GenV Scientific Director and a Paediatrician of 30 years, Professor Melissa Wake, said that by 2035, GenV's vision was to have helped create a happier and healthier future for many children and parents.

"By involving children and families in this once-in-a-generation initiative, GenV can help solve pressing problems like asthma, food allergies, obesity and mental illness.

"In addition, we are seeking to address the inequities that face so many children and families across Victoria. Because GenV will be in every community, it may be especially helpful to the most vulnerable individuals and communities in our state."

CGHS Director of Nursing, Mandy Pusmucans, said GenV would provide the invaluable opportunity to better treat and prevent common and complex conditions relevant to families within the Wellington community.

"Having the MCRI conduct this important research locally and hearing directly from local families could speed up answers to the major issues facing children and adults, today and for their futures," she said.

"GenV truly is a collaborative study and a partnership of many that CGHS is proud to partner with."

Over the next two years, around 150,000 children born in Victoria and their parents will have the opportunity to participate in the project. Put simply, by signing up to be a part of the GenV generation, parents will help to create a healthier future for all children and their families.

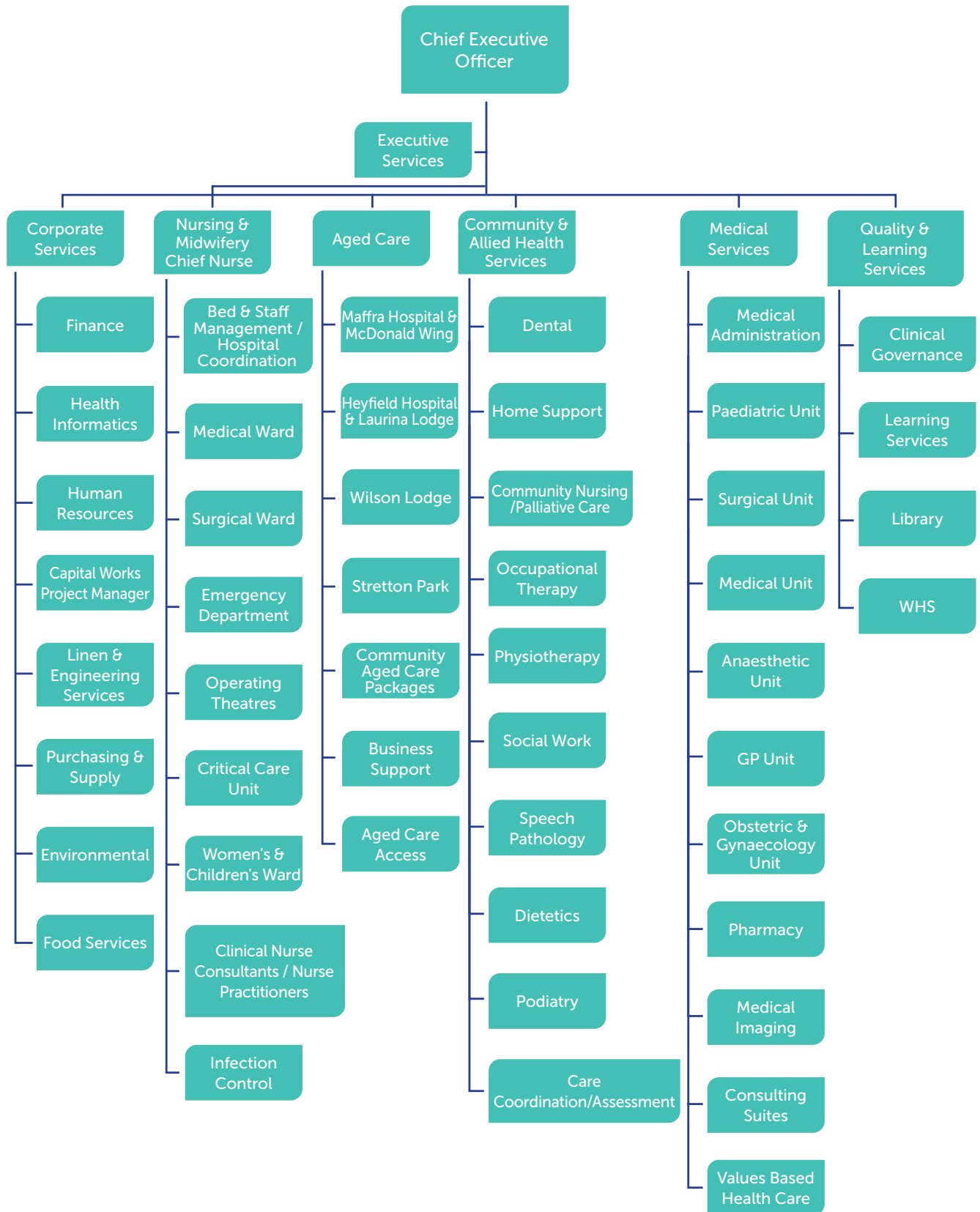
GenV is led by the Murdoch Children's Research Institute, is supported by the Royal Children's Hospital and University of Melbourne and is funded by the Paul Ramsay Foundation, the Victorian Government and the Royal Children's Hospital Foundation.

Visit <https://genv.org.au/> for more information.

## ABOUT MCRI

*The Murdoch Children's Research Institute (MCRI) is the largest child health research institute in Australia committed to making discoveries and developing treatments to improve child and adolescent health in Australia and around the world. MCRI pioneers new treatments, trials better vaccines and improves ways of diagnosing and helping sick babies, children and adolescents. MCRI is one of the only research institutes in Australia to offer genetic testing to find answers for families of children with previously undiagnosed conditions.*

# ORGANISATIONAL STRUCTURE



# MAJOR INFRASTRUCTURE PROJECT COMPLETE

One of Central Gippsland Health Service's (CGHS) major infrastructure projects is complete.

While the new, state-of-the-art apartment complex was built with medical staff in mind, it is hoped the unique accommodation facilities will attract all healthcare professionals across a range of workforces moving to the area.

"We know Wellington Shire is a great place to live and work," said CGHS Board Chair, Jim Vivian.

"With views of the lake and access to modern pool and gym facilities right across the road, the complex, that is a stone's throw from Sale Hospital, is in the perfect location."

Located at Foster Street, Sale, across from Lake Guthridge, the accommodation project has been five years in the making at a cost of just under \$2 million.

CGHS Chief Executive Officer (CEO), Mark Dykgraaf, said he was excited to see this project come to fruition, recognising the commitment and hard work of CGH staff that initiated the campaign.

"It provides an attractive alternative to hotel/motel accommodation for visiting medical staff and supplies housing for students at a low cost," Mr Dykgraaf explained.

"Whether it is junior medical staff beginning their career, hospital medical officers and registrars obtaining experience at CGH or for those supporting leave replacement, the accommodation is an investment in the highest quality infrastructure and equipment to meet the needs of our patients and community."

Financially supported by the John Leslie Foundation with a contribution from the Flint Estate Special Purpose Fund, the accommodation complex provides a more cost effective model for maintenance and utilities, preventing the need for leased accommodation.

"The experience and knowledge of the medical staff we support are invaluable to CGH and we want them to enjoy their experience here, both at work and in our community."



# SUPPORT GROUPS



## FRIENDS OF CENTRAL GIPPSLAND HEALTH SERVICE

It is with much pleasure that I provide a report from the Friends of CGHS at the conclusion of the 2021/22 year.

COVID-19 has continued to impact on fundraising efforts, but despite these challenges we facilitated a successful Easter raffle, raising \$1,400 (thank you to the Gippsland Centre), and raised \$497 through our annual Mother's Day wrapping stall.

Thank you again to Richies IGA's Community Benefits Scheme and to the Sale Lion's Club for supporting a sausage sizzle for the health service.

This year, the Friends of CGHS donated \$19, 221.40 for the purchase of a:

- Bladder scanner for the Critical Care Unit
- Syringe driver for the Surgical Ward
- Peroxide cabinet for the Operating Rooms
- Blood warmer for the Emergency Department

Thank you once again to all our office bearers, members and willing helpers, particularly given the small number of members that form the Friends of CGHS.

Elva Doolan-Jones  
*President*

## MAFFRA HOSPITAL AUXILIARY

I am pleased to report on the activities of the Maffra Hospital Auxiliary for the past year.

Our fundraising activities, like so many others, have been curtailed due to COVID-19 restrictions and health concerns, however we have continued to meet and support the hospital and residents of McDonald Wing.

Our thanks to the Maffra Bowls Club for the use of their clubrooms for our meetings.

A generous donation of \$1,190 was received from our President and her friend in lieu of gifts for their combined 80th birthdays. Thirty Sherpa mink style throw blankets for individual beds were purchased and presented to residents and staff. We arranged for the purchase of a syringe driver, hair dryers, iPad stands, bluetooth speakers and activity incidentals as requested.

Money has been donated towards activities and outings for McDonald Wing residents and we will consult with Management for their 'wish list', and further ways in which we can assist in the coming year.

Once again, individual Christmas presents were purchased for every resident. The nursing staff suggested appropriate gifts and Auxiliary members had great

## SUPPORT GROUPS Continued

fun shopping for the large variety of items. They were gift wrapped and presented at a morning tea, received with pleasure and delight by the residents.

Several members attended an afternoon tea at the hospital in May and enjoyed the social connection and interaction with both residents and nursing staff.

The Auxiliary acknowledges and appreciates the support of the community, and the dedication of its members. We look forward to continuing our efforts to contribute to the wellbeing and enjoyment of McDonald Wing residents into the future.

Ruth Ralph  
*President, Maffra Hospital Auxiliary*

## OUR VOLUNTEERS

Central Gippsland Health acknowledges the vital contribution of its volunteers during the past year.

While a number of volunteering programs were forced to be suspended due to COVID-19, several programs continued, such as the delivery of Meals on Wheels and Patient Transport.

Programs throughout Aged Care returned gradually through 2021-22 with CGHS signing onto the State Government funded weVolunteer initiative to mobilise volunteers to assist with community recovery following the impact of COVID-19.

A volunteer program within the Palliative Care team is currently in its early stages and will provide great support to families in times of need.

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

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

## DONATIONS

|                                                                                                                                             |                       |
|---------------------------------------------------------------------------------------------------------------------------------------------|-----------------------|
| Donation from John Leslie Foundation for staff accommodation                                                                                | \$ 1,000,000.00       |
| Donation from the Estate of Noel Kathleen Maguire Defibrillators, Patient Monitoring for Day Procedure Unit and Theatre, and Theatre lights | \$ 300,000.00         |
| Donation for equipment purchases from general donors                                                                                        | \$ 60,372.35          |
| Donation for Oncology from the Estate of Yvonne Higgins, Bricks of the World, and the Estate of Donald Carmichael                           | \$ 35,770.73          |
| Donation from Brian Smith Foundation for Human Research Ethics Project                                                                      | \$ 35,000.00          |
| General Donations                                                                                                                           | \$20,322.01           |
| <b>Total</b>                                                                                                                                | <b>\$1,451,465.09</b> |



# RAFFLE TO SAVE LIVES

The Newborn Intensive Care Foundation (NICF) raised money for a warming cot that Foundation Chairman, Peter Cursley, said could have saved his baby's life.

Mr Cursley was determined to gift the Special Care Nursery at Sale Hospital with this essential equipment that safely transfers babies to and from theatre. A raffle was held to raise enough money to support the purchase of a \$44,000 warming cot, with 100 per cent of the proceeds being donated.

Mr Cursley's lived experience is proof the first 10 minutes of a newborn baby's resuscitation is critical.

"Newborns can develop complications very quickly without appropriate timely care. A warming cot with resuscitation equipment is the ideal device to have during labour and delivery procedures," he explained.

"Many years ago, while living in NSW, our baby was born blue and was resuscitated by the nursing staff. Although she was revived, it was too late to prevent brain damage and she was taken off life support. If the birthing unit had a warming cot, our baby may still be alive."

A warming cot has medical air and oxygen readily available and provides a safe surface and clear access during procedures. It also allows for the recording of weight (without removing the infant from bed) and adequate lighting.

Winners of the raffle took home various prizes including furniture, massage and hairdressing vouchers, and food hampers.





# SENIOR MANAGEMENT TEAM

AS AT 30 JUNE 2022

|                                                                   |                                               |
|-------------------------------------------------------------------|-----------------------------------------------|
| <b>Chief Executive Officer</b>                                    | Mr Mark Dykgraaf                              |
| <b>Director of Nursing / Chief Nurse</b>                          | Ms Mandy Pusmucans                            |
| <b>Director of Aged Care Services</b>                             | Ms Caron Mallet                               |
| <b>Director Quality &amp; Learning Services</b>                   | Ms Kelli Mitchener                            |
| <b>Director Corporate Services</b>                                | Ms Cherie Campbell                            |
| <b>Director Medical Services</b>                                  | Dr Syed Khadri                                |
| <b>General Manager<br/>Community &amp; Allied Health Services</b> | Ms Rachel Strauss (acting)                    |
| <b>Finance Manager</b>                                            | Ms Emma Brennan                               |
| <b>Director of Pharmacy</b>                                       | Ms Michelle Garner<br>and Jacqueline Richards |
| <b>General Manager Human Resources</b>                            | Mr Kevin Gray                                 |
| <b>General Manager Business Performance</b>                       | Mr Craig Kingham                              |

## NEW GP CLINIC AT LOCH SPORT

A new General Practice medical clinic is now operating in Loch Sport.

The local community of Loch Sport has been advocating to have a clinic with a GP servicing their area and Central Gippsland Health Service (CGHS) successfully negotiated the contract between Nicolson Medical Services, who will now be trading as Loch Sport Medical Centre and CGHS.

Dr Iain Nicolson and team will be providing the service that will initially operate one day per week with the option to expand.

CGHS Chief Executive Officer (CEO), Mark Dykgraaf, said this was a significant step that demonstrated the power of partnerships between the community and CGHS.

"Although providing GP services in Loch Sport is part of the CGHS Strategic Plan, we couldn't have negotiated for the services without the support of the local community," he said.

"We are proud of this arrangement that is a milestone for healthcare rurally, improving access for people who would otherwise have to travel out of their community for quality care."

The new clinic complements the other services currently bring provided from the site including the community nursing services, physiotherapy, podiatry and counselling with the support of Head to Health and Inglis Street Medical Centre.

# SENIOR MEDICAL AND DENTAL STAFF

2021/22

## ANAESTHETIST CONSULTANT

Dr A Green  
Dr H Wassermann

## ANAESTHETISTS GP

Dr J Braga  
Dr N Fenner  
Dr R Nandha  
Dr C O’Kane  
Dr R Phair

## CARDIOLOGIST (OUTREACH CONSULTING)

Dr L Selkrig  
Dr A Wilson

## DENTISTS

Dr P Dutschke  
Dr A Mathew  
Dr G Steele

## DERMATOLOGISTS

Dr F Bhabha  
Dr A Gin  
Dr J Kern  
Dr A Mar  
Dr D Orchard  
Dr N Sharma

## DIRECTOR MEDICAL SERVICES

Dr S Khadri

## EMERGENCY MEDICINE SENIOR MEDICAL OFFICERS

Dr A Al-Safi  
Dr A Brobbey  
Dr S Dobber  
Dr S Fernando  
Dr R Mahmoud  
Dr S Sivabalan  
Dr Aravinthan

## GASTROENTEROLOGIST

Dr M Ryan

## GENERAL PRACTITIONERS

Dr L Ahmed  
Dr Y Ahmad  
Dr S Akter  
Dr E Alsamman  
Dr J Bergin  
Dr S Christian  
Dr E Gault  
Dr E Jiang  
Dr B Johnston  
Dr D Monash  
Dr D Mudunna  
Dr R Nandha  
Dr I Nicolson  
Dr C O’Kane  
Dr G Pathania  
Dr D Sabzvari  
Dr H Stanley  
Dr W Truong  
Dr T Walsh  
Dr L Waters

## HAEMATOLOGY

Dr A Ormerod  
Dr N Bingham  
Dr P Polistena  
Dr H Stevens  
Dr J Wong  
Dr T Wright

## IVF/GYNAECOLOGY

Dr G Weston

## NEPHROLOGIST

Prof D Power  
Dr V Roberts

## NUCLEAR MEDICINE PHYSICIAN

Dr Y Jenkin

## OBSTETRICIANS & GYNAECOLOGISTS

Dr S Choudhuri  
Dr R Pandian  
Dr A Sarkar  
Dr R Tewari, Head of Unit

## OBSTETRICIANS GP

Dr C O’Kane  
Dr J Braga

## SENIOR MEDICAL AND DENTAL STAFF Continued

### ONCOLOGIST (MEDICAL)

Dr H Atkinson  
Dr H Chau  
Dr A Fallah  
Dr W Hong  
Dr M Iddawela  
Dr A Jalali  
Dr S Joshi  
Dr M Lam  
Dr E Samuel  
Dr B Shah  
Dr Q Tran

### ONCOLOGIST (RADIATION)

Dr R Nair

### OPHTHALMOLOGIST

Mr A Amini  
Dr T Edwards

### ORTHOPAEDIC SURGEONS

Mr P Rehfish  
Mr M Thomas

### PAEDIATRICIANS

Dr S Rana  
Dr S Reid  
Dr A Shee  
Dr S Subiramanian, Head of Unit

### PAEDIATRIC ENDOCRINOLOGIST (CONSULTING)

Dr J Brown

### PAEDIATRIC SURGEONS

Mr C Kimber  
Pain Physician

### PHYSICIANS

Dr M Cheah  
Dr H Connor  
Dr J Dai  
Dr V Jadhav, Head of Unit  
Dr N Uddin  
Dr R Ziffer

### PHYSICIAN (INFECTIOUS DISEASES)

Dr E Paige  
Dr D Griffin

### RADIOLOGISTS

Dr S Kapur  
Dr H Patel  
Dr U Patel  
Dr S P Tan  
Dr P Ukwatta  
Dr R Wijeratne  
Dr H Aw Yeang

### RESPIRATORY AND SLEEP MEDICINE

Dr N Uddin

### SURGEONS GENERAL

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

### SURGEON UPPER GI

Mr S Banting

### SURGEON VASCULAR (CONSULTING)

Mr N Roberts

### UROLOGIST

Mr P McCahy

# FAREWELL TO DR ZIFFER



The Wellington Shire medical fraternity has said goodbye to one of its own with Dr Rob Ziffer retiring after 48 years of dedicated service to its communities. A well-respected Consultant Physician, Dr Ziffer specialised in Adult Internal Medicine, with special interests in Cardiology and Oncology, and treated a wide range of other medical disorders. Dr Ziffer was a specialist since 1974 working from Fitzpatrick House in Sale, servicing the local community and Central Gippsland Health Service since 1978.

Central Gippsland Health Service (CGHS) has benefited greatly from Dr Ziffer's academic and professional leadership for physicians. He has been a past president of the Gippsland Base Hospital medical staff group and has provided leadership and been involved with numerous multi-centre drug trials.

He is also a lifelong supporter of the Geelong AFL club and he was also a relay torch bearer for the 2000 Olympics. Dr Ziffer embraced community spirit, and encouraged it. He had close involvement with many local community organisations.

He is well known for being the driving force in developing Critical Care services in Sale. A Consultant Physician at the time, he was educator, mentor and wise counsellor to medical and nursing staff. There is certainly no 'I' in TEAM for Dr Ziffer. Humble throughout his career, he is proud of the 'flat model of hierarchy' that he spearheaded so that "everybody was on a first name basis, everybody's opinion was important."

He credits this teamwork to the successful impact of critical care and specialist medical services to Wellington Shire. "When you had discussions around the bedside about how things were going, everybody's opinion was important. We often got information from the cleaners!" he said. "If you create an environment where people are encouraged to put things forward, it becomes more collaborative."

The development of Critical Care and specialist medical services allowed local physicians to practice a much higher level of medicine and surgery. Sale now had the ability to manage complex patients.

"As you did more sophisticated surgery, you needed better staff to be able to manage that – it had a roll on affect to the level of service we were able to provide locally." Dr Ziffer explained. Physicians will know that being on-call is a 24 hour, 7 day a week commitment. Can you imagine doing this without mobile phones?

"Before mobile phones, we had beepers," Dr Ziffer explained. "If you were out of the home, you had to run around and find a public phone that wasn't vandalised to call in. You always carried a handful of cash so you could call!"

If he didn't respond to his beeper, the hospital would send wards men to find him.

"They'd often find me jogging in the mornings before work," Dr Ziffer said. "They knew my route. They'd bundle me up in a car and off we'd go...it probably looked like a kidnapping scene!"

One of Dr Ziffer's fondest memories is being called in to a Code Blue. "I got in, pulled the curtain and there lay Santa!" he explained. "I thought it was a prank but he actually had a broken leg. I couldn't quite believe it." Dr Ziffer's good humour and lively anecdotes will be just as missed as his professionalism and enviable bedside manner.

# ACUTE & AGED CARE SERVICES

AS AT 30 JUNE 2022

## SURGICAL SERVICES

|                                            |                  |
|--------------------------------------------|------------------|
| Head of Unit, Surgery                      | Radha Nair       |
| Head of Unit, Anaesthetics                 | Henry Wassermann |
| Nurse Unit Manager, Surgical               | Gary McMillan    |
| Nurse Unit Manager, Perioperative Services | Mauricio Yanez   |

## OBSTETRIC/PAEDIATRIC UNIT

|                                                |                              |
|------------------------------------------------|------------------------------|
| Head of Unit, Obstetrics                       | Raja Tewari                  |
| Head of Unit, Paediatrics                      | Sabapathi Subiramanian       |
| Nurse Unit Manager, Obstetrics and Paediatrics | Kim Costin<br>Kellie Gartung |

## MEDICAL SERVICES

|                                                                  |                                    |
|------------------------------------------------------------------|------------------------------------|
| Director Medical Services                                        | Syed Khadri                        |
| Deputy Chief Medical Officer                                     | Saifulla Syed                      |
| Head of Unit, Medicine                                           | Vittal Jadhav                      |
| Clinical Lead, Emergency                                         | Sen Sivabalan                      |
| General Practice Liaison                                         | Iain Nicolson                      |
| Nurse Unit Manager Critical Care, Dialysis, Cardiology, Oncology | Jenny Dennett<br>Courtney Redaelli |
| Nurse Unit Manager, Medical                                      | Lisa Watson                        |
| Nurse Unit Manager, Emergency                                    | Tom Breakspear                     |
| Hospital Medical Officer Manager                                 | Jacqueline Southall                |
| Values Based Health Care Coordinator                             | Kelly Whelan                       |

## CLINICAL SUPPORT SERVICES

|                                                       |                                                                                                              |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Director of Nursing                                   | Mandy Pusmucans                                                                                              |
| Manager Staffing & Bed Allocations                    | Tracy McConnell-Henry                                                                                        |
| Hospital Coordinators                                 | Leanne Perkins,<br>Janny Steed,<br>Therese Smyth,<br>Anita Sorensen,<br>Caroline Rossetti,<br>Leanne Hearsey |
| Director of Pharmacy                                  | Michelle Garner<br>Jacqueline Richards                                                                       |
| Infection Control Clinical Nurse Consultants          | Cathy Mowat,<br>Andrea Page,<br>Nicole Gourley                                                               |
| Wound/Stomal Therapy Clinical Nurse Consultant        | Ann Payne                                                                                                    |
| Addiction Medicine & Mental Health Nurse Practitioner | Teresa Strike                                                                                                |

## MAFFRA CAMPUS

|                    |                |
|--------------------|----------------|
| Nurse Unit Manager | Shermain Wells |
|--------------------|----------------|

## AGED CARE SERVICES

|                                                 |                |
|-------------------------------------------------|----------------|
| Director Aged Care Services                     | Caron Mallet   |
| Nurse Unit Manager, Wilson Lodge                | Ethel Manganda |
| Nurse Unit Manager, J.H.F. McDonald Wing Maffra | Shermain Wells |



## COMMUNITY & ALLIED HEALTH SERVICES

**General Manager  
Community & Allied Health Services** Rachel Strauss  
(acting)

**Nurse Unit Manager,  
District Nursing** Sue Shadbolt

**Manager, Dietetics** Andrea Schofield

**Manager, Speech Pathology** Kath Cook

**Manager, Social Health** Kristen Millar  
(until 3 May 2022)

**Clinical Lead,  
Occupational Therapy** Jessie Duncan  
(until 24 March 2022)

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

**Palliative Care  
Clinical Nurse Consultant** Janine Craft

## CORPORATE SERVICES

**Director Corporate Services** Cherie Campbell

**General Manager Human Resources** Kevin Gray

**General Manager  
Business Performance** Craig Kingham

**Finance Manager** Emma Brennan

**Capital Works Project Manager** David Martin

**Food Services  
Production Manager** Mark Brennan

**Environmental Services Manager** Mark Skeen

**Supply Manager** Leon Schoenmaekers

**Payroll Manager** Raquel King

## QUALITY & LEARNING SERVICES

**Director Quality  
& Learning Services** Kelli Mitchener

**Manager Workforce  
Development** Janelle Stewart

**Manager Quality and Risk** Rebecca Huffer

**Manager Improvement  
& Innovation** Katrina Hall

**Quality Specialist, Aged Care** Kerrin Komen

**Librarian** Helen Ried

## BUSINESS UNITS

**Consulting Suites  
Practice Manager** Melissa Schipper

**Medical Imaging  
Practice Manager** Simon Waixel

**Sale Central Linen  
Service Manager** Adam Crotty

**Team Leader, Dental** Emilie Monash

# STATUTORY COMPLIANCE

Central Gippsland Health Service is a public health service established under the Health Services Act 1988 (Vic).

## The responsible Ministers

### from 1 July 2021 to 27 June 2022 are:

The Hon Martin Foley, MP  
Minister for Health  
Minister for Ambulance Services  
Minister for Equality

### From 27 June 2022 to 30 June 2022:

The Hon Mary-Anne Thomas, MP  
Minister for Health  
Minister for Ambulance Services

### From 1 July 2021 to 27 June 2022:

The Hon James Merlino, MP  
Minister for Mental Health

### From 27 June 2022 to 30 June 2022:

The Hon Gabrielle Williams, MP  
Minister for Mental Health

## 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 ACT 2003

During 2021/22, Central Gippsland Health Service did not enter into any contracts under the criteria specified in Section 9 of the Local Jobs First Act 2003.

## GENDER EQUALITY ACT 2020

Central Gippsland Health Service is working towards initiatives to support the Gender Equality Act 2020 (the Act) - an important milestone for gender equality in Victoria.

The reform will improve workplace gender equality in many Victorian public sector organisations and positively impact the communities we serve.

The Act will assist us to break down outdated stereotypes and systemic inequalities through providing greater transparency about the advancement of gender equality within our organisation.

The Act requires us to:

- consider and promote gender equality in our organisation
- conduct gender impact assessments for all new public policies, programs and services we develop
- undertake workplace gender audits to assess the state and nature of gender inequality in our workplace
- develop and implement strategies and measures to make reasonable and material progress towards gender equality
- report our progress on all of the above.

CGHS has completed and submitted a Gender Equality Audit to the Gender Equality Commission in January 2022. The audit assisted us to identify our current gaps and what we need to do to improve gender equality in our organisation.

We recently completed and submitted a comprehensive Gender Equality Plan which aims to address the issues identified in the audit. The Plan will be made available to all staff once it is endorsed by the Commission.

## STATUTORY COMPLIANCE Continued

### DETAILS OF CONSULTANCIES (UNDER \$10,000)

In 2021-22, there were 17 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2021-22 in relation to these consultancies is \$56,406.36 (excl. GST).

### DETAILS OF CONSULTANCIES (VALUED AT \$10,000 OR GREATER)

In 2021-22, there were 6 consultancies where the total fees payable to the consultants were less than \$10,000 or greater. The total expenditure incurred during 2021-22 in relation to these consultancies is \$276,632.91 (excl. GST). Details of individual consultancies can be viewed at [www.cghs.com.au](http://www.cghs.com.au)

| Consultant                       | Purpose of consultancy         | Start Date   | End Date     | Total Approved project fee (excluding GST) | Expenditure 2020-21 (excluding GST) | Future expenditure (excluding GST) |
|----------------------------------|--------------------------------|--------------|--------------|--------------------------------------------|-------------------------------------|------------------------------------|
| Blight Blight and Blight PTY LTD | Architectural Advice           | 01 July 2021 | 30 June 2022 | As required                                | 15,000.00                           |                                    |
| Schluter Sarah Robyn             | EAP Support for Staff          | 01 July 2021 | 30 June 2022 | Based on demand                            | 15,120.00                           |                                    |
| SLAP Architects                  | Architectural Advice           | 01 July 2021 | 30 June 2024 | As required                                | 18,125.00                           |                                    |
| Trewhella Susan Maureen          | Business Systems Consultations | 01 July 2021 | 30 June 2022 | Based on demand                            | 63,585.00                           | 70,000                             |
| Mactown Consulting PTY LTD       | Workplace Safety Consultation  | 01 July 2021 | 30 June 2022 | Based on demand                            | 67,425.00                           | 70,000                             |
| Provider Assist (PA) PTY LTD     | ACFI Assessment Review         | 01 July 2021 | 30 June 2022 | Based on demand                            | 97,377.91                           |                                    |

## NATIONAL COMPETITION POLICY

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

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

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

## BUILDING ACT 1993 COMPLIANCE

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

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

Five yearly fire risk audits were conducted within the 2021/22 financial year and in compliance with Department of Health and Human Services' *Fire Risk Management Guidelines*.

Central Gippsland Health Services 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 properties - six residential care and three 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 Hospital                      |                 | 1           |
| Wilson Lodge                       |                 | 1           |

## STATUTORY COMPLIANCE Continued

### SAFE PATIENT CARE ACT 2015

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

### FREEDOM OF INFORMATION ACT 1982

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 total of 130 requests under the Freedom of Information Act 1982 were processed during the 2021/22 financial year. There were 125 personal requests made by applicants or their agents (e.g. solicitors) and five personal requests where the applicant request was about another person.

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

Central Gippsland Health Services' nominated officers under the *Freedom of Information Act 1982* are:

#### Principal Officer

Mr Mark Dykgraaf, Chief Executive Officer

#### Freedom of Information Manager

Ms Sharon Shaw, Chief Health Information Manager

### PRIVACY

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

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



## PUBLIC INTEREST DISCLOSURE ACT 2012

Central Gippsland Health Service complies with the regulations in the *Public Interest Disclosure Act 2012* (the Act) which came into operation on 10 February 2013 (amended on 6 April 2020). The purposes of the Act are to:

- encourage and facilitate disclosures of
  - (i) improper conduct by public officers, public bodies and other persons, and
  - (ii) detrimental action taken in reprisal for a person making a disclosure under the *Public Interest Disclosure Act 2021*.
- provide protection for
  - (i) persons who make those disclosures, and
  - (ii) persons who may suffer detrimental action in reprisal for those disclosures.
- provide for the confidentiality of the content of those disclosures and the identity of persons who make those disclosures.

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

During 2021/22, there were no disclosures notified to the Independent Broad-Based Anti-Corruption Commission (IBAC) under Section 21(2).

## PROMOTING SOCIAL AND COMMUNITY CONNECTIONS

Planning is underway to construct an outdoor space at Wilson Lodge Aged Care Facility in Sale after it received a grant of over half a million dollars under the Rural Residential Aged Care Facilities Renewal Program.

In consultation with staff and residents of the facility, \$570,000 will be used to redesign the outdoor environment to create a dementia friendly area with covered spaces, vegetable and herb gardens and sensory paths.

Director of Aged Care Services, Caron Mallet, said a purpose built area would create friendly and inclusive environments that supported social connection between residents, families and the broader community. She said COVID-19 had reinforced the value of being connected.

"Evidence suggests that people diagnosed with dementia in Wellington Shire will increase annually by five per cent," Ms Mallet explained.

"Wilson Lodge is a key provider supporting people living with dementia, with a model of care that supports a restraint-free environment and uses non-pharmalogical interventions to minimise anxiety. Having access to great outdoor spaces will support this as well as promote social and community connections."

Sensory stimulation activities are important for triggering positive emotions and memories for people living with dementia.

"Things like pathed walkways to promote safe wandering amongst scented gardens, and growing vegetables and herbs they are familiar with to use in the cooking groups to support independence and meaningful engagement are some of the elements that will be included in the design," Ms Mallet said.

## STATUTORY COMPLIANCE Continued

Research indicates that spending time in nature can have the following positive impacts in individuals:

- Helps people recover from illness quicker
- Reduces stress and lowers blood pressure
- Helps a person maintain circadian rhythms
- Aids in the natural absorption of vitamin D when exposed to sunlight for brief periods of time, which is important for maintaining strong bones.

"Gardens and outdoor environments are being increasingly reintroduced as important factors for enhancing the quality of life of people living with dementia," Ms Mallet explained.

"We are very excited at the opportunity to introduce this unique element of care to Wilson Lodge residents and their families."

### ADDITIONAL INFORMATION AVAILABLE ON REQUEST

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

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

# REPORT OF OPERATIONS

## KEY PERFORMANCE INDICATORS

### ACTIVITY DATA

#### ADMITTED SERVICES

##### SEPARATIONS

|                          |              |
|--------------------------|--------------|
| Same Day                 | 7355         |
| Multi Day                | 4732         |
| Sub-Acute                | 257          |
| <b>Total Separations</b> | <b>12344</b> |

##### THEATRE SERVICES

|                                 |             |
|---------------------------------|-------------|
| Emergency Surgery               | 437         |
| Elective Surgery                | 2868        |
| <b>Total Surgical Occasions</b> | <b>3305</b> |

##### Total Inpatient NWAU

**7520**

|                                  |        |
|----------------------------------|--------|
| Bed Days                         | 28,104 |
| Emergency Department Attendances | 16,665 |
| Mothers Delivered                | 422    |

##### COMMUNITY SERVICES

|                                                                           |         |
|---------------------------------------------------------------------------|---------|
| Hours delivered by Community Services                                     | 108,589 |
| Meals Delivered                                                           | 9052    |
| Hours delivered to externally funded community, aged care package clients | 28,638  |
| Palliative Care Contacts                                                  | 7356    |
| Non-admitted Subacute and Specialist Outpatient Clinic Service Events     | 37,222  |

# SUMMARY OF FINANCIAL RESULTS

|                                     | 2022<br>\$000 | 2021<br>\$000 | 2020<br>\$000 | 2019<br>\$000 | 2018<br>\$000 |
|-------------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>Operating Result*</b>            |               |               |               |               |               |
| Total Revenue                       | 128,266       | 117,550       | 109,722       | 101,782       | 98,088        |
| Total Expenses                      | 132,226       | 121,584       | 114,486       | 104,485       | 98,369        |
| <b>Net result from transactions</b> | <b>-3,960</b> | <b>-4,034</b> | <b>-4,764</b> | <b>2,703</b>  | <b>- 281</b>  |
| Total other economic flows          | 1621          | -30           | -56           | 70            | - 36,053      |
| <b>Net Result</b>                   | <b>-2339</b>  | <b>-4,064</b> | <b>-4,820</b> | <b>2,773</b>  | <b>43,387</b> |
| Total Assets                        | 88,105        | 88,065        | 83,370        | 86,668        | 70,920        |
| Total Liabilities                   | 36,162        | 41,633        | 33,898        | 32,259        | 27,533        |
| <b>Net Assets / Total Equity</b>    | <b>46,142</b> | <b>46,432</b> | <b>49,472</b> | <b>54,409</b> | <b>43,387</b> |

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

## RECONCILIATION OF THE OPERATING RESULT TO THE NET RESULT FROM TRANSACTIONS

|                                     | 2021-22<br>\$,000 |
|-------------------------------------|-------------------|
| Operating result                    | 0                 |
| Capital purpose income              | 2,135             |
| Specific income                     | 1,510             |
| COVID state supply arrangements     | 2,315             |
| State supply items consumed         | (980)             |
| Assets provided FOC                 | (1,321)           |
| Assets received FOC                 | 1,335             |
| Expenditure for capital purpose     | (720)             |
| Depreciation                        | (7,872)           |
| Revaluation of non-financial assets | 3,671             |
| Finance costs (other)               | (73)              |
| <b>Net result from transactions</b> | <b>(3,959)</b>    |

# A SUMMARY OF SIGNIFICANT CHANGES IN FINANCIAL POSITION DURING THE YEAR

The net financial position for CGHS was a net operating loss after depreciation of \$3.9M compared to the 2021 result of \$3.2 million (a difference of \$0.7 million). The change in the result was mainly due to a revaluation of \$3.7 million recognised in 2022 and the remainder of the change in financial position was due to increases in expenditure. Revenue for the year increased to \$128.3 million from \$117.5million (2021) with the significant contributor being State Government Grants; whilst expenses for the year increased from \$121.5 million (2021) to \$132.2 million with the significant contributor as employee expenses.

More specific disclosures on the changes in the financial result in 2021 compared to 2020 are provided in the financial statements section of this annual report.

## THE OPERATIONAL AND BUDGETARY OBJECTIVES OF THE HEALTH SERVICE

During the financial year, operational and budgetary objectives included activities and achievements to deliver a balanced budget position. The 2021/22 operations were impacted by the State of Emergency declared due to the Coronavirus (COVID-19) pandemic and regional floods. As a result of the pandemic, CGHS experienced a period of reduced activity. The Department of Health (DH) provided CGHS with support in the form of redirected activity-based funding. DH supported CGHS to the value of activity reductions and COVID-19 associated expenses.

CGHS has undertaken a review of its procurement activity to improve social awareness in our procurement decision making, setting a target of 1% of total expenditure with suppliers, which is expected to improve annually. In 2022 CGHS spent \$0.726 million compared to 2021 of \$0.726 million with social benefit suppliers which was 2.4% and ahead of target.

More specific disclosures on the impact of COVID-19 are provided in the financial statements section of this annual report.

## EVENTS SUBSEQUENT TO BALANCE DATE

There were no events subsequent to balance date with the exception of the continued impact of the COVID-19 pandemic.

# ENVIRONMENTAL PERFORMANCE

CGHS has had to delay a number of its improvement initiatives as a result of restrictions associated with COVID-19. However, where possible it has continued measures to improve its environmental impact through the following works:

- Ongoing upgrades to the Carrier Building Management System to improve control of heating / cooling, increasing efficiencies.
- Solar installation continues to provide reductions in annual carbon emissions along with an overall 30 per cent energy saving since the installation.
- Ongoing rollout of replacing all fluorescent tube lighting with efficient LED fittings at Sale and Maffra campuses continuing to provide reductions in peak and off-peak electricity consumption.
- During refurbishments and renovations, CGHS installs fixtures, fittings and equipment that reduce water usage.
- Energy consumption will be impacted due to the COVID-19 response – consistent with other health services, CGHS has moved to 100 per cent fresh air and is no longer mixing return air. This increases gas consumption during the cooler months and electricity over the hotter months.
- CGHS separates its waste into general, paper and cardboard, recyclable, and medical and trade waste. The total of all waste streams for 2021/22 was 24,169.79kg.

## GENERAL NOTES TO THE TABLE

1. Information in this report is sourced from data provided by retailers and in some cases data manually uploaded by health services into Eden Suite. Data has not been externally validated. All annual values represent a year ending 30 June.
2. Emissions are calculated using the carbon factors for the year in which the emissions were generated.  
For health services provided with energy (electricity and steam) under the co-generation ESA (energy services agreement) carbon factors provided by the energy retailer are used.
3. Electricity consumption values exclude line losses; some energy retailers include losses in reported values.
4. Occupied bed days (OBD) include both inpatient and aged care data, unless stated otherwise.



## ENVIRONMENTAL IMPACTS & ENERGY USAGE

|                                                   | 2019-20 | 2020-21 | 2021-22 |
|---------------------------------------------------|---------|---------|---------|
| <b>Energy use</b>                                 |         |         |         |
| Electricity (MWh)                                 | 3,482   | 3755    | 3434    |
| Natural Gas (gigajoules)                          | 31,504  | 34,101  | 27,198  |
| <b>Carbon emissions (thousand tonnes of CO2e)</b> |         |         |         |
| Electricity                                       | 3.5     | 3.7     | 3.1     |
| Liquefied Petroleum Gas                           | 1.6     | 1.7     | 1.4     |
| Total emissions                                   | 5.1     | 5.4     | 4.5     |
| <b>Water use (millions litres)</b>                |         |         |         |
| Potable Water                                     | 54.1    | 52.1    | 32.4    |

## FACTORS INFLUENCING ENVIRONMENTAL IMPACTS

|                      | 2018-19 | 2019-20 | 2020-21 | 2021-22 |
|----------------------|---------|---------|---------|---------|
| Floor area (m2)      | 29,248  | 29,300  | 29,455  | 29,455  |
| Separations          | 12,393  | 12,059  | 12,788  | 11,297  |
| In-Patient Bed Days  | 28,246  | 27,930  | 29,326  | 25,665  |
| Aged Care Bed Nights | 26,486  | 25,576  | 25,562  | 23,518  |

## BENCHMARKS

|                                          |                        | 2021-22    |                    |
|------------------------------------------|------------------------|------------|--------------------|
|                                          | Average for peer group | Your value | % above/below ave. |
| <b>Carbon emissions</b>                  |                        |            |                    |
| CO2e(t) per m2                           | 0.22                   | 0.19       | -16%               |
| CO2e(t) per OBD                          | 0.09                   | 0.17       | 83%                |
| CO2e(t) per Seps                         | 0.30                   | 0.37       | 24%                |
| <b>Water use</b>                         |                        |            |                    |
| kL per m2                                | 1.84                   | 1.45       | -21%               |
| kL per OBD                               | 0.75                   | 1.29       | 87%                |
| kL per Seps                              | 2.45                   | 2.84       | 27%                |
| <b>Expenditure rates</b>                 |                        |            |                    |
| Total utility spend (\$/m <sup>2</sup> ) | 60                     | 58.77      | -1.4%              |
| Elec(\$/kWh)                             | 0                      | 0.19       | -0.9%              |
| Gas(\$/gigajoules)                       | 13                     | 11.95      | -11.2%             |
| Potable Water(\$/kL)                     | 4                      | 11.92      | 167.4%             |
| LPG(\$/kL)                               | 664                    |            | -100.0%            |

### Additional measures (not included in benchmarking chart)

|                                               |        |
|-----------------------------------------------|--------|
| Total utility spend (\$/Separations)          | 114.87 |
| Total utility spend (\$/In-Patient Bed Days)  | 52.22  |
| Total utility spend (\$/Aged Care Bed Nights) | -      |

# INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2021–22 is \$3,024,278 (excluding GST) with the details shown below:

| Business as Usual (BAU)<br>ICT Expenditure | Non-Business as Usual (non-BAU) ICT Expenditure                                |                                               |                                           |
|--------------------------------------------|--------------------------------------------------------------------------------|-----------------------------------------------|-------------------------------------------|
| Total (excluding GST)                      | Total=operational<br>expenditure and<br>capital expenditure<br>(excluding GST) | Operational<br>expenditure<br>(excluding GST) | Capital<br>expenditure<br>(excluding GST) |
| \$2,690,935                                | \$333,343                                                                      | \$285,343                                     | \$48,000                                  |

## DATA INTEGRITY

I, Mark Dykgraaf, 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.



Mark Dykgraaf  
Chief Executive Officer  
Central Gippsland Health Service  
30 June 2022

## CONFLICT OF INTEREST

I, Mark Dykgraaf, 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 required by the Victorian Public Sector Commission. 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.



Mark Dykgraaf  
Chief Executive Officer  
Central Gippsland Health Service  
30 June 2022

## INTEGRITY, FRAUD AND CORRUPTION

I, Mark Dykgraaf, 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.



Mark Dykgraaf  
Chief Executive Officer  
Central Gippsland Health Service  
30 June 2022

# FINANCIAL MANAGEMENT COMPLIANCE

I, Jim Vivian, on behalf of the Responsible Body, certify that Central Gippsland Health Service has no material compliance deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Jim Vivian  
Board Chair  
Central Gippsland Health Service  
30 June 2022

## STATEMENT OF PRIORITIES

### PART A

For the financial year 2021-22, there were no individual deliverables constituting Part A of our Statement of Priorities due to COVID-19.

Central Gippsland Health Service has worked with the Victorian Department of Health to deliver the following strategic priorities:

**Maintain our robust COVID-19 readiness and response, working with the Department of Health to ensure we rapidly respond to outbreaks, if and when they occur, which includes providing testing for our community and staff, where necessary, and if required. This includes preparing to participate in, and assist with, the implementation of a COVID-19 vaccine immunisation program rollout, ensuring our local community's confidence in the program**

CGHS has maintained a comprehensive COVID 19 operational readiness and response during the financial year, including:

- Maintaining a public COVID 19 testing and vaccination centre;
- Delivering HRAR services;
- Ensuring that all staff were vaccinated against COVID 19; and
- Being able to care for COVID 19 positive patients in both the Critical Care and Ward area of Sale Hospital.

**Drive improvements in access to emergency services by reducing emergency department four-hour wait times, improving ambulance to health service handover times, and implementing strategies to reduce bed-blockage to enable improved whole of hospital system flow.**

During the financial year CGHS commenced a major project to improve patient flow within the organisation. This project is being managed by the Quality and Learning Services Division and oversighted by the Clinical Governance Committee and will continue throughout the 22/23 financial year as a whole of organisation project.

CGHS has also commenced a more focussed program of work aimed at service improvement in the ED. This program will, among other matters, be aimed at improving ED timeliness. It is being led by the ED leadership team and is being oversighted by the Clinical Governance Committee.

**Actively collaborate on the development and delivery of priorities within your Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivering against Partnership accountabilities as set out in the Health Service Partnership Policy and Guidelines.**

CGHS is an active partner in the Gippsland Health Service Partnership and has been closely involved in the discussions to establish the relevant structures that will enable success.

CGHS has representatives on HSP Committees and is actively participating in a range of Gippsland HSP projects including:

- Telehealth;
- Elective surgery reform;
- Better @ Home; and
- COVID 19 response.

**Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary “catch-up” care to support them to get back on track. Work collaboratively with your Health Service Partnership to:**

- Implement the Better at Home initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.
- Improve elective surgery performance and ensure that patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority.

As noted above CGHS is actively participating in the *Better at Home* initiative and will continue to strengthen this program as it moves into the 22/23 financial year. This work has received a boost as part of the COVID 19 response in that CGHS has been able to provide comprehensive support at home partnering with GPs and utilising remote monitoring.

CGHS has worked closely with other health services in Gippsland to prepare submissions to the Department of Health outlining the approach to improve elective surgery performance. CGHS has been actively working to reduce waiting list numbers and expects this work to gain further traction in the 22/23 financial year.

**Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of-system approach as an active participant in your Health Service Partnership and through your Partnership's engagement with Regional Mental Health and Wellbeing Boards.**

It is noted that CGHS does not offer discrete mental health services in Wellington Shire. These services are delivered by the Latrobe Regional Hospital Mental Health Services. However, CGHS is participating in briefings and discussions on the Royal Commission Reforms with the regional Mental Health Service and will be involved in the regional response to the recommendations.

In addition, CGHS has undertaken a detailed analysis of the Mental Health Royal Commission recommendations with oversight from the Clinical Governance Committee. This review has highlighted a range of actions that can be undertaken by CGHS in relation to the recommendations. These actions are being built into the CGHS 2022/23 Business Plan and will be actioned.

**Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into your organisation and build a continuous quality improvement approach to improving cultural safety, underpinned by Aboriginal self-determination, to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees.**

Some of the key actions underway or implemented at CGHS in support of Aboriginal cultural safety include (but are not limited to):

- Reviewing and refreshing our CGHS Reconciliation Action Plan;
- Celebrating key cultural activities, including National Reconciliation Week, NAIDOC Week, National Sorry Day, National Aboriginal and Torres Strait Islander Childrens Day, and Mabo Day, noting the challenges in relation to COVID-19;
- Acknowledging Traditional Owners of the Land at all relevant meetings and activities consistent with CGHS policy;
- Communicating key decisions made at the Aboriginal and Torres Strait Islander Committee to the CGH Community Liaison Committee;
- Maintaining Aboriginal and Torres Strait Islander employment to at least 10 employees (1% of total workforce) and, included in this, maintaining Aboriginal traineeship positions;
- Maintaining the CGHS Aboriginal Hospital Liaison position;
- Providing professional development opportunities for our Aboriginal Liaison Officer and other Aboriginal staff, including attendance at statewide networking events;
- Reviewing and update the cultural safety learning package as an e-learning package, that is consistent with the region, and inclusive of a welcome video, and a cultural mentoring network.
- Expanding the practice of re-naming meeting rooms using local Gunai/Kurnai language.
- Established a Torres Strait Islander flagpole at the Sale Hospital entrance (alongside the Aboriginal and Australian flagpoles), and refresh flags at all of our sites.
- Promoting our feedback pathways so that we are confident Aboriginal and Torres Strait Islander patients and family have access to formal and culturally appropriate feedback processes.



# STATEMENT OF PRIORITIES

## PART B: PERFORMANCE PRIORITIES

### HIGH QUALITY AND SAFE CARE

| Key performance indicator                                                                                                                                                                          | Target      | Actual      |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|-------------|
| <b>Infection Prevention and Control</b>                                                                                                                                                            |             |             |
| Compliance with the Hand Hygiene Australia program                                                                                                                                                 | 85%         | 89%         |
| Percentage of healthcare workers immunised for influenza                                                                                                                                           | 92%         | 91%         |
| <b>Patient Experience</b>                                                                                                                                                                          |             |             |
| Victorian Healthcare Experience Survey<br>– percentage of positive patient experience responses (Quarter 1)                                                                                        | 95%         | 100%        |
| Victorian Healthcare Experience Survey<br>– percentage of positive patient experience responses (Quarter 2)                                                                                        | 95%         | 97%         |
| Victorian Healthcare Experience Survey<br>– percentage of positive patient experience responses (Quarter 3)                                                                                        | 95%         | 89%         |
| <b>Healthcare Associated Infections (HAI's)</b>                                                                                                                                                    |             |             |
| Rate of patients with surgical site infection                                                                                                                                                      | No outliers | No outliers |
| Rate of patients with ICU central-line-associated bloodstream infection (CLABSI)                                                                                                                   | Nil         | Nil         |
| <b>Unplanned Readmissions</b>                                                                                                                                                                      |             |             |
| Unplanned readmissions to any hospital following a hip replacement                                                                                                                                 | ≤6%         | 0           |
| <b>Maternity and Newborn</b>                                                                                                                                                                       |             |             |
| Rate of singleton term infants without birth anomalies with Apgar score <7 at 5 minutes                                                                                                            | ≤ 1.4%      | 2.4%        |
| Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks                                                                                                      | ≤ 28.6%     | 12.5%       |
| 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%        |
| <b>Continuing Care</b>                                                                                                                                                                             |             |             |
| Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay                                                                                   | ≥ 0.645     | 0.979       |

### STRONG GOVERNANCE, LEADERSHIP AND CULTURE

| Key performance measure                                                                                         | Target | Actual |
|-----------------------------------------------------------------------------------------------------------------|--------|--------|
| <b>Organisational culture</b>                                                                                   |        |        |
| People matter survey – percentage of staff with an overall positive response to safety culture survey questions | 62%    | 65%    |

## TIMELY ACCESS TO CARE

| Key performance indicator                                                                                         | Target | Actual |
|-------------------------------------------------------------------------------------------------------------------|--------|--------|
| <b>Emergency Care</b>                                                                                             |        |        |
| Percentage of patients transferred from ambulance to emergency department within 40 minutes                       | 90%    | 78%    |
| 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%    | 75%    |
| Percentage of emergency patients with a length of stay in the emergency department of less than four hours        | 81%    | 59%    |
| Number of patients with a length of stay in the emergency department greater than 24 hours                        | 0      | 0      |
| <b>Mental Health</b>                                                                                              |        |        |
| Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours | 81%    | 49%    |

| Key performance indicator                                                                                             | Target | Actual |
|-----------------------------------------------------------------------------------------------------------------------|--------|--------|
| <b>Specialist Clinics</b>                                                                                             |        |        |
| Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days | 100%   | 67%    |
| Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days | 90%    | 100%   |

## EFFECTIVE FINANCIAL MANAGEMENT

| Key performance indicator                                                                                               | Target                                                | Actual       |
|-------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|--------------|
| <b>Finance</b>                                                                                                          |                                                       |              |
| Operating result (\$m)                                                                                                  | \$0.00                                                | \$0.00       |
| Average number of days to pay trade creditors                                                                           | 60 days                                               | 43 days      |
| Average number of days to receive patient fee debtors                                                                   | 60 days                                               | 16 days      |
| Adjusted current asset ratio                                                                                            | 0.7 or 3% improvement from health service base target | 0.84         |
| Actual number of days available cash, measured on the last day of each month.                                           | 14 days                                               | 62 days      |
| Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June. | Variance ≤ \$250,000                                  | Not achieved |

## PART C: ACTIVITY & FUNDING

| Funding type                                                             | 2021-22<br>Activity<br>Achievement |
|--------------------------------------------------------------------------|------------------------------------|
| <b>Consolidated Activity Funding</b>                                     |                                    |
| Acute admitted, subacute admitted, emergency services, non-admitted NWAU | 10756                              |
| <b>Acute Admitted</b>                                                    |                                    |
| National Bowel Cancer Screening Program NWAU                             | 62                                 |
| Acute admitted DVA                                                       | 93                                 |
| Acute admitted TAC                                                       | 10                                 |
| <b>Acute Non-Admitted</b>                                                |                                    |
| Home Enteral Nutrition NWAU                                              | 10                                 |
| Specialist Clinics                                                       | 10608                              |
| <b>Subacute/Non-Acute, Admitted &amp; Non-admitted</b>                   |                                    |
| Subacute NWAU - DVA                                                      | 14                                 |
| <b>Aged Care</b>                                                         |                                    |
| Residential Aged Care                                                    | 20,707                             |
| HACC                                                                     | 11,725                             |
| <b>Mental Health and Drug Services</b>                                   |                                    |
| Drug Services                                                            |                                    |
| <b>Primary Health</b>                                                    |                                    |
| Community Health / Primary Care Programs                                 | 7,675                              |

# DISCLOSURE INDEX

The annual report of 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.

| LEGISLATION REQUIREMENT<br>MINISTERIAL DIRECTIONS<br>REPORT OF OPERATIONS<br>CHARTER AND PURPOSE | PAGE REFERENCE |
|--------------------------------------------------------------------------------------------------|----------------|
| FRD 22 Manner of establishment and the relevant Ministers                                        | 38             |
| FRD 22 Purpose, functions, powers and duties                                                     | 38             |
| FRD 22 Nature and range of services provided                                                     | 24-25          |
| FRD 22 Activities, programs and achievements for the reporting period                            | 26, 28         |
| FRD 22 Significant changes in key initiatives and expectations for the future                    | 47             |
| <br>MANAGEMENT AND STRUCTURE                                                                     |                |
| FRD 22 Organisational structure                                                                  | 27             |
| FRD 22 Workforce data/employment and conduct principles                                          | 20             |
| FRD 22 Occupational Health and Safety                                                            | 21             |
| <br>FINANCIAL INFORMATION                                                                        |                |
| FRD 22 Summary of the financial results for the year                                             | 46             |
| FRD 22 Significant changes in financial position during the year                                 | 47             |
| FRD 22 Operational and budgetary objectives and performance against objectives                   | 47             |
| FRD 22 Subsequent events                                                                         | 47             |
| FRD 22 Details of consultancies under \$10,000                                                   | 40             |
| FRD 22 Details of consultancies over \$10,000                                                    | 40             |
| FRD 22 Disclosure of ICT expenditure                                                             | 50             |

## LEGISLATION

|                                                                                             |       |
|---------------------------------------------------------------------------------------------|-------|
| FRD 22 Application and operation of <i>Freedom of Information Act 1982</i>                  | 42    |
| FRD 22 Compliance with building and maintenance provisions of <i>Building Act 1993</i>      | 41    |
| FRD 22 Application and operation of <i>Public Interest Disclosure Act (updated 2020-21)</i> | 43    |
| FRD 22 Statement on National Competition Policy                                             | 41    |
| FRD 22 Application and operation of <i>Carers Recognition Act 2012</i>                      | 14    |
| FRD 22 Summary of the entity's environmental performance                                    | 48-49 |
| FRD 22 Additional information available on request                                          | 44    |

## OTHER RELEVANT REPORTING DIRECTIVES

|                                                      |    |
|------------------------------------------------------|----|
| FRD 25 <i>Local Jobs First Act</i> disclosures       | 38 |
| SD 5.1.4 Financial Management Compliance attestation | 52 |
| SD 5.2.3 Declaration in report of operations         | 45 |

## ATTESTATIONS

|                                                |    |
|------------------------------------------------|----|
| Attestation on Data Integrity                  | 50 |
| Attestation on managing Conflicts of Interest  | 51 |
| Attestation on Integrity, fraud and corruption | 51 |

## OTHER REPORTING REQUIREMENTS

|                                                            |       |
|------------------------------------------------------------|-------|
| Reporting of outcomes from Statement of Priorities 2020-21 | 52-57 |
| Occupational Violence reporting                            | 22    |
| Gender Equality Act                                        | 39    |
| Reporting obligations under the Safe Patient Care Act 2015 | 42    |







**CENTRAL  
GIPPSLAND  
HEALTH**

# **FINANCIAL REPORT**

## **2021-2022**

# TABLE OF CONTENTS

|                                                                                              |       |
|----------------------------------------------------------------------------------------------|-------|
| Table of Contents                                                                            | 62-63 |
| Board member's, accountable officer's, and chief finance and accounting officers declaration | 64    |
| Auditor-General's Report                                                                     | 65-66 |
| Comprehensive Operating Statement                                                            | 67    |
| Balance Sheet                                                                                | 68    |
| Statement Changes in Equity                                                                  | 69    |
| Cash Flow Statement                                                                          | 70    |

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

|          |                                                                                        |       |
|----------|----------------------------------------------------------------------------------------|-------|
| Note 1   | Basis of Preparation                                                                   | 71    |
| Note 1.1 | Basis of preparation of the financial statements                                       | 71    |
| Note 1.2 | Impact of COVID-19 pandemic                                                            | 72    |
| Note 1.3 | Abbreviations and terminology used in the financial statements                         | 72    |
| Note 1.4 | Joint arrangements                                                                     | 73    |
| Note 1.5 | Key accounting estimates and judgements                                                | 73    |
| Note 1.6 | Accounting standards issued but not yet effective                                      | 74    |
| Note 1.7 | Goods and Services Tax (GST)                                                           | 74    |
| Note 1.8 | Reporting entity                                                                       | 74    |
| Note 2   | Funding Delivery of our Services                                                       | 75    |
| Note 2.1 | Income from Transactions                                                               | 76-79 |
| Note 2.2 | Fair value of assets and services received free of charge or for nominal consideration | 79-80 |
| Note 2.3 | Other Income                                                                           | 81    |
| Note 3   | The Cost of Delivering our Service                                                     | 82    |
| Note 3.1 | Expenses from Transactions                                                             | 83-84 |
| Note 3.2 | Employee Benefits in the balance sheet                                                 | 85-86 |
| Note 3.3 | Superannuation                                                                         | 87    |
| Note 3.4 | Other Economic Flows                                                                   | 88    |

Central Gippsland Health Service presents its audited general purpose financial statements for the financial year ended 30 June 2022 in the following structure to provide users with the information about Central Gippsland Health Service's stewardship of the resources entrusted to it.

|          |                                                                                        |         |
|----------|----------------------------------------------------------------------------------------|---------|
| Note 4   | Key Assets to Support Service Delivery                                                 | 90      |
| Note 4.1 | Property, Plant and Equipment                                                          | 91-101  |
| Note 4.2 | Depreciation                                                                           | 102     |
| Note 5   | Other Assets and Liabilities                                                           | 103-104 |
| Note 5.1 | Receivables and contract assets                                                        | 104-105 |
| Note 5.2 | Payables and contract liabilities                                                      | 106-107 |
| Note 5.3 | Other Liabilities                                                                      | 107     |
| Note 6   | How we Finance our Operations                                                          | 108-109 |
| Note 6.1 | Borrowings                                                                             | 109-111 |
| Note 6.2 | Cash and Cash Equivalents                                                              | 112     |
| Note 6.3 | Commitments for Expenditure                                                            | 112     |
| Note 6.4 | Non-cash financing and investing activities                                            | 112     |
| Note 7   | Risks Contingencies and Valuation Uncertainties                                        | 113     |
| Note 7.1 | Financial Instruments                                                                  | 113-116 |
| Note 7.2 | Financial risk management objectives and policies                                      | 116-119 |
| Note 7.3 | Contingent Assets and Contingent Liabilities                                           | 119     |
| Note 8   | Other Disclosures                                                                      | 120     |
| Note 8.1 | Reconciliation of Net Result for the Year to Net Cash Inflow from Operating Activities | 120     |
| Note 8.2 | Responsible Persons Disclosures                                                        | 121-122 |
| Note 8.3 | Remuneration of Executives                                                             | 122-123 |
| Note 8.4 | Related Parties                                                                        | 123-126 |
| Note 8.5 | Remuneration of Auditors                                                               | 126     |
| Note 8.6 | Events Occurring after Balance Sheet Date                                              | 127     |
| Note 8.7 | Joint arrangements                                                                     | 128     |
| Note 8.8 | Economic Dependency                                                                    | 128     |
| Note 8.9 | Equity                                                                                 | 128     |

CENTRAL GIPPSLAND HEALTH SERVICE

FINANCIAL YEAR ENDED 30 JUNE 2022

## Board member's, accountable officer's and chief finance and 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 2022 and the financial position of Central Gippsland Health Service at 30 June 2022.

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.

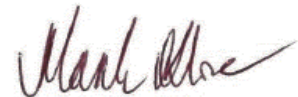
We authorise the attached financial statements for issue on 2 November 2022.



JIM VIVIAN, Board Chairperson  
Sale, Victoria  
2-Nov-22



MARK DYKGRAAF, Accountable Officer and Chief Executive Officer  
Sale, Victoria  
2-Nov-22



MARK KLOSE, Director Corporate Services  
Sale, Victoria  
2-Nov-22

**Auditor General's Report****Independent Auditor's Report****To the Board of Central Gippsland Health Service**

|                                                          |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Opinion</b>                                           | <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"> <li>• balance sheet as at 30 June 2022</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• board member's, accountable officer's and chief finance &amp; accounting officer's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2022 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> |
| <b>Basis for Opinion</b>                                 | <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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>                                                                              |
| <b>Board's responsibilities for the financial report</b> | <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 Financial Management Act 1994, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</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.



Dominika Ryan

*as delegate for the Auditor-General of Victoria*

MELBOURNE

28 November 2022

**CENTRAL GIPPSLAND HEALTH SERVICE**

**COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2022**

|                                                              | <b>Note</b> | <b>2022<br/>\$'000</b> | <b>2021<br/>\$'000</b> |
|--------------------------------------------------------------|-------------|------------------------|------------------------|
| <b>Income from Transactions</b>                              |             |                        |                        |
| Revenue from Operating Activities                            | 2.1         | 128,189                | 117,500                |
| Revenue from Non-operating Activities                        | 2.1         | 77                     | 50                     |
| <b>Total Income from Transactions</b>                        |             | <u>128,266</u>         | <u>117,550</u>         |
| <b>Expenses from Transactions</b>                            |             |                        |                        |
| Employee Expenses                                            | 3.1         | (86,665)               | (82,015)               |
| Supplies and Consumables                                     | 3.1         | (18,510)               | (17,351)               |
| Depreciation                                                 | 4.2         | (7,872)                | (7,274)                |
| Operating Expenses                                           | 3.1         | (3,877)                | (2,784)                |
| Other Operating Expenses                                     | 3.1         | (13,260)               | (10,945)               |
| Other Non-Operating Expenses                                 | 3.1         | (2,041)                | (1,215)                |
| <b>Total Expenses from Transactions</b>                      |             | <u>(132,225)</u>       | <u>(121,584)</u>       |
| <b>Net Result from transactions - Net Operating Balance</b>  |             | <u>(3,959)</u>         | <u>(4,034)</u>         |
| <b>Other Economic Flows included in Net Result</b>           |             |                        |                        |
| Net Gain on Sale of non-financial Assets                     | 3.4         | 3                      | 210                    |
| Net (Loss)/Gain on Financial Instruments at Fair Value       | 3.4         | 13                     | (78)                   |
| Other Losses from Other Economic Flows                       | 3.4         | (1,605)                | (162)                  |
| <b>Total Other Economic Flows included in Net Result</b>     |             | <u>(1,589)</u>         | <u>(30)</u>            |
| <b>NET RESULT FOR THE YEAR</b>                               |             | <u>(5,548)</u>         | <u>(4,064)</u>         |
| <b>Other Comprehensive Income</b>                            |             |                        |                        |
| Changes in Property, Plant and Equipment Revaluation Surplus | 4.1(b)      | <u>3,671</u>           | <u>863</u>             |
| <b>Total Other Comprehensive Income</b>                      |             |                        |                        |
| <b>COMPREHENSIVE RESULT FOR THE YEAR</b>                     |             | <u><u>(1,877)</u></u>  | <u><u>(3,201)</u></u>  |

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



# CENTRAL GIPPSLAND HEALTH SERVICE

## BALANCE SHEET AS AT 30 JUNE 2022

|                                                   | Note    | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------------------------|---------|----------------|----------------|
| <b>ASSETS</b>                                     |         |                |                |
| <b>Current Assets</b>                             |         |                |                |
| Cash and Cash Equivalents                         | 6.2     | 20,732         | 20,859         |
| Receivables                                       | 5.1     | 2,973          | 2,964          |
| Inventories                                       |         | 304            | 308            |
| Assets held for Sale                              | 5.4     | -              | -              |
| Other Assets                                      |         | 792            | 810            |
| <b>Total Current Assets</b>                       |         | <u>24,802</u>  | <u>24,941</u>  |
| <b>Non-Current Assets</b>                         |         |                |                |
| Other Assets                                      |         | -              | 19             |
| Receivables                                       | 5.1     | 124            | 1,729          |
| Property, Plant and Equipment                     | 4.1 (a) | 61,589         | 61,376         |
| <b>Total Non-Current Assets</b>                   |         | <u>61,714</u>  | <u>63,124</u>  |
| <b>TOTAL ASSETS</b>                               |         | <u>86,516</u>  | <u>88,065</u>  |
| <b>LIABILITIES</b>                                |         |                |                |
| <b>Current Liabilities</b>                        |         |                |                |
| Payables                                          | 5.2     | 12,552         | 10,611         |
| Borrowings                                        | 6.1     | 1,302          | 1,218          |
| Provisions                                        | 3.2     | 17,104         | 16,128         |
| Other Liabilities                                 | 5.3     | 5,204          | 6,603          |
| <b>Total Current Liabilities</b>                  |         | <u>36,161</u>  | <u>34,560</u>  |
| <b>Non-Current Liabilities</b>                    |         |                |                |
| Provisions                                        | 3.2     | 2,860          | 2,935          |
| Borrowings                                        | 6.1     | 2,941          | 4,138          |
| <b>Total Non-Current Liabilities</b>              |         | <u>5,801</u>   | <u>7,073</u>   |
| <b>TOTAL LIABILITIES</b>                          |         | <u>41,962</u>  | <u>41,633</u>  |
| <b>NET ASSETS</b>                                 |         | <u>44,554</u>  | <u>46,432</u>  |
| <b>EQUITY</b>                                     |         |                |                |
| Property, Plant and Equipment Revaluation Surplus | 4.1(f)  | 62,154         | 58,483         |
| Restricted Specific Purpose Surplus               |         | 1,200          | 1,200          |
| Contributed Capital                               |         | 34,298         | 34,298         |
| Accumulated Deficits                              |         | (53,098)       | (47,549)       |
| <b>TOTAL EQUITY</b>                               |         | <u>44,554</u>  | <u>46,432</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 2022**

|                                         |         | Property,<br>Plant and<br>Equipment<br>Revaluation<br>Surplus | Restricted<br>Specific<br>Purpose<br>Surplus | Contributed<br>Capital | Accumulated<br>Deficits | Total         |
|-----------------------------------------|---------|---------------------------------------------------------------|----------------------------------------------|------------------------|-------------------------|---------------|
|                                         | Note    | \$'000                                                        | \$'000                                       | \$'000                 | \$'000                  | \$'000        |
| <b>Balance at 1 July 2020</b>           |         | <b>57,620</b>                                                 | <b>1,200</b>                                 | <b>34,298</b>          | <b>(43,485)</b>         | <b>49,633</b> |
| Net result for the year                 |         | -                                                             | -                                            | -                      | (4,064)                 | (4,064)       |
| Receipt of Contributed capital          |         | -                                                             | -                                            | -                      | -                       | -             |
| Transfer from Specific Purpose Reserve  | 4.1 (f) | 863                                                           | -                                            | -                      | -                       | 863           |
| <b>Balance at 30 June 2021</b>          |         | <b>58,483</b>                                                 | <b>1,200</b>                                 | <b>34,298</b>          | <b>(47,549)</b>         | <b>46,432</b> |
| Net result for the year                 |         | -                                                             | -                                            | -                      | (5,548)                 | (5,548)       |
| Other comprehensive income for the year | 4.1 (f) | 3,671                                                         | -                                            | -                      | -                       | 3,671         |
| <b>Balance at 30 June 2022</b>          |         | <b>62,154</b>                                                 | <b>1,200</b>                                 | <b>34,298</b>          | <b>(53,097)</b>         | <b>44,554</b> |

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

**CENTRAL GIPPSLAND HEALTH SERVICE**

**CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022**

|                                                                  | <i>Note</i> | <b>2022<br/>\$'000</b> | <b>2021<br/>\$'000</b> |
|------------------------------------------------------------------|-------------|------------------------|------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                      |             |                        |                        |
| Government Grants (State) - Operating                            |             | 83,856                 | 74,504                 |
| Government Grants (Commonwealth) - Operating                     |             | 15,406                 | 15,078                 |
| Grants - Other Agency                                            |             | 1,967                  | 2,185                  |
| Government Grants (State) - Capital                              |             | 1,155                  | 2,210                  |
| Government Grants (Commonwealth) - Capital                       |             | 635                    | 680                    |
| Other Capital purpose income                                     |             | -                      | -                      |
| Patient and Resident Fees Received                               |             | 6,151                  | 5,852                  |
| Private Fees Received                                            |             | 5,011                  | 5,614                  |
| Donations and Bequests Received                                  |             | 2,492                  | 618                    |
| GST Received from ATO                                            |             | -                      | 122                    |
| Interest and investment income received                          |             | 77                     | 50                     |
| Other Receipts                                                   |             | 7,285                  | 7,565                  |
| <b>Total receipts</b>                                            |             | <b>124,035</b>         | <b>114,478</b>         |
| Employee Expenses Paid                                           |             | (80,193)               | (74,157)               |
| Fee for Service Medical Officers                                 |             | (7,209)                | (5,869)                |
| Payments for Supplies and Consumables                            |             | (14,564)               | (15,327)               |
| Payments for medical indemnity insurance                         | 3.1         | (1,505)                | (1,425)                |
| Payments for repairs and maintenance                             |             | (2,415)                | (1,384)                |
| GST paid to ATO                                                  |             | (221)                  | -                      |
| Cash outflow for short-term leases                               |             | -                      | (2)                    |
| Other Payments                                                   |             | (12,950)               | (9,683)                |
| <b>Total payments</b>                                            |             | <b>(119,057)</b>       | <b>(107,847)</b>       |
| <b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>                   | 8.1         | <b>4,978</b>           | <b>6,631</b>           |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                      |             |                        |                        |
| Proceeds from sale of investments                                |             | -                      | -                      |
| Purchase of non-financial assets                                 |             | (4,030)                | (3,713)                |
| Capital Donations and Bequests Received                          |             | 1,437                  | 80                     |
| Other capital receipts                                           |             | -                      | -                      |
| Proceeds from disposal of non-financial assets                   |             | -                      | 1,428                  |
| <b>NET CASH FLOW USED IN INVESTING ACTIVITIES</b>                |             | <b>(2,593)</b>         | <b>(2,205)</b>         |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                      |             |                        |                        |
| Repayment of borrowings                                          |             | (196)                  | (289)                  |
| Payment of lease principal                                       |             | (918)                  | (811)                  |
| Contributions of capital - state government                      |             | -                      | -                      |
| Receipt of accommodation deposits                                |             | 1,234                  | 2,545                  |
| Repayment of accommodation deposits                              |             | (2,632)                | (1,265)                |
| <b>NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES</b>         |             | <b>(2,512)</b>         | <b>180</b>             |
| <b>NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b> |             | <b>(127)</b>           | <b>4,606</b>           |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR         |             | 20,859                 | 16,253                 |
| <b>CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR</b>        | 6.2         | <b>20,732</b>          | <b>20,859</b>          |

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

**Note 1: Basis of preparation**

These financial statements represent the audited general purpose financial statements for Central Gippsland Health Service for the year ended 30 June 2022. The report provides users with information about Central Gippsland Health Service's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements and identifies the key accounting estimates and judgements.

**Structure**

**Note 1.1: Basis of preparation of the financial statements**

**Note 1.2 Impact of COVID-19 pandemic**

**Note 1.3 Abbreviations and terminology used in the financial statements**

**Note 1.4 Joint arrangements**

**Note 1.5 Key accounting estimates and judgements**

**Note 1.6 Accounting standards issued but not yet effective**

**Note 1.7 Goods and Services Tax (GST)**

**Note 1.8 Reporting Entity**

**Note 1.1: Basis of preparation of the financial statements**

These financial statements are general purpose financial statements which have been prepared in accordance with the Financial Management Act 1994 and applicable Australian Accounting Standards, 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 (DTF), 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 a "not-for-profit" health service under the Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements have been prepared on a going concern basis (refer to Note 8.8: Economic dependency).

The financial statements are in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of Central Gippsland Health Service on 29 September 2022

**Note 1.2 Impact of COVID-19 pandemic**

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On 2 August 2020 a state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 and the state of emergency concluded on 15 December 2021.

Since this date, to contain the spread of COVID-19 and prioritise the health and safety of our community, Central Gippsland Health Service was required to comply with various directions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Central Gippsland Health Service operates.

The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the health service at the reporting date. Management recognises that is difficult to reliably estimate with certainty, the potential impact of the pandemic after the reporting date on the health service, its operations, its future results and financial position.

Central Gippsland Health Service introduced a range of measures in both the prior and current year, including:

- introducing restrictions on non-essential visitors
- greater utilisation of telehealth services
- implementing reduced visitor hours
- deferring elective surgery and reducing activity
- transferring inpatients to private health facilities
- performing COVID-19 testing
- established and operated vaccine clinics
- changed infection control practices
- implemented work from home arrangements where appropriate.

As restrictions have eased towards the end of the financial year Central Gippsland Health Service has been able to revise some measures where appropriate including increasing elective surgeries, increased face-to-face services and easing of visitor restrictions.

Where financial impacts of the pandemic are material to Central Gippsland Health Service, they are disclosed in the explanatory notes at:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services
- Note 4: Key assets to support service delivery
- Note 5: Other assets and liabilities
- Note 6: How we finance our operations.

**Note 1.3 Abbreviations and terminology used in the financial statements**

The following table sets out the common abbreviations used throughout the financial statements:

| Reference | Title                                                          |
|-----------|----------------------------------------------------------------|
| AASB      | Australian Accounting Standards Board                          |
| AASs      | Australian Accounting Standards, which include Interpretations |
| DH        | Department of Health                                           |
| DTF       | Department of Treasury and Finance                             |
| FMA       | Financial Management Act 1994                                  |
| FRD       | Financial Reporting Direction                                  |
| NWUA      | National Weighted Activity Unit                                |
| SD        | Standing Direction                                             |
| VAGO      | Victorian Auditor General's Office                             |
| WIES      | Weighted Inlier Equivalent Separation                          |
| CGHS      | Central Gippsland Health Service                               |

## CENTRAL GIPPSLAND HEALTH SERVICE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### Note 1.4 Joint arrangements

Interests in joint arrangements are accounted for by recognising in Central Gippsland Health Service's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

Central Gippsland Health Service has the following joint arrangements:

- Member of Gippsland Health Alliance and retains joint control over the arrangement, which it has classified as a joint operation.

Details of the joint arrangements are set out in Note 8.7.

#### Note 1.5 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

These estimates and judgements are based on historical knowledge and best available current information and assume any reasonable expectation of future events. Actual results may differ.

Revisions to key estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision.

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.

#### Note 1.6 Accounting standards issued but not yet effective

An assessment of accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Central Gippsland Health Service and their potential impact when adopted in future periods is outlined below:

| Standard                                                                                                                                             | Adoption Date                                 | Impact                                                               |
|------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------------------------------|
| AASB 17: <i>Insurance Contracts</i>                                                                                                                  | Reporting periods on or after 1 January 2023  | Adoption of this standard is not expected to have a material impact. |
| AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>                          | Reporting periods on or after 1 January 2022. | Adoption of this standard is not expected to have a material impact. |
| AASB 2020-3: <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>                               | Reporting periods on or after 1 January 2022. | Adoption of this standard is not expected to have a material impact. |
| AASB 2021-2: <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.</i>       | Reporting periods on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| AASB 2021-5: <i>Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> | Reporting periods on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |

**Note 1.6 Accounting standards issued but not yet effective continued**

| <b>Standard</b>                                                                                                                                         | <b>Adoption Date</b>                          | <b>Impact</b>                                                        |
|---------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|----------------------------------------------------------------------|
| <i>AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards</i> | Reporting periods on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |
| <i>AASB 2021-7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i>      | Reporting periods on or after 1 January 2023. | Adoption of this standard is not expected to have a material impact. |

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Central Gippsland Health Service in future periods.

**Note 1.7 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.

**Note 1.8 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.



**Note 2: Funding delivery of our services**

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

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

**Structure**

**2.1 Revenue and Income from Transactions**

**2.2 Fair value of assets and services received free of charge or for nominal consideration**

**2.3 Other income**

**Telling the COVID-19 story**

Revenue recognised to fund the delivery of our services during the financial year was not materially impacted by the COVID-19 Coronavirus pandemic.

Activity based funding decreased as the level of activity agreed in the Statement of Priorities couldn't be delivered due to reductions in the number of patients being treated at various times throughout the financial year.

This was offset by additional funding provided by the DH to compensate for reductions in revenue and to cover certain direct and indirect COVID-19 related costs, including:

- increased staffing costs to service the vaccination hubs, testing clinics and the in-house contact tracing unit
- pathology testing costs due to COVID-19 tests
- increased personal protective equipment costs
- costs related to the expansion of emergency services, management of patients in isolation, and visitor management processes

COVID-19 Coronavirus pandemic attributable revenue received was for the following reasons:

- COVID-19 and state repurposing grants - to fund the gap between revenue received and that which would have been received in the normal course of business.
- Additional elective surgery funding - to ensure Central Gippsland Health Service maintained its wait list obligations to patients and Department of Health
- Sustainability funding - to support the increased costs for unplanned purchases to meet COVID-19 Coronavirus pandemic compliance requirements such as that for additional personal protective equipment utilised

For the year ended 30 June 2022, the COVID-19 pandemic has impacted Central Gippsland Health Service's ability to satisfy its performance obligations contained within its contracts with customers. Central Gippsland Health Service received indication there would be no obligation to return funds to each relevant funding body where performance obligations had not been met.

This resulted in approximately \$11.158M being recognised as income for the year ended 30 June 2022 (2021: \$4.416M) which would have otherwise been recognised as a contract liability in the Balance Sheet until subsequent years when underlying performance obligations were fulfilled. The impact of contract modifications obtained for Central Gippsland Health Service's most material revenue streams, where applicable, is disclosed within this note.

# CENTRAL GIPPSLAND HEALTH SERVICE

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

### Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates                         | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Identifying performance obligations                  | Central Gippsland Health Service applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations.<br>If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Central Gippsland Health Service to recognise revenue as or when the health service transfers promised goods or services to customers.<br>If this criteria is not met, funding is recognised immediately in the net result from operations. |
| Determining timing of revenue recognition            | Central Gippsland Health Service applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.                                                                                                                                                                                                                                                                                                          |
| Determining time of capital grant income recognition | Central Gippsland Health Service applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.                                                                                                                                                                                                                                                                                                                  |

|                                                                           | Note | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------------------------------------------------|------|----------------|----------------|
| <b>Note 2.1: Revenue and Income from Transactions</b>                     |      |                |                |
| <b>Operating Activities</b>                                               |      |                |                |
| <b>Revenue from contracts with customers</b>                              |      |                |                |
| Government Grants (State) - Operating                                     |      | 54,363         | 60,531         |
| Government Grants (Commonwealth) - Operating                              |      | 16,812         | 15,078         |
| Patient and Resident Fees                                                 |      | 5,272          | 5,566          |
| Commercial Activities *                                                   | 2.3  | 10,438         | 10,112         |
| <b>Total revenue from contracts with customers</b>                        |      | <b>86,885</b>  | <b>91,287</b>  |
| <b>Other sources of income</b>                                            |      |                |                |
| Grants - Other Agency                                                     |      | 973            | 1,238          |
| Government Grants (State) - Capital                                       |      | 1,500          | 1,600          |
| Government Grants (State) - Operating                                     |      | 25,654         | 13,569         |
| Government Grants (Commonwealth) - Capital                                |      | 635            | 680            |
| Other Capital purpose income                                              |      | -              | 306            |
| Capital Donations                                                         | 2.2  | 1,437          | 41             |
| Resources received free of charge or for nominal consideration            | 2.2  | 2,315          | 1,174          |
| Other Revenue from Operating Activities (including non-capital donations) | 2.3  | 8,790          | 7,605          |
| <b>Total other sources of income</b>                                      |      | <b>41,304</b>  | <b>26,213</b>  |
| <b>Total revenue and income from operating activities</b>                 |      | <b>128,189</b> | <b>117,500</b> |
| <b>Non-Operating Activities</b>                                           |      |                |                |
| Other Interest                                                            |      | 77             | 50             |
| Dividends                                                                 |      | -              | -              |
| <b>Total income from non-operating activities</b>                         |      | <b>77</b>      | <b>50</b>      |
| <b>Total revenue and income from transactions</b>                         |      | <b>128,266</b> | <b>117,550</b> |

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

**Note 2.1 : Revenue and Income from Transactions continued****How we recognise revenue and income from transactions****Government operating grants**

To recognise revenue, Central Gippsland Health Service assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: Revenue from Contracts with Customers.

When both these conditions are satisfied, the health service:

- Identifies each performance obligation relating to the revenue
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfied its performance obligations, at the time or over time when services are rendered.

If a contract liability is recognised, Central Gippsland Health Service recognises revenue in profit or loss as and when it satisfies its obligations under the contract, unless a contract modification is entered into between all parties. A contract modification may be obtained in writing, by oral agreement or implied by customary business practices.

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, in accordance with AASB 1058 – Income for not-for-profit entities, the health service:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for Central Gippsland Health Service's goods or services. Central Gippsland Health Services funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

The types of government grants recognised under AASB 15: Revenue from Contracts with Customers includes:

| <b>Government grant</b>                                                                   | <b>Performance obligation</b>                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix | The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.                |
|                                                                                           | Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.                                                                         |
|                                                                                           | WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.                                                                        |
|                                                                                           | WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services. |

**Note 2.1 : Revenue and Income from Transactions continued**

| <b>Government grant</b>                                                                                                | <b>Performance obligation</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)                                            | NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|                                                                                                                        | NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|                                                                                                                        | The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                                                                                                        | Revenue is recognised at point in time, which is when a patient is discharged.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Activity Based Funding (ABF) paid as Weighted Ambulatory Service Events (WASE) casemix                                 | WASE funding is activity based funding based on specialist non-admitted levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|                                                                                                                        | Revenue is recognised at a point in time, when a patient is provided an ambulatory or non-admitted episode of care event.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|                                                                                                                        | WASE activity is a cost weight that is adjusted for private or public episode of care provided to a patient. Public episodes of care generate public WASE and are paid a public WASE public price; whilst a Medicare Benefits Schedule billable episode of care generates a Medicare Benefits Schedule billable WASE and is paid a private WASE price by the Department of Health.                                                                                                                                                                                                                                                                                                                                                                 |
| Pharmaceutical Benefits Scheme (PBS) is a subsidy to improving care for patients moving between hospital and community | PBS revenue is a subsidy provided to pharmaceutical product providers to ensure availability of necessary and lifesaving medicines at an affordable price. Thereby improving the way patients get their medication by bringing the Commonwealth's Pharmaceutical Benefits Scheme (PBS) to public hospitals.                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|                                                                                                                        | <p>The key deliverables of PBS are:</p> <ul style="list-style-type: none"> <li>- provision patients with up to one month's supply of medications rather than the limited supply they previously received</li> <li>- improve continuity of pharmaceutical care</li> <li>- provide access to a group of subsidised chemotherapy drugs for use by day-admitted patients and outpatients, restoring equity between public and private hospital patients and decreasing the financial burden on public hospital pharmacies</li> <li>- improve communication with patients and primary health care providers through the implementation of the Australian Pharmaceutical Advisory Council guidelines on the continuum of pharmaceutical care.</li> </ul> |
|                                                                                                                        | The PBS revenue is recognised on receipt of payments that is made to each individual hospital based on medications the hospital has dispensed on a monthly basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

**CENTRAL GIPPSLAND HEALTH SERVICE****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022****Note 2.1 : Revenue and Income from Transactions continued****Non-cash contributions from the Department of Health**

The Department of Health makes some payments on behalf of Central Gippsland Health Service as follows:

| <b>Supplier</b>                       | <b>Description</b>                                                                                                                                                                                                                                                                                            |
|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Victorian Managed Insurance Authority | The Department of Health purchases non-medical indemnity insurance for Central Gippsland Health Service which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions. |
| Department of Health                  | 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 Hospital Circular.                                                                                       |

**Capital grants**

Where Central Gippsland Health Service receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is constructed which aligns with Central Gippsland Health Service's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

**Patient and resident fees**

Patient and resident fees are charges that can be levied on patients for some services they receive. Patient and resident fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied, except where the patient and resident fees relate to accommodation charges. Accommodation charges are calculated daily and are recognised over time, to reflect the period accommodation is provided.

**Private practice fees**

Private practice fees include recoupments from various private practice organisations for the use of hospital facilities. Private practice fees are recognised over time as the performance obligation, the provision of facilities, is provided to customers.

**Commercial activities**

Revenue from commercial activities includes items such as training and seminar fees, diagnostic imaging, pharmacy services, external catering, Sale Linen Service, regional stores and private practice and other patient activities. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

**Note 2.2 Fair value of assets and services received free of charge or for nominal consideration**

|                                                                            | <b>2022<br/>\$'000</b> | <b>2021<br/>\$'000</b> |
|----------------------------------------------------------------------------|------------------------|------------------------|
| Cash donations and gifts                                                   | 1,437                  | 41                     |
| Plant and equipment                                                        | 1,335                  | 594                    |
| Personal Protective Equipment                                              | 980                    | 580                    |
| <b>Total fair value of services received free of charge or for nominal</b> | <b>3,752</b>           | <b>1,215</b>           |

**Note 2.2 Fair value of assets and services received free of charge or for nominal consideration continued**

**How we recognise the fair value of assets and services received free of charge or for nominal**

**Donations and bequests**

Donations and bequests are generally recognised as income upon receipt (which is when Central Gippsland Health Service usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

**Personal protective equipment**

In order to meet the State of Victoria's health system supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment (PPE) and other essential plant and equipment.

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health took delivery, and distributed an allocation of the products to Central Gippsland Health Service as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

**Voluntary Services**

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated.

Central Gippsland Health Service receives volunteer services from members of the community in the following areas:

- as drivers to facilitate patients attending appointments

Central Gippsland Health Service recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased had they not been donated.

Central Gippsland Health Service greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

**Contributions**

Central Gippsland Health Service may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when Central Gippsland Health Service obtains control over the asset, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

On initial recognition of the asset, Central Gippsland Health Service recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

Central Gippsland Health Service recognises income immediately in the profit or loss as the difference between the initial fair value of the asset and the related amounts.

The exception to this policy is when an asset is received from another government agency or department as a consequence of a restructuring of administrative arrangements, in which case the asset will be recognised at its carrying value in the financial statements of Central Gippsland Health Service as a capital contribution transfer.

**CENTRAL GIPPSLAND HEALTH SERVICE****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022****2.3 Other income**

|                                                                     | <b>2022</b>       | <b>2021</b>   |
|---------------------------------------------------------------------|-------------------|---------------|
|                                                                     | <b>\$'000</b>     | <b>\$'000</b> |
| <b>(a) Income from Commercial Activities</b>                        |                   |               |
| Medical imaging services                                            | 6,118             | 5,864         |
| Linen service                                                       | 2,468             | 2,584         |
| Food services                                                       | 719               | 683           |
| Other commercial activity including pharmacy and other supply sales | 1,133             | 981           |
| <b>Total Income from Commercial Activities</b>                      | <b>2.1 10,438</b> | <b>10,112</b> |
| <b>(b) Other Revenue from Operating Activities</b>                  |                   |               |
| <b>(including non-capital donations &amp; Rental Income)</b>        |                   |               |
| Gippsland Health Alliance revenue                                   | 2,616             | 2,309         |
| Management fees                                                     | 2,848             | 1,922         |
| Salaries Recoveries                                                 | 1,478             | 838           |
| Education                                                           | 410               | 403           |
| Salary Packaging                                                    | 246               | 234           |
| Rental income - investment properties                               | 242               | 221           |
| Donations                                                           | 92                | 93            |
| Interest                                                            | 77                | 50            |
| Other minor operating activity revenue                              | 781               | 1,806         |
| <b>Total Other Revenue from Operating Activities</b>                | <b>2.1 8,790</b>  | <b>7,876</b>  |
| <b>(including non-capital donations &amp; Rental Income)</b>        |                   |               |

**How we recognise other income****Rental and Lease Income**

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature, form or the timing of payments.

**Interest Income**

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



**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 Note 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 Employee benefits in the Balance Sheet****3.3 Superannuation****3.4 Other Economic Flows****Telling the COVID-19 story**

Expenses incurred to deliver our services was not materially changed during the financial year due to the COVID-19 Coronavirus pandemic.

COVID-19 Coronavirus pandemic attributable expenses were incurred for the following reasons:

- Establish facilities within Central Gippsland Health Service for the treatment of suspected and admitted COVID-19 patients resulting in an increase in employee costs and additional equipment purchases
- Implement COVID safe practices throughout Central Gippsland Health Services including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge
- Assist with COVID-19 case management, contact tracing and outbreak management contributing to an increase in employee costs
- Establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs and consumables, and
- Establish COVID-19 testing facilities for staff and the community, resulting in an increase in employee costs and consumables
- Implement work from home arrangements resulting in increased ICT infrastructure costs and additional equipment purchases

**Key judgements and estimates**

This section contains the following key judgements and estimates:

| <b>Key judgements and estimates</b>                    | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Measuring and classifying employee benefit liabilities | Central Gippsland Health Service applies significant judgement when measuring and classifying its employee benefit liabilities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|                                                        | Employee benefit liabilities are classified as a current liability if Central Gippsland Health Service does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.                                                                                                                                                                                                                                                                                                                                |
|                                                        | Employee benefit liabilities are classified as a non-current liability if Central Gippsland Health Service has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.                                                                                                                                                                                                                                                                                                                                                                    |
|                                                        | The health service also applies judgement to determine when it expects its employee entitlements to be paid.<br>With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.<br>Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period.<br>All other entitlements are measured at their nominal value. |

**CENTRAL GIPPSLAND HEALTH SERVICE****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

|                                                                          | <b>2022<br/>\$'000</b> | <b>2021<br/>\$'000</b> |
|--------------------------------------------------------------------------|------------------------|------------------------|
| <b>Note 3.1 : Expenses from Transactions</b>                             |                        |                        |
| Salaries and Wages                                                       | 65,479                 | 61,902                 |
| On-costs                                                                 | 16,125                 | 15,207                 |
| Fee for Service Medical Officer Expenses                                 | 3,959                  | 3,514                  |
| Workcover Premium                                                        | 1,103                  | 1,392                  |
| <b>Total Employee Expenses</b>                                           | <b>86,666</b>          | <b>82,015</b>          |
| Drug Supplies                                                            | 6,200                  | 5,631                  |
| Medical and Surgical Supplies (including Prostheses)                     | 5,700                  | 5,303                  |
| Diagnostic and Radiology Supplies                                        | 1,513                  | 1,612                  |
| Other Supplies and Consumables                                           | 5,097                  | 4,805                  |
| <b>Total Supplies and Consumables</b>                                    | <b>18,510</b>          | <b>17,351</b>          |
| Finance Costs                                                            | 73                     | 74                     |
| Fuel, Light, Power and Water                                             | 1,388                  | 1,326                  |
| Repairs and Maintenance                                                  | 1,626                  | 454                    |
| Maintenance Contracts                                                    | 790                    | 930                    |
| <b>Total Operating Expenses</b>                                          | <b>3,877</b>           | <b>2,784</b>           |
| Medical Indemnity Insurance                                              | 1,505                  | 1,425                  |
| Other Expenses                                                           | 11,755                 | 9,520                  |
| <b>Total Other Operating Expenses</b>                                    | <b>13,260</b>          | <b>10,945</b>          |
| Depreciation (refer Note 4.2)                                            | 7,872                  | 7,274                  |
| <b>Total Depreciation</b>                                                | <b>7,872</b>           | <b>7,274</b>           |
| Expenditure for Capital Purposes                                         | 720                    | 627                    |
| Assets and Services Provided Free of Charge or for Nominal Consideration | 1,321                  | 588                    |
| <b>Total Other Non-Operating Expenses</b>                                | <b>2,041</b>           | <b>1,215</b>           |
| <b>Total Expenses from Transactions</b>                                  | <b>132,226</b>         | <b>121,584</b>         |

**How we recognise expenses from transactions****Expense recognition**

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

**Employee Expenses**

Employee expenses include:

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

**Supplies and consumables**

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

**Note 3.1 : Expenses from Transactions continued****Finance Costs**

Finance costs include:

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

**Other Operating Expenses**

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses

The Department of Health 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**

Non-operating expenses generally represents costs incurred outside normal operations and include things such as:

- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$1,000).
- Other non-operating expenses generally represent expenditure outside the normal operations such as assets and services provided free of charge or for nominal consideration.

**Note 3.2 Employee Benefits in the Balance Sheet****Current Provisions**

Employee Benefits

Accrued Days Off

- unconditional and expected to be settled wholly within 12 months (i) 209 186

Annual Leave

- unconditional and expected to be settled wholly within 12 months (i) 7,527 6,755

- unconditional and expected to be settled wholly after 12 months (ii) - -

Long service leave

- unconditional and expected to be settled wholly within 12 months (i) 1,103 1,094

- unconditional and expected to be settled wholly after 12 months (ii) 6,526 6,483

15,365 14,518

**Provisions related to Employee Benefit On-Costs**

- unconditional and expected to be settled within 12 months (i) 848 778

- unconditional and expected to be settled after 12 months (ii) 891 832

1,739 1,610

17,104 16,128

**Total Current Provisions****Non-Current Provisions**

Employee Benefits

Provisions related to employee benefits on-costs

**Total Non-Current Provisions**

2,601 2,669

259 266

2,860 2,935

**Total Provisions**

19,964 19,063

(i) The amounts disclosed are at nominal amounts.

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

**Note 3.2 Employee Benefits in the Balance Sheet continued**

**How we recognise employee benefits**

**Employee Benefits Recognition**

Employee benefits are accrued for employees in respect of wages and salaries, accrued-days-off leave, annual leave and long service leave for services rendered to the reporting date as an expense during the period the services are delivered.

No provision has been made for sick leave as all sick leave is non-vesting and it is not considered probable that the average sick leave taken in the future will be greater than the benefits accrued in the future. As sick leave is non-vesting, an expense is recognised in the Statement of Comprehensive Income as it is taken.

**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

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.

**Provision for on-Costs Related to Employee Benefits**

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

**Note 3.2 (a) Employee Benefits and Related On-Costs**

|                                                                    | <b>2022<br/>\$'000</b> | <b>2021<br/>\$'000</b> |
|--------------------------------------------------------------------|------------------------|------------------------|
| <b>Current Employee Benefits and related on-costs</b>              |                        |                        |
| Unconditional LSL Entitlement                                      | 8,520                  | 8,426                  |
| Annual Leave Entitlement                                           | 8,374                  | 7,515                  |
| Accrued Days Off                                                   | 209                    | 186                    |
| <b>Non-Current Employee Benefits and related on-costs</b>          |                        |                        |
| Conditional long service leave entitlements                        | 2,861                  | 2,936                  |
| <b>Total Employee Benefits and Related On-Costs</b>                | <b>19,964</b>          | <b>19,063</b>          |
| The following assumptions were adopted in measuring present value: |                        |                        |
| - Wage Inflation Rate                                              | 3.85%                  | 2.95%                  |
| - On-Cost Factor                                                   | 11.0%                  | 11.0%                  |
| <b>Movements in provisions</b>                                     |                        |                        |
| Balance 1 July                                                     | 19,064                 | 17,614                 |
| Provision made during the year                                     |                        |                        |
| - Revaluations                                                     | (465)                  | 54                     |
| - Expense recognising Employee Service                             | 8,924                  | 8,546                  |
| Settlement made during the year                                    | (7,559)                | (7,151)                |
| Balance 30 June                                                    | <b>19,964</b>          | <b>19,063</b>          |

**Note 3.3: Superannuation**

|                                   | Paid Contribution<br>for the year |                | Contribution<br>Outstanding at Year end |                |
|-----------------------------------|-----------------------------------|----------------|-----------------------------------------|----------------|
|                                   | 2022<br>\$'000                    | 2021<br>\$'000 | 2022<br>\$'000                          | 2021<br>\$'000 |
| <b>Defined Benefit Plans (i)</b>  |                                   |                |                                         |                |
| Health Super                      | 69                                | 86             | -                                       | 7              |
| <b>Defined Contribution Plans</b> |                                   |                |                                         |                |
| Health Super                      | 3,702                             | 3,541          | 179                                     | 275            |
| Other                             | 2,922                             | 2,321          | 119                                     | 190            |
| <b>Total</b>                      | <b>6,624</b>                      | <b>5,948</b>   | <b>298</b>                              | <b>465</b>     |

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

**How we recognise superannuation**

Employees of the Central Gippsland Health Service are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

**Defined benefit superannuation plans**

The defined benefit plan provides benefits based on years of service and final average salary.

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

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

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

**Defined contribution superannuation plans**

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

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

**Note 3.4 Other Economic Flows**

|                                                                     | <b>Consolidated<br/>2022<br/>\$'000</b> | <b>Consolidated<br/>2021<br/>\$'000</b> |
|---------------------------------------------------------------------|-----------------------------------------|-----------------------------------------|
| <b>Net gains on sale of non financial assets</b>                    |                                         |                                         |
| Net gain on disposal of property, plant and equipment               | 3                                       | 210                                     |
| <b>Total net gain on sale of non financial assets</b>               | <b>3</b>                                | <b>210</b>                              |
| <b>Net gain/(loss) on financial instruments at fair value</b>       |                                         |                                         |
| Other gain/(loss) from Other Economic Flows                         | 13                                      | (78)                                    |
| <b>Total net gain/(loss) on financial instruments at fair value</b> | <b>13</b>                               | <b>(78)</b>                             |
| <b>Other gain/(losses) from Other Economic Flows</b>                |                                         |                                         |
| Net gain/(loss) arising from revaluation of Long Service Liability  | (1,605)                                 | (162)                                   |
| <b>Total net (loss) on other economic flows</b>                     | <b>(1,605)</b>                          | <b>(162)</b>                            |
| <b>Total gain/(losses) from Other Economic Flows</b>                | <b>(1,589)</b>                          | <b>(30)</b>                             |

**How we recognise other economic flows**

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

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

**Net gain/(loss) on non-financial assets**

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

- Revaluation gains/(losses) of financial physical assets (Refer Note 4.1: Property, Plant and Equipment );
- Net gain/(loss) on disposal of non-financial assets;
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

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

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

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

**Other gains/(losses) from other economic flows**

Other gains/(losses) include:

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



**Note 4: Key Assets to support service delivery**

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

**Structure****4.1 Property, plant and equipment****4.2 Depreciation and amortisation****Telling the COVID-19 story**

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

**Key judgements and estimates**

This section contains the following key judgements and estimates:

| <b>Key judgements and estimates</b>                                             | <b>Description</b>                                                                                                                                                                                                                                                                                      |
|---------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Measuring fair value of property, plant and equipment and investment properties | Central Gippsland Health Service obtains independent valuations for its non-current assets at least once every five years.                                                                                                                                                                              |
|                                                                                 | If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices.                                                                 |
|                                                                                 | Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.                                                                                       |
| Estimating useful life and residual value of property, plant and equipment      | Central Gippsland Health Service assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset.                                    |
|                                                                                 | The health service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.                                                                                                         |
| Estimating useful life of right-of-use assets                                   | The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. |
|                                                                                 | Central Gippsland Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.                                                                                                                                                  |

**Note 4: Key Assets to support service delivery continued**

| <b>Key judgements and estimates</b>                | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|----------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Estimating restoration costs at the end of a lease | Where a lease agreement requires Central Gippsland Health Service to restore a right-of-use asset to its original condition at the end of a lease, the health service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Estimating the useful life of intangible assets    | Central Gippsland Health Service assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Identifying indicators of impairment               | <p>At the end of each year, Central Gippsland Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers.</p> <p>Where an indication exists, the health service tests the asset for impairment.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> <li>- If an asset's value has declined more than expected based on normal use</li> <li>- If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset</li> <li>- If an asset is obsolete or damaged</li> <li>- If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life</li> <li>- If the performance of the asset is or will be worse than initially expected.</li> </ul> <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p> |

**CENTRAL GIPPSLAND HEALTH SERVICE**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Note 4.1: Property, Plant and Equipment**

**(a) Gross carrying amount and accumulated depreciation**

|                                                                                 | <b>2022<br/>\$'000</b> | <b>2021<br/>\$'000</b> |
|---------------------------------------------------------------------------------|------------------------|------------------------|
| <b>Land</b>                                                                     |                        |                        |
| Crown Land at Fair Value                                                        | 4,956                  | 4,354                  |
| Freehold Land at Fair Value                                                     | 730                    | 450                    |
| <b>Total Land</b>                                                               | <b>5,686</b>           | <b>4,804</b>           |
| <b>Buildings</b>                                                                |                        |                        |
| Buildings at Cost                                                               | 4,678                  | 4,673                  |
| Less Accumulated Depreciation                                                   | (198)                  | (103)                  |
| <b>Sub-total Buildings at Cost</b>                                              | <b>4,480</b>           | <b>4,570</b>           |
| Buildings at Fair Value                                                         | 35,417                 | 46,469                 |
| Less Accumulated Depreciation                                                   | (480)                  | (9,531)                |
| <b>Sub-total Buildings at Fair Value</b>                                        | <b>34,937</b>          | <b>36,938</b>          |
| Buildings - Right of Use                                                        | 78                     | 78                     |
| Less Accumulated Depreciation                                                   | (47)                   | (31)                   |
| <b>Sub-total Buildings Right of Use</b>                                         | <b>31</b>              | <b>47</b>              |
| Buildings Under Construction at Cost                                            | 2,252                  | 216                    |
| Leasehold Improvements at Fair value                                            | -                      | -                      |
| Less Accumulated Depreciation                                                   | -                      | -                      |
| <b>Total Buildings</b>                                                          | <b>41,700</b>          | <b>41,771</b>          |
| Plant and Equipment at fair value                                               | 7,764                  | 7,644                  |
| Less Accumulated Depreciation                                                   | (4,006)                | (3,605)                |
| <b>Total Plant &amp; Equipment</b>                                              | <b>3,758</b>           | <b>4,039</b>           |
| Motor Vehicles at fair value                                                    | 758                    | 958                    |
| Less Accumulated Depreciation                                                   | (577)                  | (692)                  |
| <b>Total Motor Vehicles</b>                                                     | <b>181</b>             | <b>266</b>             |
| Medical Equipment at fair value                                                 | 14,203                 | 12,666                 |
| Less Accumulated Depreciation                                                   | (8,698)                | (8,015)                |
| <b>Total Medical Equipment</b>                                                  | <b>5,505</b>           | <b>4,651</b>           |
| Computers and communication equipment at fair Value                             | 1,290                  | 1,179                  |
| Less Accumulated Depreciation                                                   | (1,007)                | (857)                  |
| <b>Total Computers and communication equipment</b>                              | <b>283</b>             | <b>322</b>             |
| Right of Use-plant, equipment, furniture and fittings and vehicles              | 6,436                  | 6,322                  |
| Less Accumulated Depreciation                                                   | (2,457)                | (1,421)                |
| <b>Total Right of Use-plant, equipment, furniture and fittings and vehicles</b> | <b>3,979</b>           | <b>4,901</b>           |
| <b>Total plant and equipment</b>                                                | <b>13,706</b>          | <b>14,179</b>          |
| Furniture and Fittings at Fair Value                                            | 1,441                  | 1,462                  |
| Less Accumulated Depreciation                                                   | (1,250)                | (1,233)                |
| <b>Total Furniture and Fittings</b>                                             | <b>191</b>             | <b>229</b>             |
| <b>Other at Fair Value</b>                                                      |                        |                        |
| Linen                                                                           | 894                    | 861                    |
| Less Accumulated Depreciation                                                   | (588)                  | (468)                  |
| <b>Total Other</b>                                                              | <b>306</b>             | <b>393</b>             |
| <b>Total Property, Plant and Equipment</b>                                      | <b>61,589</b>          | <b>61,376</b>          |

**CENTRAL GIPPSLAND HEALTH SERVICE**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**

**Note 4.1: Property, Plant and Equipment continued**

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

|                                  | Land         | Buildings     | Right-of Use Buildings | Plant & Equipment | Motor Vehicles | Medical Equipment | Computers & Communication Equipment | Right of Use Assets - Plant and Equipment | Furniture & Fittings | Linen      | Assets under Construction | Total         |
|----------------------------------|--------------|---------------|------------------------|-------------------|----------------|-------------------|-------------------------------------|-------------------------------------------|----------------------|------------|---------------------------|---------------|
|                                  | \$'000       | \$'000        | \$'000                 | \$'000            | \$'000         | \$'000            | \$'000                              | \$'000                                    | \$'000               | \$'000     | \$'000                    | \$'000        |
| <b>Balance as at 1 July 2020</b> | <b>3,941</b> | <b>45,577</b> | <b>62</b>              | <b>4,516</b>      | <b>359</b>     | <b>3,753</b>      | <b>151</b>                          | <b>2,081</b>                              | <b>213</b>           | <b>360</b> | <b>324</b>                | <b>61,337</b> |
| Additions                        | -            | 823           | -                      | 5                 | -              | 1,326             | 269                                 | 3,565                                     | 52                   | 233        | 177                       | 6,450         |
| Disposals                        | -            | -             | -                      | -                 | -              | -                 | -                                   | -                                         | -                    | -          | -                         | -             |
| Revaluations                     | 863          | -             | -                      | -                 | -              | -                 | -                                   | -                                         | -                    | -          | -                         | 863           |
| Depreciation (refer Note 4.2)    | -            | (4,846)       | (15)                   | (444)             | (93)           | (794)             | (98)                                | (745)                                     | (39)                 | (200)      | -                         | (7,274)       |
| Transfer between classes         | -            | 115           | -                      | (38)              | -              | 205               | -                                   | -                                         | 3                    | -          | (285)                     | -             |
| <b>Balance as at 1 July 2021</b> | <b>4,804</b> | <b>41,669</b> | <b>47</b>              | <b>4,039</b>      | <b>266</b>     | <b>4,490</b>      | <b>322</b>                          | <b>4,901</b>                              | <b>229</b>           | <b>393</b> | <b>216</b>                | <b>61,376</b> |
| Additions                        | -            | 5             | -                      | 187               | -              | 1,657             | 48                                  | 129                                       | -                    | 453        | 2,099                     | 4,578         |
| Disposals                        | -            | -             | (16)                   | -                 | -              | (1)               | -                                   | -                                         | -                    | (147)      | -                         | (164)         |
| Revaluations                     | 602          | 2,789         | -                      | (468)             | (85)           | (802)             | (150)                               | (1,051)                                   | (38)                 | (393)      | 280                       | 3,671         |
| Depreciation (refer Note 4.2)    | -            | (4,885)       | -                      | -                 | (85)           | (802)             | (150)                               | (1,051)                                   | (38)                 | (393)      | -                         | (7,872)       |
| Transfer between classes         | -            | -             | -                      | -                 | -              | -                 | 63                                  | -                                         | -                    | -          | (63)                      | -             |
| <b>Balance as at 1 July 2022</b> | <b>5,686</b> | <b>39,417</b> | <b>31</b>              | <b>3,758</b>      | <b>181</b>     | <b>5,505</b>      | <b>283</b>                          | <b>3,979</b>                              | <b>191</b>           | <b>306</b> | <b>2,252</b>              | <b>61,589</b> |

A full revaluation of the Central Gippsland Health Service's land was performed by the Valuer-General of Victoria (VGV) in April 2022 in accordance with the requirements of Financial Reporting Direction (FRD) 103H Non-Financial Physical Assets. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The effective date of the valuation for both land and buildings was 30 June 2022.

In compliance with FRD 103H, in the year ended 30 June 2022, management conducted an annual assessment of the fair value of buildings. To facilitate this, management obtained from the Department of Treasury and Finance the VGV indices for the financial year ended 30 June 2022.

VGV indices utilised in the revaluation are based on data to April 2022.

As the cumulative movement was greater than 10% but less than 40% for buildings since the last revaluation, a managerial revaluation adjustment was required as at 30 June 2022. As the cumulative movement was greater than 40% for land since the last independent revaluation, an interim independent valuation was required as at 30 June 2022 and an adjustment was recorded.

**Note 4.1 (b): Property, Plant and Equipment - Reconciliations of the carrying amounts of each class of asset continued**

**How we recognise property, plant and equipment**

Property, plant and equipment are tangible items that are used by Central Gippsland Health Service in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

**Initial Recognition**

Items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads.

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

**Subsequent measurement**

Items of property, plant and equipment (excluding right-of-use assets) are subsequently measured at fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and impairment losses where applicable.

Fair value is determined with reference to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset).

Further information regarding fair value measurement is disclosed below.

**Revaluation**

Fair value is based on periodic valuations by independent valuers, which normally occur once every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate a material change in fair value has occurred.

Where an independent valuation has not been undertaken at balance date, Central Gippsland Health Service perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, Central Gippsland Health Service would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of Central Gippsland Health Service's land was performed by the VGV on 30 June 2022. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2022 indicated an overall increase in fair value of englobo and residential land of 46.28% (\$960,816) whilst the increase in buildings fair value of 10.65% (\$1,827,074).

**Note 4.1 (b): Property, Plant and Equipment - Reconciliations of the carrying amounts of each class of asset continued**

As the cumulative movement was greater than 10% but less than 40% for buildings since the last revaluation, a managerial revaluation adjustment was required as at 30 June 2022.

As the cumulative movement was greater than 40% for land since the last independent revaluation, an interim independent valuation was required as at 30 June 2022 and an adjustment was recorded.

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements 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 increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation reserve, 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, in which case 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 reserve in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

The revaluation reserve included in equity in respect of an item of property, plant and equipment may be transferred directly to retained earnings when the asset is derecognised.

**Impairment**

At the end of each financial year, Central Gippsland Health Service assesses if there is any indication that an item of property, plant and equipment may be impaired by considering internal and external sources of information. If an indication exists, Central Gippsland Health Service estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. An impairment loss of a revalued asset is treated as a revaluation decrease as noted above.

Central Gippsland Health Service has concluded that the recoverable amount of property, plant and equipment which are regularly revalued is expected to be materially consistent with the current fair value. As such, there were no indications of property, plant and equipment being impaired at balance date.

**How we recognise right-of-use assets**

Where Central Gippsland Health Service enters a contract, which provides the health service with the right to control the use of an identified asset for a period of time in exchange for payment, this contract is considered a lease.

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 for further information), the contract gives rise to a right-of-use asset and corresponding lease liability. Central Gippsland Health Service presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

**Right-of-use assets and their respective lease terms include:**

| Class of right-of-use asset                               | Lease term   |
|-----------------------------------------------------------|--------------|
| Leased buildings                                          | 21 years     |
| Leased plant, equipment, furniture, fittings and vehicles | 3 to 7 years |

**Presentation of right-of-use assets**

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

**Note 4.1 (b): Property, Plant and Equipment - Reconciliations of the carrying amounts of each class of asset continued**

**Initial recognition**

When a contract is entered into, Central Gippsland Health Service assesses if the contract contains or is a lease. If a lease is present, a right-of-use asset and corresponding lease liability is recognised. The definition and recognition criteria of a lease is disclosed at Note 6.1.

The right-of-use asset is initially measured at cost and comprises the initial measurement of the corresponding lease liability, adjusted for:

- any lease payments made at or before the commencement date

Central Gippsland Health Service's Property Plant and Equipment lease agreements contain purchase options which the health service is not reasonably certain to exercise at the completion of the lease.

Central Gippsland Health Service holds lease agreements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. The health service has applied temporary relief and continues to measure those right-of-use asset at cost. Refer to Note 6.1 for further information regarding the nature and terms of the concessional lease, and Central Gippsland Health Service's dependency on such lease arrangements.

**Subsequent measurement**

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses where applicable. Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

**Impairment**

At the end of each financial year, Central Gippsland Health Service assesses if there is any indication that a right-of-use asset may be impaired by considering internal and external sources of information. If an indication exists, Central Gippsland Health Service estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

Central Gippsland Health Service performed an impairment assessment and noted there were no indications of its right-of-use assets being impaired at balance date.



**Note 4.1: Property, Plant and Equipment continued****(c) Fair Value measurement hierarchy for assets**

|                                                             | Carrying Amount as<br>at<br>30 June 2022 | Fair value measurement at end of<br>reporting period using: |                      |                      |
|-------------------------------------------------------------|------------------------------------------|-------------------------------------------------------------|----------------------|----------------------|
|                                                             |                                          | Level 1 <sup>i</sup>                                        | Level 2 <sup>i</sup> | Level 3 <sup>i</sup> |
| <b>Land at fair value</b>                                   |                                          |                                                             |                      |                      |
| Non-specialised                                             | 2,055                                    | -                                                           | 2,055                | -                    |
| Specialised land                                            |                                          |                                                             |                      |                      |
| - 155 Guthridge Pd, Sale                                    | 3,353                                    | -                                                           | -                    | 3,353                |
| - 48 Kent St, Maffra                                        | 278                                      | -                                                           | -                    | 278                  |
| <b>Total Land at fair value</b>                             | <b>5,686</b>                             | <b>-</b>                                                    | <b>2,055</b>         | <b>3,631</b>         |
| <b>Buildings at fair value</b>                              |                                          |                                                             |                      |                      |
| Non-specialised buildings                                   | 438                                      | -                                                           | 438                  | -                    |
| Specialised buildings                                       |                                          |                                                             |                      |                      |
| - 155 Guthridge Pd, Sale                                    | 36,682                                   | -                                                           | -                    | 36,682               |
| - 48 Kent St, Maffra                                        | 1,876                                    | -                                                           | -                    | 1,876                |
| - Loch Sport                                                | 102                                      | -                                                           | -                    | 102                  |
| - Assets under construction at fair value                   | 2,602                                    | -                                                           | 350                  | 2,252                |
| <b>Total of buildings at fair value</b>                     | <b>41,700</b>                            | <b>-</b>                                                    | <b>788</b>           | <b>40,912</b>        |
| <b>Plant and equipment at fair value</b>                    |                                          |                                                             |                      |                      |
| Plant and equipment at fair value                           |                                          |                                                             |                      |                      |
| - Vehicles (ii)                                             | 181                                      | -                                                           | -                    | 181                  |
| - Plant and equipment                                       | 4,041                                    | -                                                           | -                    | 4,041                |
| - Medical equipment                                         | 5,505                                    | -                                                           | -                    | 5,505                |
| - Right of Use- plant, equipment, furniture and fittings    | 3,979                                    | -                                                           | -                    | 3,979                |
| <b>Total of plant, equipment and vehicles at fair value</b> | <b>13,706</b>                            | <b>-</b>                                                    | <b>-</b>             | <b>13,706</b>        |
| <b>Furniture and Fittings at fair value</b>                 |                                          |                                                             |                      |                      |
| Furniture and Fittings at fair value                        | 191                                      | -                                                           | -                    | 191                  |
| <b>Total furniture and Fittings at fair value</b>           | <b>191</b>                               | <b>-</b>                                                    | <b>-</b>             | <b>191</b>           |
| <b>Linen at fair value</b>                                  |                                          |                                                             |                      |                      |
| Linen at fair value                                         | 306                                      | -                                                           | -                    | 306                  |
| <b>Total linen at fair value</b>                            | <b>306</b>                               | <b>-</b>                                                    | <b>-</b>             | <b>306</b>           |
| <b>Total Assets at fair value</b>                           | <b>61,589</b>                            | <b>-</b>                                                    | <b>2,843</b>         | <b>58,746</b>        |

(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 2022**

**Note 4.1 (c): Property, Plant and Equipment - Fair Value measurement hierarchy for assets continued**

|                                                             | Carrying Amount as at<br>30 June 2021 | Fair value measurement at end of reporting period using: |                      |                      |
|-------------------------------------------------------------|---------------------------------------|----------------------------------------------------------|----------------------|----------------------|
|                                                             |                                       | Level 1 <sup>i</sup>                                     | Level 2 <sup>i</sup> | Level 3 <sup>i</sup> |
| <b>Land at fair value</b>                                   |                                       |                                                          |                      |                      |
| Non-specialised                                             | 1,712                                 | -                                                        | 1,712                | -                    |
| Specialised land                                            |                                       |                                                          |                      |                      |
| - 155 Guthridge Pd, Sale                                    | 2,860                                 | -                                                        | -                    | 2,860                |
| - 48 Kent St, Maffra                                        | 232                                   | -                                                        | -                    | 232                  |
| <b>Total Land at fair value</b>                             | <b>4,804</b>                          | <b>-</b>                                                 | <b>1,712</b>         | <b>3,092</b>         |
| <b>Buildings at fair value</b>                              |                                       |                                                          |                      |                      |
| Non-specialised buildings                                   | 579                                   | -                                                        | 579                  | -                    |
| Specialised buildings                                       |                                       |                                                          |                      |                      |
| - 155 Guthridge Pd, Sale                                    | 38,759                                | -                                                        | -                    | 38,759               |
| - 48 Kent St, Maffra                                        | 2,109                                 | -                                                        | -                    | 2,109                |
| - Loch Sport                                                | 108                                   | -                                                        | -                    | 108                  |
| - Assets under construction at fair value                   | 216                                   | -                                                        | -                    | 216                  |
| <b>Total of buildings at fair value</b>                     | <b>41,771</b>                         | <b>-</b>                                                 | <b>579</b>           | <b>41,192</b>        |
| <b>Plant and equipment at fair value</b>                    |                                       |                                                          |                      |                      |
| Plant and equipment at fair value                           |                                       |                                                          |                      |                      |
| - Vehicles (ii)                                             | 266                                   | -                                                        | -                    | 266                  |
| - Plant and equipment                                       | 4,361                                 | -                                                        | -                    | 4,361                |
| - Medical equipment                                         | 4,651                                 | -                                                        | -                    | 4,651                |
| - Right of Use- plant, equipment, furniture and fittings    | 4,901                                 | -                                                        | -                    | 4,901                |
| <b>Total of plant, equipment and vehicles at fair value</b> | <b>14,179</b>                         | <b>-</b>                                                 | <b>-</b>             | <b>14,179</b>        |
| <b>Furniture and Fittings at fair value</b>                 |                                       |                                                          |                      |                      |
| Furniture and Fittings at fair value                        | 229                                   | -                                                        | -                    | 229                  |
| <b>Total medical equipment at fair value</b>                | <b>229</b>                            | <b>-</b>                                                 | <b>-</b>             | <b>229</b>           |
| <b>Linen at fair value</b>                                  |                                       |                                                          |                      |                      |
| Linen at fair value                                         | 393                                   | -                                                        | -                    | 393                  |
| <b>Total linen at fair value</b>                            | <b>393</b>                            | <b>-</b>                                                 | <b>-</b>             | <b>393</b>           |
| <b>Total Assets at fair value</b>                           | <b>61,376</b>                         | <b>-</b>                                                 | <b>2,291</b>         | <b>59,085</b>        |

(i) Classified in accordance with fair value hierarchy.

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

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

**Note 4.1: Property, Plant and Equipment continued****(d) Reconciliation of Level 3 fair value measurement**

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

| <b>30 June 2022</b>                                       | <b>Land</b>  | <b>Building</b> | <b>Plant &amp; Equipment</b> | <b>Furniture &amp; Fittings</b> | <b>Linen</b> |
|-----------------------------------------------------------|--------------|-----------------|------------------------------|---------------------------------|--------------|
| <b>Opening Balance</b>                                    | 3,092        | 41,353          | 14,179                       | 229                             | 393          |
| - Additions/(Disposals)                                   | -            | 2,088           | 2,020                        | -                               | 306          |
| - Transfers between levels                                | -            | -               | 63                           | -                               | -            |
| Gains or Losses recognised in net result                  |              |                 |                              |                                 |              |
| - Depreciation                                            | -            | (4,885)         | (2,556)                      | (38)                            | (393)        |
| Items recognised in other comprehensive income            |              |                 |                              |                                 |              |
| - Revaluation                                             | 539          | 2,356           | -                            | -                               | -            |
| <b>Closing Balance</b>                                    | <b>3,631</b> | <b>40,912</b>   | <b>13,706</b>                | <b>191</b>                      | <b>306</b>   |
| <b>30 June 2021</b>                                       | <b>Land</b>  | <b>Building</b> | <b>Plant &amp; Equipment</b> | <b>Furniture &amp; Fittings</b> | <b>Linen</b> |
| <b>Opening Balance</b>                                    | 2,536        | 45,136          | 10,860                       | 213                             | 360          |
| - Additions/(Disposals)                                   | -            | 938             | 5,302                        | 55                              | 233          |
| Transfers between levels                                  | -            | -               | -                            | -                               | -            |
| - Additions of Leases for specialised right to use assets |              |                 |                              |                                 |              |
| Gains or Losses recognised in net result                  |              |                 |                              |                                 |              |
| - Depreciation                                            | -            | (4,721)         | (1,983)                      | (39)                            | (200)        |
| Items recognised in other comprehensive income            |              |                 |                              |                                 |              |
| - Revaluation                                             | 556          | -               | -                            | -                               | -            |
| <b>Closing Balance</b>                                    | <b>3,092</b> | <b>41,353</b>   | <b>14,179</b>                | <b>229</b>                      | <b>393</b>   |

(i) Classified in accordance with the fair value hierarchy, refer Note 4.1(c).

**(e) Fair Value Determination**

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

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

**Note 4.1 (e): Property, Plant and Equipment - Fair Value Determination continued**

**How we measure fair value**

***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.

There have been no transfers between levels during the 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.

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

***Valuation hierarchy***

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

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

***Identifying unobservable inputs (level 3) fair value measurements***

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

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

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

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

In 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.

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

**Note 4.1 (e): Property, Plant and Equipment - Fair Value Determination continued**

***Non-specialised land, non-specialised buildings***

Non-specialised land, and non-specialised buildings 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 2022.

***Specialised land and specialised buildings***

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

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

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

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

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

An independent valuation of the Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2022.

***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).

**Note 4.1 (e): Property, Plant and Equipment - Fair Value Determination continued*****Furniture, fittings, plant and equipment***

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

There were no changes in valuation techniques throughout the period to 30 June 2022.

|                                                  | <b>2022</b>   | <b>2021</b>   |
|--------------------------------------------------|---------------|---------------|
|                                                  | <b>\$'000</b> | <b>\$'000</b> |
| <b>(f) Revaluation Surplus</b>                   |               |               |
| <b>Property, Plant and Equipment</b>             |               |               |
| Balance at the beginning of the reporting period | 58,483        | 57,620        |
| Revaluation Increment                            |               |               |
| - Land (refer note 4.1(b))                       | 602           | 863           |
| - Buildings                                      | 3,069         | -             |
|                                                  | <u>62,154</u> | <u>58,483</u> |
| Balance at the end of the reporting period*      |               |               |
| *Represented by:                                 |               |               |
| - Land                                           | 4,956         | 4,354         |
| - Buildings                                      | 57,198        | 54,129        |
|                                                  | <u>62,154</u> | <u>58,483</u> |

**Note 4.2: Depreciation**

|                                                                         | 2022         | 2021         |
|-------------------------------------------------------------------------|--------------|--------------|
| <b>Depreciation</b>                                                     |              |              |
| Buildings                                                               | 4,885        | 4,846        |
| Right of Use buildings                                                  | -            | 15           |
| Plant and Equipment                                                     | 258          | 252          |
| Motor Vehicles                                                          | 85           | 93           |
| Medical equipment                                                       | 802          | 794          |
| Computer Equipment                                                      | 150          | 98           |
| Other Equipment                                                         | 210          | 192          |
| Furniture and Fittings                                                  | 38           | 39           |
| Linen                                                                   | 393          | 200          |
| Right of use - plant, equipment, furniture, fittings and motor vehicles | 1,051        | 745          |
| <b>Total Depreciation</b>                                               | <b>7,872</b> | <b>7,274</b> |

**How we recognise depreciation**

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

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

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the health service anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

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

|                                      | 2022         | 2021         |
|--------------------------------------|--------------|--------------|
| 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.



**Note 5: Other assets and liabilities**

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

**Structure****5.1 Receivables and contract assets****5.2 Payables and contract liabilities****5.3 Other liabilities****Telling the COVID-19 story**

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

**Key judgements and estimates**

This section contains the following key judgements and estimates:

| <b>Key judgements and estimates</b>                                               | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Estimating the provision for expected credit losses                               | Central Gippsland Health Service uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Classifying a sub-lease arrangement as either an operating lease or finance lease | <p>Central Gippsland Health Service applies significant judgement to determine if a sub-lease arrangement, where the health service is a lessor, meets the definition of an operating lease or finance lease. The health service considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if:</p> <ul style="list-style-type: none"> <li>- The lease transfers ownership of the asset to the lessee at the end of the term</li> <li>- The lessee has an option to purchase the asset for a price that is significantly below fair value at the end of The lease term</li> <li>- The lease term is for the majority of the asset's useful life</li> <li>- The present value of lease payments amount to the approximate fair value of the leased asset and</li> <li>- The leased asset is of a specialised nature that only the lessee can use without significant modification.</li> </ul> <p>All other sub-lease arrangements are classified as an operating lease.</p> |
| Measuring deferred capital grant income                                           | <p>Where Central Gippsland Health Service has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed.</p> <p>Central Gippsland Health Service applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |

**CENTRAL GIPPSLAND HEALTH SERVICE**
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022**
**Note 5: Other assets and liabilities continued**

| Key judgements and estimates    | Description                                                                                                                                                                                                                                                                                                                                                                                 |
|---------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Measuring contract liabilities  | Central Gippsland Health Service applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer. |
| Recognition of other provisions | Other provisions include Central Gippsland Health Service's obligation to restore leased assets to their original condition at the end of a lease term. The health service applies significant judgement and estimate to determine the present value of such restoration costs.                                                                                                             |

**Note 5.1: Receivables and contract assets**

|                                                                                      | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------------------------------------------------------|----------------|----------------|
| <b>Current</b>                                                                       |                |                |
| <b>Contractual</b>                                                                   |                |                |
| Trade Debtors                                                                        | 1,090          | 512            |
| Patient Fees                                                                         | 608            | 629            |
| Accrued Revenue                                                                      | 329            | 509            |
| Amounts receivable from governments and agencies                                     | 557            | 442            |
| Accrued Revenue - Department of Health                                               | 53             | 770            |
| <b>Less Allowance of Doubtful Debts for:</b>                                         |                |                |
| Patient Fees                                                                         | (28)           | (41)           |
|                                                                                      | 2,609          | 2,821          |
| <b>Statutory</b>                                                                     |                |                |
| GST Receivable                                                                       | 364            | 143            |
|                                                                                      | 364            | 143            |
| <b>Total Current Receivables</b>                                                     | 2,973          | 2,964          |
| <b>Non Current</b>                                                                   |                |                |
| Long Service Leave - Department of Health                                            | 124            | 1,729          |
|                                                                                      | 124            | 1,729          |
| <b>Total Non-Current Receivables</b>                                                 | 124            | 1,729          |
| <b>Total Receivables</b>                                                             | 3,097          | 4,693          |
| <i>Financial assets classified as receivables and contract assets (Note 7.2 (b))</i> |                |                |
| Total Receivables and Contract Assets                                                | 3,097          | 4,693          |
| + Provision for impairment                                                           | 28             | 41             |
| - Contract asset                                                                     | (53)           | (770)          |
| - GST receivable                                                                     | (364)          | (143)          |
| Total Financial Assets                                                               | 2,708          | 3,821          |
| <b>(a) Movement in the Allowance for impairment losses of contractual</b>            |                |                |
| Balance at beginning of year                                                         | 41             | 43             |
| Reversal of allowance written off during the year as uncollectable                   | (13)           | (80)           |
| Increase                                                                             | -              | 78             |
| Balance at                                                                           | 28             | 41             |

**Note 5.1: Receivables and contract assets continued**

**How we recognise receivables**

Receivables consists of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as financial assets at amortised cost. They are initially recognised at fair value plus any directly attributable transaction costs. Central Gippsland Health Service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.

- **Statutory receivables**, which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are 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 7.2 (a) Contractual receivables at amortised costs for Central Gippsland Health Service's contractual impairment losses

**Note 5.2: Payables and contract liabilities**

|                                                                                             | <b>2022</b>   | <b>2021</b>   |
|---------------------------------------------------------------------------------------------|---------------|---------------|
|                                                                                             | <b>\$'000</b> | <b>\$'000</b> |
| <b>Current</b>                                                                              |               |               |
| <b>Contractual Payables</b>                                                                 |               |               |
| Trade Creditors                                                                             | 3,234         | 1,826         |
| Accrued Salaries and Wages                                                                  | 751           | 2,181         |
| Accrued Expenses                                                                            | 3,741         | 3,603         |
| Amounts payable to governments and agencies                                                 | -             | 546           |
| State Contract Liabilities                                                                  | 4,581         | 805           |
| Other Contract Liabilities                                                                  | 245           | 1,650         |
| <b>Total Current Contractual Payable</b>                                                    | <b>12,552</b> | <b>10,611</b> |
| <i>Financial liabilities classified as payables and contract liabilities (Note 7.2 (b))</i> |               |               |
| Total Payables and Contract Liabilities                                                     | 12,552        | 10,611        |
| - Contract Liabilities                                                                      | (4,826)       | (2,455)       |
| - Governments and Agencies                                                                  | -             | (546)         |
| Total Financial Liabilities                                                                 | <b>7,726</b>  | <b>7,610</b>  |

**How we recognise payables and contract liabilities**

Payables consist of:

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

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

**Note 5.2 (a) Deferred capital grant revenue**

|                                                                                 | <b>2022</b>   | <b>2021</b>   |
|---------------------------------------------------------------------------------|---------------|---------------|
|                                                                                 | <b>\$'000</b> | <b>\$'000</b> |
| <b>Opening balance of deferred grant income</b>                                 | -             | 50            |
| Grant consideration for capital works received during the year                  | -             | 1,130         |
| Deferred grant revenue recognised as revenue due to completion of capital works | -             | (1,180)       |
| <b>Closing balance of deferred grant consideration</b>                          | -             | -             |

**How we recognise deferred capital grant revenue**

Grant consideration was received for the Critical Care Unit (CCU) and Electronic Medical Record (EMR) projects. Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when Central Gippsland Health Service satisfies its obligations. The progressive percentage costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works.

**Note 5.2 (b) Contract Liabilities**

|                                                                         | <b>2022</b>   | <b>2021</b>   |
|-------------------------------------------------------------------------|---------------|---------------|
|                                                                         | <b>\$'000</b> | <b>\$'000</b> |
| <b>Opening balance of deferred grant income</b>                         | 1,650         | 1,553         |
| Less: Revenue recognised for the completion of a performance obligation | (1,610)       | 97            |
| <b>Total contract liabilities</b>                                       | <b>40</b>     | <b>1,650</b>  |
| <b>Represent</b>                                                        |               |               |
| Current contract liabilities                                            | -             | 1,650         |
| Non-current contract liabilities                                        | <b>40</b>     | <b>1,650</b>  |

**Note 5.2: Payables and contract liabilities continued****How we recognise contract liabilities**

Contract liabilities include consideration received in advance from customers in respect of homecare packages, paid maternity leave and recallable grants. Invoices are raised once the goods and services are delivered/provided.

Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

**Maturity analysis of payables**

Please refer to Note 7.2(b) for the ageing analysis of payables.

**Note 5.3: Other Liabilities**

|                                                                   | <b>2022<br/>\$'000</b> | <b>2021<br/>\$'000</b> |
|-------------------------------------------------------------------|------------------------|------------------------|
| <b>Current</b>                                                    |                        |                        |
| Monies Held in Trust                                              |                        |                        |
| - Patient monies held in trust                                    | -                      | -                      |
| - Refundable Accommodation Deposits                               | 5,204                  | 6,603                  |
| <b>Total Current</b>                                              | <u>5,204</u>           | <u>6,603</u>           |
| <b>Non Current</b>                                                |                        |                        |
| Other - Gippsland Health Alliance                                 | -                      | -                      |
| <b>Total Non-Current</b>                                          | <u>-</u>               | <u>-</u>               |
| <b>Total Other Liabilities</b>                                    | <u>5,204</u>           | <u>6,603</u>           |
| * Total monies held in trust represented by the following assets: |                        |                        |
| Cash Assets                                                       | 5,204                  | 6,603                  |
| Investments and other financial assets                            | -                      | -                      |
|                                                                   | <u>5,204</u>           | <u>6,603</u>           |

**How we recognise other liabilities****Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities**

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

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

**Note 6: How we finance our operations**

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

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

**Structure****6.1 Borrowings****6.2 Cash and Cash equivalents****6.3 Commitments for expenditure****6.4 Non-cash financing and investing activities****Telling the COVID-19 story**

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

**Key judgements and estimates**

This section contains the following key judgements and estimates:

| <b>Key judgements and estimates</b>                                            | <b>Description</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|--------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Determining if a contract is or contains a lease                               | Central Gippsland Health Service applies significant judgement to determine if a contract is or contains a lease by considering if the health service: <ul style="list-style-type: none"> <li>- has the right-to-use an identified asset</li> <li>- has the right to obtain substantially all economic benefits from the use of the leased asset and</li> <li>- can decide how and for what purpose the asset is used throughout the lease.</li> </ul>                                                                                                                                                          |
| Determining if a lease meets the short-term or low value asset lease exemption | Central Gippsland Health Service applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.<br>The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption.<br>The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption. |
| Discount rate applied to future lease payments                                 | Central Gippsland Health Service discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Central Gippsland Health Service uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.                                                                          |

**Note 6: How we finance our operations continued**

| Key judgements and estimates | Description                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Assessing the lease term     | <p>The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Central Gippsland Health Service is reasonably certain to exercise such options. Central Gippsland Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> <li>- If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>- If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>- The health service considers historical lease durations and the costs and business disruption to replace such leased assets.</li> </ul> |

**Note 6.1 Borrowings**

|                           | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------|----------------|----------------|
| <b>Current</b>            |                |                |
| Loans from Government (i) | 196            | 196            |
| Lease Liability (ii)      | 1,106          | 1,022          |
| <b>Total Current</b>      | <u>1,302</u>   | <u>1,218</u>   |
| <b>Non-Current</b>        |                |                |
| Loans from Government (i) | -              | 195            |
| Lease Liability (ii)      | 2,941          | 3,943          |
| <b>Total Non-Current</b>  | <u>2,941</u>   | <u>4,138</u>   |
| <b>Total Borrowings</b>   | <u>4,243</u>   | <u>5,356</u>   |

(i) These are unsecured loans which bear no interest

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

**How we recognise borrowings**

Borrowings refer to interest-bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities, service concession arrangements and other interest-bearing arrangements.

**Initial recognition**

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'.



**Note 6.1 Borrowings continued****Subsequent measurement**

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'.

**Maturity analysis of borrowings**

Please refer to Note 7.2(b) for the ageing analysis of borrowings.

**Defaults and breaches**

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

**Note 6.1 (a): Lease Liabilities**

Repayments in relation to leases are payable as follows:

|                                      | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------|----------------|----------------|
| Total undiscounted lease liabilities | 4,386          | 5,412          |
| Less unexpired finance expense       | (339)          | (447)          |
| <b>Net Lease Liabilities</b>         | <b>4,047</b>   | <b>4,965</b>   |

The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting date

|                                              |              |              |
|----------------------------------------------|--------------|--------------|
| Not later than one year                      | 1,154        | 1,066        |
| Later than 1 year and not later than 5 years | 2,315        | 3,429        |
| Later than 5 years                           | 917          | 917          |
| Minimum lease payments                       | <b>4,386</b> | <b>5,412</b> |
| Less future finance charges                  | (339)        | (447)        |
| <b>Total</b>                                 | <b>4,047</b> | <b>4,965</b> |
| * Represented by:                            |              |              |
| Current borrowings - lease liability         | 1,106        | 1,022        |
| Non-current borrowings - Lease liability     | 2,941        | 3,943        |
| <b>Total</b>                                 | <b>4,047</b> | <b>4,965</b> |

**Central Gippsland Health Service's leasing activities**

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

**How we recognise lease liabilities**

A lease is defined as a contract, or part of a contract, that conveys the right for Central Gippsland Health Service to use an asset for a period of time in exchange for payment.

To apply this definition, Central Gippsland Health Service ensures the contract meets the following criteria:

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

**Note 6.1 (a): Borrowings - lease liabilities continued**

Central Gippsland Health Service's lease arrangements consist of the following:

| Type of asset leased                                      | Lease term   |
|-----------------------------------------------------------|--------------|
| Leased buildings                                          | 21 years     |
| Leased plant, equipment, furniture, fittings and vehicles | 3 to 7 years |

All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months. Central Gippsland Health Service had no low value, short term and variable lease payments as at 30 June 2022 (2021: none).

**Separation of lease and non-lease components**

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

**Initial measurement**

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Central Gippsland Health Services incremental borrowing rate. Our lease liability has been discounted by rates of between 2.12% to 2.48%.

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

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

The following types of lease arrangements, contain extension and termination options:

- Finance Leases for Medical Equipment leases
- Operational Leases for Medical Equipment, vehicles, accommodation properties

These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the health service and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term and lease liability if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was a decrease in recognised lease liabilities and right-of-use assets of \$31,865.

**Subsequent measurement**

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

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

|                                            |     | 2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------------|-----|----------------|----------------|
| <b>Note 6.2: Cash and cash equivalents</b> |     |                |                |
| Cash on Hand                               |     | 35             | 35             |
| Cash at Bank - CBS                         |     | 20,697         | 20,824         |
| <b>Total cash and cash equivalents *</b>   |     | <b>20,732</b>  | <b>20,859</b>  |
| * includes monies held in trust            | 5.3 | 5,204          | 6,603          |

**How we recognise cash and cash equivalents**

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.

**Note 6.3: Commitments for Expenditure  
Capital Expenditure Commitments**

|                                                          |  |              |              |
|----------------------------------------------------------|--|--------------|--------------|
| Less than 1 year                                         |  | 5,245        | 2,193        |
| <b>Total Capital Expenditure Commitments</b>             |  | <b>5,245</b> | <b>2,193</b> |
| <b>Non-Cancellable Operating Lease Commitments</b>       |  |              |              |
| Less than 1 year                                         |  | 571          | -            |
| <b>Total Non-cancellable Operating Lease Commitments</b> |  | <b>571</b>   | <b>-</b>     |
| <b>TOTAL COMMITMENTS (inclusive of GST)</b>              |  | <b>5,816</b> | <b>2,193</b> |
| Less GST recoverable from the Australian Tax Office      |  | (52)         | (219)        |
| <b>TOTAL COMMITMENTS (exclusive of GST)</b>              |  | <b>5,764</b> | <b>1,974</b> |

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

**How we recognise expenditure commitments  
Expenditure 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.

**Short-term leases and leases of low value assets**

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

**Note 6.4: Non-cash financing and investing activities**

|                                                          |              |              |
|----------------------------------------------------------|--------------|--------------|
| Acquisition of Plant and Equipment by means of Leases    | 129          | 3,565        |
| Acquisition of Plant and Equipment free of charge        | 2,315        | 1,174        |
| <b>TOTAL NON-CASH FINANCING AND INVESTING ACTIVITIES</b> | <b>2,444</b> | <b>4,739</b> |

**Note 7: Risks, contingencies and valuation uncertainties**

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

**Structure****7.1 Financial instruments****7.2 Financial risk management objectives and policies****7.3 Contingent Assets and Contingent Liabilities****Note 7.1: Financial Instruments**

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Central Gippsland Health Service's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example, taxes, fines and penalties). Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

**Categorisation of financial instruments**

| <b>2022</b>                                     |     | <b>Financial Assets at Amortised Cost \$'000</b> | <b>Financial Liabilities at Amortised Cost \$'000</b> | <b>Total \$'000</b> |
|-------------------------------------------------|-----|--------------------------------------------------|-------------------------------------------------------|---------------------|
| <b>Contractual Financial Assets</b>             |     |                                                  |                                                       |                     |
| Cash and cash equivalents                       | 6.2 | 20,732                                           | -                                                     | <b>20,732</b>       |
| <u>Receivables</u>                              |     |                                                  |                                                       |                     |
| - Trade Debtors                                 | 5.1 | 1,090                                            | -                                                     | <b>1,090</b>        |
| - Other Receivables                             | 5.1 | 1,618                                            | -                                                     | <b>1,618</b>        |
| <b>Total Financial Assets <sup>1</sup></b>      |     | <b>23,440</b>                                    | <b>-</b>                                              | <b>23,440</b>       |
| <b>Financial Liabilities</b>                    |     |                                                  |                                                       |                     |
| Payables                                        | 5.2 | -                                                | 7,726                                                 | <b>7,726</b>        |
| Borrowings                                      | 6.1 | -                                                | 4,047                                                 | <b>4,047</b>        |
| <u>Other Financial Liabilities</u>              |     |                                                  |                                                       |                     |
| - Accommodation bonds                           | 5.3 | -                                                | 5,323                                                 | <b>5,323</b>        |
| Loan from DH                                    | 6.1 | -                                                | 196                                                   | <b>196</b>          |
| <b>Total Financial Liabilities <sup>1</sup></b> |     | <b>-</b>                                         | <b>17,292</b>                                         | <b>17,292</b>       |

## Note 7.1 : Financial Instruments continued

| 2021                                           |     | Contractual<br>Financial<br>Assets at<br>Amortised<br>Cost - Loans<br>and<br>Receivables<br>\$'000 | Contractual<br>Financial<br>Liabilities at<br>Amortised<br>Costs<br>\$'000 | Total<br>\$'000 |
|------------------------------------------------|-----|----------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------|-----------------|
| <b>Contractual Financial Assets</b>            |     |                                                                                                    |                                                                            |                 |
| Cash and cash equivalents                      | 6.2 | 20,859                                                                                             | -                                                                          | <b>20,859</b>   |
| Receivables                                    |     |                                                                                                    |                                                                            |                 |
| - Trade Debtors                                | 5.1 | 512                                                                                                | -                                                                          | <b>512</b>      |
| - Other Receivables                            | 5.1 | 3,309                                                                                              | -                                                                          | <b>3,309</b>    |
| <b>Total Financial Assets<sup>i</sup></b>      |     | <b>24,680</b>                                                                                      | -                                                                          | <b>24,680</b>   |
| <b>Financial Liabilities</b>                   |     |                                                                                                    |                                                                            |                 |
| Payables                                       | 5.2 | -                                                                                                  | 7,610                                                                      | <b>7,610</b>    |
| Borrowings                                     | 6.1 | -                                                                                                  | 4,964                                                                      | <b>4,964</b>    |
| Other Financial Liabilities                    |     |                                                                                                    |                                                                            |                 |
| - Accommodation bonds                          | 5.3 | -                                                                                                  | 6,603                                                                      | <b>6,603</b>    |
| Loan from DH                                   | 6.1 | -                                                                                                  | 391                                                                        | <b>391</b>      |
| <b>Total Financial Liabilities<sup>i</sup></b> |     | -                                                                                                  | <b>19,568</b>                                                              | <b>19,568</b>   |

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

## How we categorise financial instruments

## Categories of financial assets

Financial assets are recognised when Central Gippsland Health Service becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Central Gippsland Health Service commits itself to either the purchase or sale of the asset (i.e. trade date accounting is adopted).

Financial instruments (except for trade receivables) are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through net result, in which case transaction costs are expensed to profit or loss immediately.

Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted.

Trade receivables are initially measured at the transaction price if the trade receivables do not contain a significant financing component or if the practical expedient was applied as specified in AASB 15 para 63.

**Note 7.1 : Financial Instruments continued**

Financial assets at amortised cost

Financial assets are measured at amortised cost 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 solely to collect the contractual cash flows and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.

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

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

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

**Categories of financial liabilities**

Financial liabilities are recognised when Central Gippsland Health Service becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

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

- payables (excluding statutory payables and contract liabilities)
- borrowings and
- other liabilities (including monies held in trust).

**Derecognition of financial assets**

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

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

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

**Note 7.1 : Financial Instruments continued**

**Derecognition of financial liabilities**

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

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

**Reclassification of financial instruments**

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

**Note 7.2: Financial risk management objectives and policies**

As a whole, Central Gippsland Health Service's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, included the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statements.

Central Gippsland Health Service's main financial risks include credit risk, liquidity risk, interest rate risk, and foreign currency risk. Central Gippsland Health Service manages these financial risks in accordance with its financial risk management policy.

Central Gippsland Health Service uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

**Note 7.2 (a): Credit risk**

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Central Gippsland Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Central Gippsland Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Central Gippsland Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, the health service is exposed to credit risk associated with patient and other debtors.

In addition, Central Gippsland Health Service does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, Central Gippsland Health Service's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Central Gippsland Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.



**CENTRAL GIPPSLAND HEALTH SERVICE****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022****Note 7.2 (a): Credit risk continued**

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Central Gippsland Health Service's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Central Gippsland Health Service's credit risk profile in 2020-21.

**Impairment of financial assets under AASB 9 Financial Instruments**

Central Gippsland Health Service records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 Financial Instruments 'Expected Credit Loss' approach. Subject to AASB 9 Financial Instruments, impairment assessment includes the Central Gippsland Health Service's contractual receivables, statutory receivables and its investment in debt instruments.

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.

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.

**Contractual receivables at amortised cost**

Central Gippsland Health Service applies AASB 9's 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. 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 Central Gippsland Health Service's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, Central Gippsland Health Service determines the closing loss allowance at the end of the financial year as follows:

|                                                  | 30-Jun-22 | Current | Less than<br>1 month | 1-3<br>months | 3 months - 1 year | 1-5 years<br>* | Total |
|--------------------------------------------------|-----------|---------|----------------------|---------------|-------------------|----------------|-------|
| Expected loss rate                               |           | 1%      | 1%                   | 1%            | 1%                | 5%             | 9%    |
| Gross carrying amount of contractual receivables |           | 1,354   | 54                   | 41            | 81                | 1,178          | 2,708 |
| Loss Allowance                                   |           | 7       | 2                    | 1             | 3                 | 15             | 28    |

|                                                  | 30-Jun-21 | Current | Less than<br>1 month | 1-3<br>months | 3 months - 1 year | 1-5 years<br>* | Total |
|--------------------------------------------------|-----------|---------|----------------------|---------------|-------------------|----------------|-------|
| Expected loss rate                               |           | 1%      | 1%                   | 1%            | 1%                | 5%             | 9%    |
| Gross carrying amount of contractual receivables |           | 1,801   | 112                  | 53            | 103               | 1,752          | 3,821 |
| Loss Allowance                                   |           | 8       | 2                    | 3             | 5                 | 25             | 43    |

\* includes long service leave funding from the Department of Health

**Note 7.2 (a): Credit risk continued**

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

**Statutory receivables and debt investments at amortised cost**

The Central Gippsland Health Service's non-contractual receivables arising from statutory requirements are not financial instruments. However, we have nevertheless recognised and measured in accordance with AASB 9 requirements as if those receivables are financial instruments.

The Central Gippsland Health Service also has no debt investments.

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

**Note 7.2 (b): Liquidity risk**

Liquidity risk arises from being unable to meet financial obligations as they fall due.

Central Gippsland Health Service is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet. The health service manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding investments and other contractual financial assets that are readily tradeable in the financial markets and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

Central Gippsland Health Service's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of investments and other financial assets.

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

| 2022                               | Note | Carrying Amount | Maturity Dates*          |                             |                       |
|------------------------------------|------|-----------------|--------------------------|-----------------------------|-----------------------|
|                                    |      |                 | Nominal Amount<br>\$'000 | 3 months - 1 year<br>\$'000 | 1 - 5 years<br>\$'000 |
| <b>Financial Liabilities</b>       |      |                 |                          |                             |                       |
| At amortised cost                  |      |                 |                          |                             |                       |
| Payables                           | 5.2  | 7,726           | 7,726                    | 7,726                       | -                     |
| Borrowings                         | 6.1  | 4,243           | 4,243                    | 1,302                       | 2,941                 |
| - Accommodation Deposits           | 5.3  | 5,204           | 5,204                    | 1,240                       | 3,964                 |
| <b>Total Financial Liabilities</b> |      | <b>17,173</b>   | <b>17,173</b>            | <b>10,268</b>               | <b>6,905</b>          |

\* maturity dates are based upon historical experience

**Note 7.2 (b): Liquidity risk continued**

| 2021                               | Note | Carrying Amount | Maturity Dates |                   |              |
|------------------------------------|------|-----------------|----------------|-------------------|--------------|
|                                    |      |                 | Nominal Amount | 3 months - 1 year | 1 - 5 years  |
|                                    |      |                 | \$'000         | \$'000            | \$'000       |
| <b>Financial Liabilities</b>       |      |                 |                |                   |              |
| At amortised cost                  |      |                 |                |                   |              |
| Payables                           | 5.2  | 7,610           | 7,610          | 7,610             | -            |
| Borrowings                         | 6.1  | 5,356           | 5,356          | 1,218             | 4,138        |
| - Accommodation Deposits           | 5.3  | 6,603           | 6,603          | 1,573             | 5,030        |
| <b>Total Financial Liabilities</b> |      | <b>19,569</b>   | <b>19,569</b>  | <b>10,401</b>     | <b>9,168</b> |

**Note 7.2 (c) Market risk**

Central Gippsland Health Service's exposures to market risk are primarily through interest rate risk and foreign currency risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

**Sensitivity disclosure analysis and assumptions**

Central Gippsland Health Service's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. Central Gippsland Health Service's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

- a change in interest rates of 1.5% up or down and
- a change in the Australian Dollar of 10% up or down.

**Interest rate risk**

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. Central Gippsland Health Service does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Central Gippsland Health Service has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

**Foreign currency risk**

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

Central Gippsland Health Service has minimal exposure to foreign currency risk.

**Note 7.3: Contingent Assets and Contingent Liabilities**

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

**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 Executives****8.4 Related parties****8.5 Remuneration of Auditors****8.6 Events occurring after the Balance Sheet Date****8.7 Jointly arrangements****8.8 Economic dependency****8.9 Equity****Telling the COVID-19 story**

Our other disclosures were impacted during the financial year which was partially attributable to the COVID-19. The following items were impacted:

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

**Note 8.1: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities**

|                                                            | <b>2022<br/>\$'000</b> | <b>2021<br/>\$'000</b> |
|------------------------------------------------------------|------------------------|------------------------|
| <b>Net Result for the Year</b>                             | (5,548)                | (4,064)                |
| <b>Non-Cash Movements:</b>                                 |                        |                        |
| (Gain) on sale or disposal of non-financial assets         | (3)                    | (210)                  |
| Depreciation and amortisation of non-current assets        | 7,872                  | 7,274                  |
| Provision for Doubtful Debts                               | -                      | 78                     |
| Loss on revaluation of long service leave liability        | 1,605                  | 162                    |
| Discount expense on loan                                   | -                      | (22)                   |
| Adjustment capital contribution                            | -                      | -                      |
| Assets and services received free of charge                | (980)                  | (146)                  |
| Lease Interest Expense                                     | 48                     | 47                     |
| Cash (inflow) from investing and financing activities      | (1,438)                | (80)                   |
| <b>Movements in Assets and Liabilities</b>                 |                        |                        |
| (Increase) / Decrease in receivables and contract assets   | (9)                    | (527)                  |
| Decrease / (Increase) in inventories                       | 4                      | 30                     |
| (Increase) / Decrease in other assets                      | 37                     | (25)                   |
| Increase / (Decrease) in payables and contract liabilities | 1,941                  | 2,665                  |
| Increase in employee benefits                              | 1,449                  | 1,449                  |
| <b>Net Cash Inflow from Operating Activities</b>           | <b>4,978</b>           | <b>6,631</b>           |

## CENTRAL GIPPSLAND HEALTH SERVICE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

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#### 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 James Merlino:<br>Minister for Mental Health      | 1/07/2021 -  | 27/06/2022 |
| The Honourable Gabrielle Williams:<br>Minister for Mental Health | 27/06/2022 - | 30/06/2022 |
| The Honourable Martin Foley:<br>Minister for Health              | 1/07/2021 -  | 27/06/2022 |
| Minister for Ambulance Services                                  | 1/07/2021 -  | 27/06/2022 |
| Minister for Equality                                            | 1/07/2021 -  | 27/06/2022 |
| The Honourable Mary-Anne Thomas:<br>Minister for Health          | 27/06/2022 - | 30/06/2022 |
| Minister for Ambulance Services                                  | 27/06/2022 - | 30/06/2022 |
| <b>Governing Boards</b>                                          |              |            |
| Jim Vivian (Chairperson)                                         | 1/07/2021 -  | 30/06/2022 |
| Tony Anderson                                                    | 1/07/2021 -  | 30/06/2022 |
| Claire Miller                                                    | 1/07/2021 -  | 30/06/2022 |
| Jenny Dempster                                                   | 1/07/2021 -  | 30/06/2022 |
| Frances 'Frankie' MacLennan                                      | 1/07/2021 -  | 30/06/2022 |
| Abbas Khambati                                                   | 1/07/2021 -  | 30/06/2022 |
| Glenys Butler                                                    | 1/07/2021 -  | 30/06/2022 |
| Kumar Visvanathan                                                | 1/07/2021 -  | 30/06/2022 |
| Peter 'Gerry' Watts                                              | 1/07/2021 -  | 30/06/2022 |
| Lauren Carey                                                     | 1/07/2021 -  | 30/06/2022 |
| Arthur Skipitaris (Vice Chairperson)                             | 1/07/2021 -  | 30/06/2022 |
| Accountable Officers                                             |              |            |
| Mark Dykgraaf (Chief Executive Officer)                          | 1/07/2021 -  | 30/06/2022 |

**Note 8.2 Responsible Persons Disclosure continued****Remuneration of Responsible Persons**

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

| Income band                                                                                                        | 2022<br>No.            | 2021<br>No.            |
|--------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|
| \$10,000 - \$19,999                                                                                                | 11                     | 11                     |
| \$20,000 - \$29,999                                                                                                | 1                      | 1                      |
| \$310,000 - \$319,999                                                                                              | 1                      | 2                      |
| <b>Total Numbers</b>                                                                                               | <b>13</b>              | <b>14</b>              |
|                                                                                                                    | <b>2022<br/>\$'000</b> | <b>2021<br/>\$'000</b> |
| <b>Total remuneration received or due and receivable by Responsible Persons from reporting entity amounted to:</b> | <b>526</b>             | <b>507</b>             |

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

Amounts relating to Responsible Ministers are reported within the State's Annual Financial Report.

**Note 8.3: Remuneration of Executives**

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

| Remuneration of Executive Officers<br>(excluding Key Management Personnel Disclosed in Note 8.4) | Total Remuneration<br>2022<br>\$'000 | 2021<br>\$'000 |
|--------------------------------------------------------------------------------------------------|--------------------------------------|----------------|
| Short-term Benefits                                                                              | 1,214                                | 1,268          |
| Post-employment Benefits                                                                         | 124                                  | 117            |
| Termination Benefits                                                                             | -                                    | 67             |
| <b>Total Remuneration i</b>                                                                      | <b>1,338</b>                         | <b>1,452</b>   |
| Total Number of Executives                                                                       | 7                                    | 8              |
| Total Annualised Employee Equivalent ii                                                          | 7                                    | 6.6            |

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.

**Note 8.3 Remuneration of Executives continued**

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 (such as superannuation guarantee contributions) paid or payable on a discrete basis when employment has ceased.

**Other Long-term Benefits**

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

**Termination Benefits**

Termination of employment payments, such as severance packages.

**Other factors**

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

**Note 8.4 Related parties**

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

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

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



## CENTRAL GIPPSLAND HEALTH SERVICE

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

#### Note 8.4 Related parties continued

##### Key Management Personnel of Central Gippsland Health Service

The Board of Directors and the Executive Directors of the Central Gippsland Health Service are deemed to be KMPs. This includes the following:

| KMPs                                | Position Title                                                |
|-------------------------------------|---------------------------------------------------------------|
| Mr Jim Vivian                       | Chair of the Board                                            |
| Mr Tony Anderson                    | Board Member                                                  |
| Ms Claire Miller                    | Board Member                                                  |
| Ms Frances "Frankie" MacLennan      | Board Member                                                  |
| Mr Arthur Skipitaris                | Vice Chair of the Board                                       |
| Ms Jenny Dempster                   | Board Member                                                  |
| Mr Abbas Khambati                   | Board Member                                                  |
| Ms Glenys Butler                    | Board Member                                                  |
| Professor Kumar Visvanathan         | Board Member                                                  |
| Ms Lauren Carey                     | Board Member                                                  |
| Mr Peter 'Gerry' Watts              | Board Member                                                  |
| Mr Mark Dykgraaf                    | Chief Executive Officer                                       |
| Ms Amanda Pusmucans                 | Executive Director of Nursing                                 |
| Mr Paul Head (to 30/11/2021)        | Executive Director of Aged And Ambulatory Care                |
| Ms Caron Mallet (from 15/09/2021)   | Acting Director of Aged Care                                  |
| Ms Rachel Strauss (from 16/04/2021) | Acting Director of Ambulatory Care                            |
| Dr Syed Khadri                      | Executive Director Medical Services                           |
| Ms Kelli Mitchener                  | Executive Director Clinical Governance and Medical Operations |
| Ms Suzanne Askew (to 08/05/2022)    | Executive Director Workforce Planning and Development         |
| Ms Cherie Campbell                  | Executive Director Corporate Services                         |
| Ms Emma Brennan (to 31/12/2021)     | Acting Chief Financial Officer                                |

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

| Compensation - KMPs             | 2022<br>\$'000 | 2021<br>\$'000 |
|---------------------------------|----------------|----------------|
| Short-term Employee Benefits ii | 1,721          | 1,740          |
| Post-employment Benefits ii     | 138            | 152            |
| Termination Benefits ii         | -              | 67             |
| Total i                         | 1,859          | 1,959          |

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

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

**CENTRAL GIPPSLAND HEALTH SERVICE****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022****Note 8.4 Related Parties continued****Significant transactions with Government Related Entities**

The Central Gippsland Health Service received funding from the Department of Health of \$79M (2021: \$75.3M).

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

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

The Standing Directions of the Assistant Treasurer require Central Gippsland Health Service to hold cash (in excess of working capital) in accordance with the State's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and Human Services and the Treasurer.

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

| Entity                             | Revenue        |                | Expenditure    |                |
|------------------------------------|----------------|----------------|----------------|----------------|
|                                    | 2022<br>\$'000 | 2021<br>\$'000 | 2022<br>\$'000 | 2021<br>\$'000 |
| Alfred Health                      | 4              | 1              | 427            | 123            |
| Ambulance Victoria                 | 11             | 54             | 1,288          | 1,185          |
| Austin Health                      | 1              | -              | 116            | -              |
| Bairnsdale Regional Health Service | 731            | 674            | 5              | 5              |
| Barwon Health                      | -              | -              | 12             | -              |
| Box Hill Institute                 | 1              | -              | -              | -              |
| Chisholm Institute                 | 27             | -              | -              | -              |
| Dental Health Services Victoria    | -              | 946            | 51             | 46             |
| Department of Health               | -              | -              | -              | 127            |
| Gippsland Health Alliance          | 464            | 331            | 1,835          | 1,581          |
| Gippsland Southern Health Service  | 290            | 317            | -              | -              |
| Holmesglen Institute               | 31             | -              | -              | -              |
| Latrobe Regional Health Service    | 1,964          | 2,096          | 1,537          | 847            |
| Monash Health                      | -              | -              | 6              | -              |
| Omeo District Health Service       | 22             | 22             | -              | -              |
| Orbost Regional Health Service     | 51             | 57             | -              | -              |
| Peninsula Health                   | -              | -              | 15             | -              |
| Royal Childrens Hospital           | 5              | -              | -              | -              |
| South Gippsland Hospital           | -              | -              | -              | -              |
| Transport and Accident Commission  | 33             | -              | 2              | -              |
| Victoria Police                    | 33             | 33             | -              | -              |
| Victoria University                | 68             | -              | -              | -              |
| West Gippsland Healthcare          | 5              | -              | 6              | -              |
| Western Health                     | -              | -              | 24             | -              |
| Wodonga TAFE                       | 22             | -              | -              | -              |
| Yarram District Health Service     | 96             | 103            | 66             | 78             |
| <b>Total</b>                       | <b>3,859</b>   | <b>4,634</b>   | <b>5,390</b>   | <b>3,992</b>   |

**CENTRAL GIPPSLAND HEALTH SERVICE****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022****Note 8.4 Related Parties continued**

The following related party transactions remain outstanding.

|                                    | <b>Receivable</b> |              | <b>Payable</b> |             |
|------------------------------------|-------------------|--------------|----------------|-------------|
|                                    | <b>2022</b>       | <b>2021</b>  | <b>2022</b>    | <b>2021</b> |
| Latrobe Regional Health Service    | 304               | 226          | 868            | 92          |
| Bairnsdale Regional Health Service | 49                | 118          | -              | -           |
| Gippsland Southern Health Service  | -                 | 27           | -              | -           |
| Department of Health               | -                 | 638          | -              | -           |
| Ambulance Victoria                 | 1                 | 5            | 149            | -           |
| <b>Total</b>                       | <b>353</b>        | <b>1,013</b> | <b>1,017</b>   | <b>92</b>   |

**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 HealthShare Victoria and Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Central Gippsland Health Service, there were no related party transactions that involved key management personnel and their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2022 (2021: none).

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 2022 (2021: none).

**Joint Partnership Entities Related Party Transactions**

Mark Dykgraaf was a member of the Gippsland Health Alliance Steering Committee. He held this position for the full financial year.

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

**Note 8.5: Remuneration of Auditors****Victorian Auditor-Generals Office**

Audit of financial statements

|  | <b>Consolidated</b> |               |
|--|---------------------|---------------|
|  | <b>2022</b>         | <b>2021</b>   |
|  | <b>\$'000</b>       | <b>\$'000</b> |
|  | 44                  | 41            |
|  | <u>44</u>           | <u>41</u>     |

**Note 8.6: Events occurring after balance sheet date**

The COVID-19 pandemic has created unprecedented economic uncertainty.

Actual economic events and conditions in the future may be materially different from those estimated by the Central Gippsland Health Service at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the continued potential impact of the pandemic after the reporting date on Central Gippsland Health Service, its operations, future results and financial position.

The State of Emergency in Victoria ended on 15 December 2021 along with the management of this pandemic under the State Emergency Framework. Victoria has introduced the pandemic specific framework for effective management of the COVID-19 pandemic and future pandemics.

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

**Note 8.7: Joint arrangements**

| Name of Entity                  | Principal Activity     | Country of Incorporation | Ownership Interest (%) |       |
|---------------------------------|------------------------|--------------------------|------------------------|-------|
|                                 |                        |                          | 2022                   | 2021  |
| Gippsland Health Alliance (GHA) | Information Technology | Australia                | 12.20                  | 12.90 |

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

|                                   | 2022<br>\$'000 * | 2021<br>\$'000 * |
|-----------------------------------|------------------|------------------|
| <b>Current Assets</b>             |                  |                  |
| Cash and cash equivalents         | 384              | 647              |
| Receivables                       | 301              | 106              |
| Other Current assets              | 328              | 560              |
| <b>Total Current Assets</b>       | <b>1,013</b>     | <b>1,313</b>     |
| <b>Non-Current Assets</b>         |                  |                  |
| Property, Plant and Equipment     | 49               | 71               |
| <b>Total Non-Current Assets</b>   | <b>49</b>        | <b>71</b>        |
| <b>Share of Total Assets</b>      | <b>1,062</b>     | <b>1,384</b>     |
| <b>Current Liabilities</b>        |                  |                  |
| Other Current Liabilities         | 135              | 277              |
| <b>Total Current Liabilities</b>  | <b>135</b>       | <b>277</b>       |
| <b>Share of Total Liabilities</b> | <b>135</b>       | <b>277</b>       |
| <b>Net Assets</b>                 | <b>927</b>       | <b>1,107</b>     |
| <b>Operating Revenue</b>          |                  |                  |
| GHA Revenue                       | 2,616            | 2,309            |
| <b>Total Operating Revenue</b>    | <b>2,616</b>     | <b>2,309</b>     |
| <b>Operating Expenses</b>         |                  |                  |
| GHA Expenses                      | 2,835            | 2,427            |
| <b>Total Operating Expenses</b>   | <b>2,835</b>     | <b>2,427</b>     |
| <b>Net Operating Result</b>       | <b>(219)</b>     | <b>(118)</b>     |
| <b>Capital Expenditure</b>        |                  |                  |
| Depreciation                      | 51               | 44               |
| <b>Total Capital Expenditure</b>  | <b>51</b>        | <b>44</b>        |
| <b>Net Result</b>                 | <b>(270)</b>     | <b>(162)</b>     |

\* Figures obtained from audited Gippsland Health Alliance annual report.

**Note 8.7: Joint arrangements continued**

**Contingent Liabilities and Capital Commitments**

Central Gippsland Health Service and Gippsland Health Alliance continues the Electronic Medical Record (EMR) in the 2021/22 financial year as per the agreement.

However, there were no known contingent liabilities or capital commitments held for this joint partnership for the new project at balance date.

**Note 8.8: Economic dependency**

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

**Note 8.9: Equity**

**Contributed capital**

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.

**Financial assets at fair value through comprehensive income revaluation reserve**

The financial assets at fair value through other comprehensive income revaluation reserve arises on the revaluation of financial assets (such as equity instruments) measured at fair value through other comprehensive income. Where such a financial asset is sold, that portion of the reserve which relates to that financial asset may be transferred to accumulated surplus/deficit.

**Specific restricted purpose reserves**

The specific restricted purpose reserve 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.



## All Correspondence

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