



CENTRAL
GIPPSLAND
HEALTH

Annual Report 2020-2021

Central Gippsland Health Service



Better together



**CENTRAL
GIPPSLAND
HEALTH**

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

Our Vision:

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

Our Mission:

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

In doing so we will:

- support community identified need and promote genuine community participation
- place people at the centre of our care
- support our community to access services that maintain and improve their health and wellbeing and minimise the negative impact of chronic disease and injury
- enable people to benefit from our integrated services
- allocate and use our resources effectively and efficiently
- achieve through collaboration and partnerships
- be creative, innovative and open to discovery.

Our Values:

Social Justice – 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 client's ability to pay
- support harm minimisation and targeted community support programs
- be compassionate and embrace diversity.

Honesty, Transparency and Integrity

To do this we will:

- set and model standards of behaviour consistent with the 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 and Excellence with the Person at the Centre

To do this we will:

- embed a quality culture of continuous improvement across the organisation such that our client's experience with 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.

Four Strategic Pillars



Contents

| | |
|--|-------|
| <i>Who we are</i> | 2 |
| <i>Report by the Chair, Board of Directors</i> | 3 |
| <i>Chief Executive Officer's Report</i> | 4 |
| <i>Strategic Plan Summary</i> | 5 |
| <i>Quality Improvement</i> | 6 |
| <i>Accreditation Status</i> | 6 |
| <i>Consumer, carer and community participation</i> | 7 |
| <i>Carers' Recognition Act 2012</i> | 8 |
| <i>Governance and community accountability</i> | 8 |
| <i>Board of Directors</i> | 9-10 |
| <i>Risk and Audit</i> | 11 |
| <i>Workforce</i> | 11 |
| <i>Occupational Health and Safety</i> | 12 |
| <i>Occupational Violence</i> | 12 |
| <i>Aboriginal Cultural Safety</i> | 13 |
| <i>Overview of Services</i> | 14-15 |
| <i>Organisational Structure</i> | 16 |
| <i>Support Groups</i> | 17 |
| <i>Our Volunteers</i> | 17 |
| <i>Donations</i> | 17 |
| <i>Our People</i> | 19-20 |
| <i>Statutory Compliance</i> | 21-23 |
| <i>Report of Operations</i> | 24 |
| <i>Summary of Financial Results</i> | 24-25 |
| <i>Environmental Performance</i> | 26-27 |
| <i>Information and Communication Technology</i> | 28 |
| <i>Statement of Priorities</i> | 29-33 |
| <i>Disclosure Index</i> | 34 |
| <i>Financial Statements</i> | 35 |

Who we are

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

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

Categorised as a sub-regional health service, CGHS provides a range of more complex services than those delivered by small rural health services, consisting of two public hospitals located in Sale and Maffra, both with 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 which 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 what we do. 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 CGHS as well as independently governed organisations, Heyfield Hospital and Stretton Park.

For more information visit: 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.

Our services

| | |
|--------------------------------------|---------|
| Population served (approximately) | 44,000 |
| Emergency attendances | 17,590 |
| Inpatient services | 12,833 |
| Mothers delivered | 410 |
| Community Services hours of service | 115,495 |
| Non-admitted Subacute and Specialist | |
| Outpatient Clinic Service Events | 28,829 |

People

624.29 Equivalent Full Time (EFT) employees

980 people employed, including 117 casual, 612 part-time and 251 full-time active employees at 30 June 2021.

Assets and Revenue

\$46.4m in net assets

\$41.8m in buildings

\$14.2m in plant and equipment

\$117.5m in revenue



Report

by the Chair, Board of Directors

There can be no doubt that we are living in challenging times. The COVID-19 Pandemic has beset the world's population for over 18 months, and we remain a long way from returning to life as it was before. The truth is that life will never return to the way it was before.

During the past 18 months, many have cited the Winston Churchill phrase 'never let a good crisis go to waste'. Whilst nothing will compensate for the terrible tragedy of the thousands of lives lost, not to mention the impact on livelihoods and relationships, crises often present an opportunity for change.

This crisis has not only tested resilience, but rewarded agility. Our ongoing quest to do a little better every day has been pushed into overdrive and, in my estimation, the team at CGHS has responded admirably. The knowledge developed and changes made will last well into the future.

Earlier in the year, I congratulated the CGHS frontline team for the bravery that they have continued to display in the face of this invisible enemy. With everybody doing their bit, the community, supported by our healthcare system, has avoided the terrible calamity experienced in other countries. This relative success in no way diminishes the fear and uncertainty that our frontline team stared down. I salute their courage!

The rollout of CGHS's Values-Based Health Care project over the last year has been of particular interest to the Board, and we are excited to see that our local GPs have supported the initiative, and the initial cohort of consumers have been enrolled into this pilot. The goal of the project is for a coordinated, customer-centric partnership between the consumer, their GP and the hospital whereby early intervention and patient 'activation' aims to reduce the need for hospital visitations.

We look forward to seeing the project in full flight in the next 6-12 months with up to 100 active participants.

CGHS has continued to invest in its facilities and is proud to have partnered with Stretton Park Incorporated to work on its Stage 1 redevelopment. In Maffra, with the Maffra Hospital Master Plan all but complete, we hope that the redevelopment is met with sufficient government support to be funded for its completion.

In Sale, we have seen the construction of the Short Stay Unit in conjunction with the upgraded Critical Care Unit, and thanks to the generous support of the John Leslie Foundation, we have commenced works on the new Medical Staff Accommodation units with demolition of the older units commencing in June.

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

After 13 years of distinguished service to CGHS, our Chief Executive Officer Dr Frank Evans decided not to apply for a renewal of his contract, which led the Board to appoint Mr Mark Dykgraaf as his successor. On behalf of the Board, I thank Frank for his service to our community and wish him all the best. We welcome Mark and look forward to working with him and his executive team over the coming years.

Lastly, as I enter my final year on our Board of Directors, this is my fourth and last Board Chair Report. I thank my fellow Board members for their support of me, and their ongoing commitment to CGHS.

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 2021.

*Tony Anderson, Board Chair
Sale, Victoria, 30 June 2021*



Report

by the Chief Executive Officer

It has been my privilege to join Central Gippsland Health Service (CGHS) as the Chief Executive Officer on 15 June 2021. In commencing, I would like to thank Dr Frank Evans for his 13 years of service in support of the team at CGHS and in the service of the local community. We can only say thank you once again for such long and engaged service. Frank finished with us on 25 June and is now taking a well-earned break before commencing on the next phase of life and career. We wish him all the very best on his future journey.

The 2020/21 financial year has been a time of challenge for the health service. Throughout the COVID-19 pandemic, the team at CGHS has continued to deliver a comprehensive range of services including community, aged and acute care, in a skilled and professional fashion. This is an absolute credit to all staff, both clinical and non-clinical.

As we move into the 2021/22 year, we expect that there will be challenges and of course opportunities. The COVID-19 vaccination program will continue to see increasing numbers of people being immunised and it is our fervent hope that the threat from COVID-19 will ease as a result. At the time of writing, around 2.6 million Victorians (approximately 30%) have already had at least one COVID-19 vaccine shot.

We will undertake further work to implement the recommendations of the Aged Care Royal Commission, and will work in partnership with Latrobe Regional Hospital and others in addressing the recommendations of the Mental Health Royal Commission. These are vital and important pieces of work that we will successfully deliver in 2021/22 through careful planning and our work together.

Opportunities will come to strengthen services through a range of initiatives under the Health Services Partnership program, including the Better at Home program and improving access to elective surgery. We will also continue to develop our Values-Based Health Care program, and recently received funding to be the key support agency in encouraging 40 other rural health services to take up Care Opinion, an online platform we subscribed to in 2016 which allows transparent feedback from patients and supports us in our commitment to transparency, willingness to listen, and our desire to learn from both the good and the bad.

One of the privileges of working in the service of our community is that we get to work together with people of like mind – people who are committed to delivering excellent services to those in need. As we move into 2021/22, I am confident that together we will meet whatever challenges come successfully.

A handwritten signature in dark ink, appearing to read 'M. W. Dykgraaf'.

Mark Dykgraaf,
Chief Executive Officer

Strategic Plan

Key Areas and Objectives Summary

| Key area 1 | Key area 2 | Key area 3 | Key area 4 |
|---|---|--|---|
| 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. | Taking a Partnership Approach Objective: Enhance our sustainability and clinical capability and, as a consequence, increase the number of treatments available closer to home. | Adjusting to an Older Population Objective: Provide more services in the community and home based setting with a focus on reablement. | Investing in our People Objective: To develop a highly talented, skilled, supported and happy workforce. |

Home Support continues through COVID-19

Without Home Support, Sale resident Shirley Osmand is convinced she would not have made her 91 years.

"I can't do without Home Support," Shirley said.

"It means I can stay in my house and live comfortably.



Having that help has made all the difference in my life."

Shirley knows of other Home Support clients that are cancelling their services, either out of fear for catching the Coronavirus (COVID-19) or feeling they have to, to adhere to social distancing guidelines.

"I understand their concerns and fears but if anyone should come into your home, it's a healthcare worker," she said.

"I can't imagine what their life is like now without Home Support."

Central Gippsland Health Service continued to operate this essential service as normal during the COVID-19 pandemic and encouraged families to support their loved ones to continue using Home Support.

"CGHS incorporated a number of extra measures to ensure the safety of Home Support staff and clients during this pandemic," then Chief Executive Officer Dr Frank Evans said, "this includes calling all clients the day before to monitor their health.

"We are very closely monitored," said Community Care Worker, Robyn Sullivan. "Our client's welfare is our priority and CGHS is not taking any risks."

Robyn visits Shirley every Friday to help with domestic duties and takes her shopping every fortnight.

"We don't visit them if we are not 100 per cent sure that we should," Robyn said.

On their shopping trips, Shirley sits in the back seat of Robyn's car. They stop at the bank before continuing on to do groceries. Under the new arrangements for COVID-19, Shirley remains in the car reading a book while Robyn does the grocery shopping. This ensures Shirley still gets to leave her home safely and is isolated from areas where people gather.

"Home Support is more than just about getting my house cleaned," Shirley said. "Robyn is a part of my family. She knows when I'm not feeling myself. I have someone to look over me."

Pictured above, Community Care Worker, Robyn Sullivan, and Home Support client, Shirley Osmand.



Quality Improvement and Innovation Framework

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

In line with the CGHS Strategic Plan, the health service developed a Quality Improvement and Innovation Framework. This Framework 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 our 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. Throughout the organisation, staff contribute new and better ways to assist them in carrying out their duties to support a more efficient and smarter working environment.

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

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

Community and consumer participation groups work with CGHS to ensure community and consumer 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.

These improvements are recognised through our monthly Quality newsletter and other information sharing opportunities. This year there has been a focus on our person-centred care program and pilot projects that seek to ensure the individual is at the centre of their care.

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 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 2021 and will now be assessed under the new *Aged Care Accreditation Standards*.

The J.H.F. McDonald Wing underwent aged care accreditation in 2019 against the new version of the *Aged Care Accreditation Standards*, meeting all eight standards. Wilson Lodge underwent accreditation against the new *Aged Care Accreditation Standards* in May 2021, meeting all eight standards.

Consumer

Carer and Community Participation

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

- Community Liaison Group (CLG) which meets on a monthly basis and has representation from CGHS, Heyfield Hospital and Stretton Park Boards at each meeting
- Aboriginal and Torres Strait Islander Advisory Committee which 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 CLG and Aboriginal and Torres Strait Islander Advisory Committee are chaired and vice-chaired by community members and attended by CGHS executive members. They receive administrative support from the CGHS Consumer Network and Volunteer Support Officer.

The restrictions on physical gatherings as a result of COVID-19 meant that face-to-face gatherings of these groups could not take place. While remote meeting options such as ZOOM were available, this opportunity to participate was not always viable for some community members.

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

Due to reduced membership, the Rosedale Community Health Centre Advisory Committee, which had been operational for a number of years, merged with the CLG. Representatives continue to advocate on behalf of the Rosedale community on the appropriateness of community health activities.

CLG 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.

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 our inaugural Reconciliation Action Plan. Due to COVID-19 restrictions in 2020, the annual NAIDOC Week celebrations were postponed until later in the year; however, an informal flag raising ceremony by CGHS CEO and Executive Director of Nursing (Sale) still took place on the first Monday of July, to signify the importance of this annual event. The postponed ceremony took place in November 2020 where CGHS celebrated its eleventh flag raising ceremony.



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.

CGHS Consumer Advocate Alan Murray sadly passed away at the beginning of 2021. Alan played an active and important role in advocating for CGHS patients and clients since 2008. Alan was also a community representative on our Quality Committee, a subcommittee of our Board of Directors.

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. CGHS's Carer Recognition procedure was updated in 2020.

Carers' luncheons did occur on a monthly basis until March 2020 when they ceased due to COVID-19 restrictions. The aim of our carers' luncheons is to enable carers to come together, have fun, and support others who take on a caring role.

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

Governance

and Community Accountability

Each year the CLG 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 June 2021



Tony Anderson (Chair):

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

working in its head office in the position of Manager of Sales & Marketing for the Agribusiness Division. Tony holds a Bachelor of Business (Agribusiness) and a Graduate Diploma in Applied Finance 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.



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.



Jim Vivian (Vice Chair):

Jim has recently retired from the workforce. His most recent employment was in 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.



Glenys Butler:

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

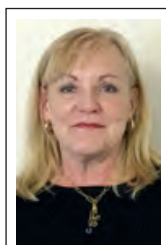
Strengthening, Emergency Manager, General Manager Liveability and General Manager Community and Culture. Glenys originally trained as a nurse and has worked in the community health sector and leisure industry. She is a graduate of the Australian Institute of Company Directors, holds a Bachelor of Social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



Abbas Khambati:

Abbas 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, 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.



Faith Page:

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

executive roles in local government and with professional services firms, EY, Deloitte and IBM. She brings a wealth of experience in cyber, technology and operational risk management, as well as digital strategy and transformation, governance, assurance, and regulatory compliance with Bachelor's Degrees in Economics and Computer Science.

Board of Directors

continued



Jenny Dempster:

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

Jenny has extensive management experience in both the public and private health sectors. Jenny brings a wealth of knowledge and skills to the Board in relation to asset management, clinical governance, executive management, human resources management, finance, risk management, information and communication technology.



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. She is a board member of the Mine Land Rehabilitation Authority, and is an Audit and Risk Committee member for the Australian Radiation Protection and Nuclear Safety Agency.



Peter (Gerry) Watts:

Gerry has a strong grasp of hospital board governance and an extensive history in procurement, his most recent role being that of Regional Procurement Advisor with Health Purchasing Victoria, which supports a strong understanding of governance, process and probity. Gerry is a competent and experienced

Board member who is enthusiastic about his contribution to Central Gippsland Health. He holds an Advanced Diploma in Hospitality Management, a partial Masters of Information Systems and an AICD Clinical Governance qualification.



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.



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.



Arthur Skipitaris:

Arthur is currently the General Manager, Corporate Services for the 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.

Executive Staff as at 30 June 2021:

Chief Executive Officer: Mr Mark Dykgraaf

Interim Chief Nursing Officer: Mr Mark Dykgraaf

Executive Director Medical Services: Mr Mark Dykgraaf (acting)

Executive Director of Nursing (Sale Hospital):

Ms Mandy Pusmucans

Executive Director Aged Care: Ms Sally Weatherley

Executive Director Workforce Development & Planning:

Ms Suzanne Askew

Executive Director Clinical Governance & Medical Operations:

Ms Kelli Mitchener

Executive Director Corporate Services: Ms Cherie Campbell

Solicitors:

Ms Lucy Hunter, Latrobe Regional Hospital, Legal Counsel

Banker: National Australia Bank Limited

Risk and 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, 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 2021, non-independent members of the Risk & Audit Committee included: Mark Dykgraaf (Chief Executive Officer), Frankie MacLennan (Board member), Cherie Campbell (Executive Director Corporate Services), Claire Miller (Board member), Kelli Mitchener (Executive Director Clinical Governance & Medical Operations), Peter (Gerry) Watts (Board member), Emma Brennan (Chief Finance Officer).

Workforce

| Labour Category | June Current Month EFT | | Average Month EFT | |
|---------------------------------|------------------------|------------|-------------------|------------|
| | 2020 | 2021 | 2020 | 2021 |
| Administration & Clerical | 107 | 118 | 101 | 101 |
| Ancillary Staff (Allied Health) | 52 | 46 | 53 | 52 |
| Hospital Medical Officers | 29 | 31 | 25 | 25 |
| Hotel & Allied Services | 150 | 119 | 149 | 120 |
| Medical Officers | 19 | 12 | 17 | 16 |
| Medical Support | 46 | 85 | 45 | 83 |
| Nursing | 265 | 279 | 259 | 258 |
| Sessional Clinicians | N/A | N/A | N/A | N/A |
| Total | 668 | 690 | 649 | 655 |

| Labour Category | June Current Month EFT | | Average Month EFT | |
|--------------------------------------|------------------------|------------|-------------------|------------|
| | 2020 | 2021 | 2020 | 2021 |
| Central Gippsland Health Service | 668 | 690 | 649 | 669 |
| Heyfield Hospital | 36 | 38 | 36 | 37 |
| Stretton Park | 24 | 28 | 25 | 26 |
| Total EFT for the CGH network | 728 | 756 | 710 | 732 |

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

Occupational Health & Safety and Occupational Violence

CGHS currently has 16 Health and Safety Representatives (HSRs) appointed. All HSRs are formally trained for the role and assist with hazard identification and incident investigations. A number of vacant HSR positions are currently in the process of being filled.

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

Mandatory online competencies continue to be the focus for bullying and harassment training. Face to face sessions have

been impacted with just two (2) sessions conducted during 2020/21 due to COVID-19 restrictions on physical gatherings.

During 2020/21, five Occupational Health and Safety Committee meetings were held, in line with the Terms of Reference for this committee.

An Occupational Violence and Aggression Incident Review Committee was established in 2019/20 and continued throughout 2020/21 to review incidents of aggression against staff and make recommendations for improving staff and patient safety.

| <i>Occupational Health & Safety</i> | <i>2018/19</i> | <i>2019/20</i> | <i>2020/21</i> |
|---|----------------|----------------|----------------|
| 1. Number of reported hazards/incidents for the year per 100 EFT staff members | 18.68 | 22.41 | 29.25 |
| 2. Number of 'lost time' standard claims for the year per 100 EFT staff members | 0.99 | 2.16 | 0.63 |
| 3. Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe) | \$40,166 | \$41,740 | \$15,027 |

| <i>Occupational Violence</i> | <i>2020/21</i> |
|--|----------------|
| WorkCover accepted claims with an occupational violence cause per 100 FTE | 0 |
| Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked | 0 |
| Number of occupational violence incidents reported | 54 |
| Number of occupational violence incidents reported per 100 FTE | 8.58 |
| Percentage of occupational violence incidents resulting in a staff injury, illness or condition | 0.767 |

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 2020/21.

Lost time: is defined as greater than one day.

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

Aboriginal Cultural Safety

Central Gippsland Health Service received a fixed grant during the financial year for the purpose of strengthening 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

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 Childrens 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 ten 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 Committee members in supporting employment of Aboriginal people into positions, including trainee positions.
- Supporting Aboriginal representation on our Community Liaison Group.
- 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, 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, the Cultural Garden and the 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 CGHS Services

Acute Care

Clinical

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

Visiting Specialist Services

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

Support Services – Acute

Infection Control
Wound Management
Education and Training
Pharmacy
Environmental
Care Coordination
Clinical Trials
Alcohol and 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 and 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

Community Health

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

Home Support and Service Coordination

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

Home Nursing

District Nursing
Palliative Care
Continence Nurse Consultancy

Co-located Visiting Services

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

Overview

of CGHS Services continued

Support Services

Finance

Financial and Management Reporting
Accounts Payable
Accounts Receivable
Fleet Management

Payroll

Payroll
Salary Packaging

Workforce Planning and Development

Learning services
Human Resources
Payroll

Engineering

Building Maintenance and Development

Supply Services

Supply

Hotel Services

Food Services
Catering
Security
Waste Management
Environmental Services
Accommodation Management

Information Technology

Education

Information Services

Medical Records
Freedom of Information/Privacy
Library

Administration

Strategic Planning
Fundraising
Quality and Risk Management

Business Units

Medical Imaging
Linen Service
Consulting Suites
Dental Clinic

CGHS increases addiction support services

CGHS's Pharmacotherapy and Wellbeing Clinic in Sale celebrated its first anniversary in June 2021 and referrals to the clinic have increased significantly in the past 12 months.

The clinic allows Nurse Practitioner Terrie Strike, to offer a tailored, locally-based range of bulk billed, clinical and therapeutic interventions and ongoing support for anyone in the community who is struggling with wellbeing issues and addiction.

Terrie also provides maternal and post-natal care for soon to be mothers struggling with addiction, supporting them to navigate the maternal health system.

"Addiction is a growing concern and can have severe personal, financial, social and professional impacts," Terrie said.

Prior to the establishment of the Pharmacotherapy and Wellbeing Clinic, CGHS provided clinical in-patient medical assisted detoxification services to those commencing recovery from alcohol and substance abuse.

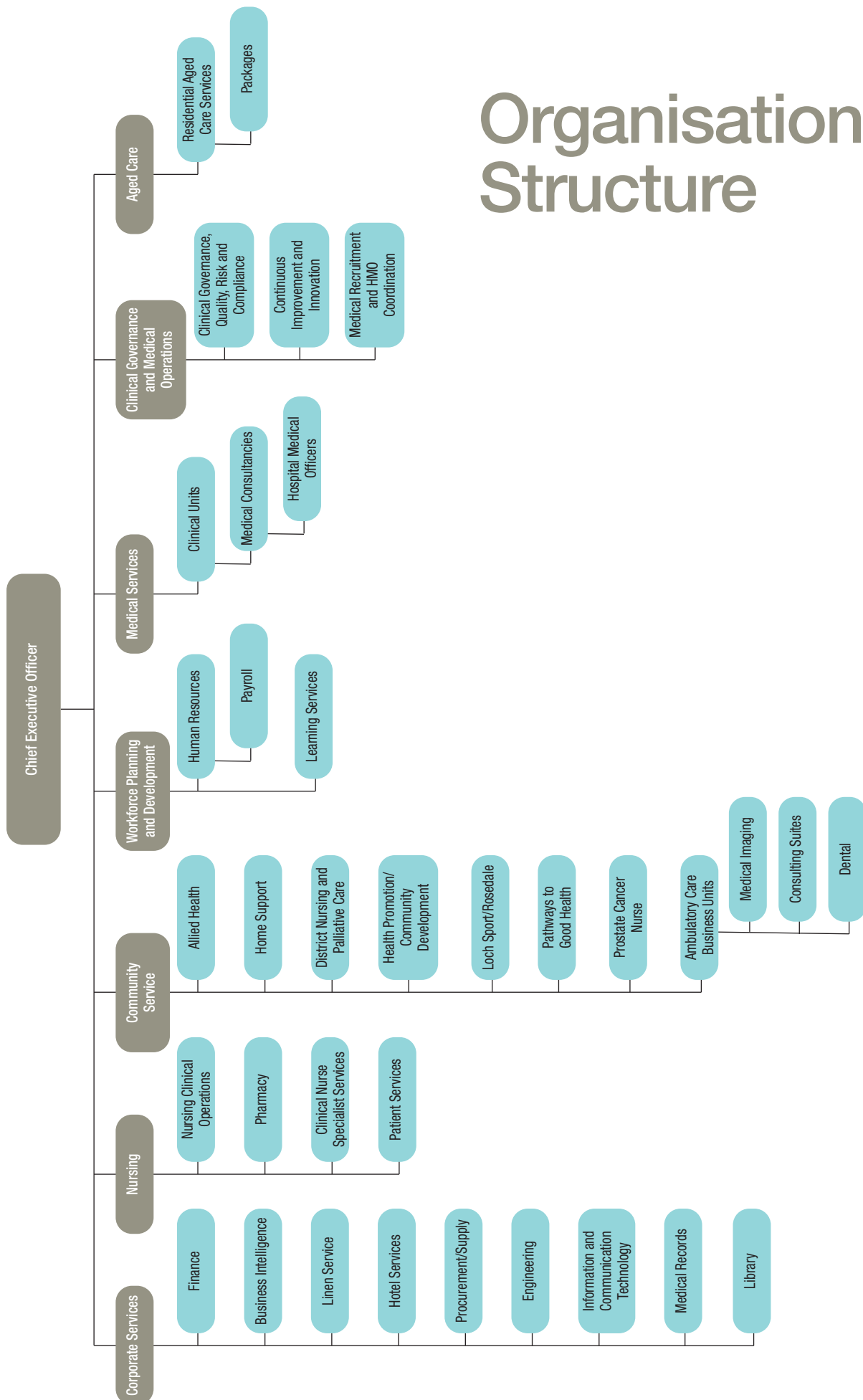
Terrie has over 25 years of international experience in addiction support. As a credentialed Mental Health and Learning Disability Nurse, Terrie can also consider the wider issues that addiction brings to those seeking support and recovery.

"Alcohol and substance addiction can lead to serious health issues that can go undetected and worsen over many years," Terrie said.

"Early addiction recovery support can prevent their onset and improve overall health, in particular the CGHS clinic can also provide free Hepatitis C treatment, Hepatitis B vaccination and assist with pain management whilst providing referral links to other health specialists."



Organisational Structure



Support Groups

Friends of Central Gippsland Health Service

The last year, as it has been for so many, has been a very different year for our Auxiliary.

Due to COVID-19 restrictions, we were unable to meet regularly and relied primarily on telephone contact to stay in touch and progress our objectives for the year.

We were unable to run most of our annual fundraising events / raffles, although we did provide our annual Christmas wrapping service at the shopping centre. We thank the Gippsland Centre for their continued support of this endeavour.

We also received funds from Richies IGA through their Community Benefits scheme and raised \$1,000 through our Easter Raffle.

The Auxiliary has selected a number of items to be purchased for the Critical Care Unit, Surgical Ward, Operating Theatre and Emergency Department which will be received early in the new year. These include a bladder scanner, syringe driver, peroxide cabinet and blood warmer.

Again, we thank our committed office bearers, members and community supporters – we couldn't do what we do without your support.

*Elva Doolan-Jones
President*

Maffra Hospital Auxiliary

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

Although we have not held any fundraising activities, we have been very fortunate to receive generous donations from the community. A donation of \$4,000 was given to us by a local family in appreciation of the care received at the hospital by their mother.

We once again gave individual Christmas gifts to every resident. The wonderful nursing staff put in a great deal of time and effort to give us ideas. Auxiliary members had fun shopping for the wide variety of things suggested. Each gift was wrapped and given out at an afternoon tea. This was a very pleasant occasion and every recipient seemed delighted with their gift.

Funds have been allocated to purchase items such as hairdryers, iPad mats, Bluetooth speakers and other miscellaneous items for use in McDonald Wing. We will be consulting with hospital management for further ways we can assist in the coming year.

Although it has been difficult to hold regular meetings we have continued to get together for informal lunch meetings. I commend the Auxiliary Members for their continued interest and support during these uncertain times.

*Ruth Ralph
President, Maffra Hospital Auxiliary*

Our Volunteers

Central Gippsland Health Service acknowledges the vital contribution of our 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.

These groups 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 Semmens, Hatch & Anderson: \$60,921

General Donations: \$35,741

Total: \$96,662

A life-changing acquisition

A self-propelled electric wheelchair has changed the life of one particular resident at Wilson Lodge in Sale.

The \$15,000 wheelchair is a first for the Central Gippsland Health (CGH) Aged Care Network and is now a lifeline for Helmut Blasius, 66. As a double amputee, he relies on a wheelchair in his day-to-day life.

Wilson Lodge Nurse Unit Manager, Caron Mallet, said there was an instant change in Helmut's demeanor the minute he sat in the chair. "You just can't put a price on that," she said.

"When he is in his electric chair, he's a different person...he zips around and gives all the nurses cheek!"

It wasn't always like that for Helmut. Prior to the electric chair, Helmut would often prefer to stay in his room where he became quite isolated, not wanting to become a burden.

"To get around, Helmut always needed a nurse with him to push him around," Ms Mallet explained. "Now, he has total independence. He can go out into the garden with his wife and grandchildren without having a nurse with them."

Helmut was assisted by a physiotherapist to learn how to use the self-propelled electric wheelchair and now other residents are being taught how to use it.

"It's really been a game-changer for all of us here," Ms Mallet said.

Lifesaving equipment for critically ill children

In July 2020, the Humpty Dumpty Foundation donated an EZ-IO drill to the Critical Care Unit (CCU) at CGHS.

The EZ-IO power drill kit is an essential piece of resuscitation equipment used to gain vascular access in critically ill children and babies when intravenous access cannot be established.

Then CGHS Chief Executive Officer, Dr Frank Evans, said the drill kit was used to place a needle into the bone within 10 seconds through which lifesaving medication and fluids could then be administered.

“Now more than ever, hospitals and healthcare services appreciate the support of organisations like the Humpty Dumpty Foundation to help to continue our critical work of providing essential and often lifesaving services,” Dr Evans said.

Humpty Dumpty Foundation founder and Executive Chairman, Paul Francis OAM, began fundraising in 1990 and in 1996, the Humpty Dumpty Foundation was officially born.

The Humpty Dumpty Foundation purchases lifesaving medical equipment specifically requested by 425 hospitals and health services across Australia. Each piece of medical equipment requested is stringently assessed by Humpty’s medical sub-committee.



New treatment chair for district nursing

The District Nursing Service (DNS) purchased a new treatment chair thanks to the generous donations of both the North Gippsland Group and the Bundalaguah Branch of the Country Women’s Association.

The electronically controlled, multi-functional treatment chair is based at the DNS Clinic in the community building at CGHS in Sale.

Nurse Unit Manager, Sue Shadbolt, said not only did the new chair meet the needs of patients, but it made the job of nurses a lot easier.

“The DNS has previously used a manual treatment chair which means nurses had to physically lift the feet and head of the chair to adjust to patient’s needs,” she explained.

“The new electronic chair has arms and is wider than the one we had previously. It was purchased after the nurses made a list of the important aspects that would be required to assist our patients and improve their working environment.”

Pictured right, DNS patient, Margaret Webber, testing out the new treatment chair with Nurse Unit Manager, Sue Shadbolt.



Our People

Senior Management Team as at 30 June 2021

Chief Executive Officer: Mr Mark Dykgraaf

Interim Chief Nursing Officer: Mr Mark Dykgraaf

Executive Director Aged & Ambulatory Care: Mr Paul Head
(seconded to Yarram District Health Service in the role of CEO
from 29 March 2021)

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

Executive Director of Aged Care: Ms Sally Weatherley

Executive Director Clinical Governance & Medical Operations
Ms Kelli Mitchener

Executive Director Workforce Planning & Development:
Ms Suzanne Askew

Executive Director Corporate Services: Ms Cherie Campbell

Acting Executive Director Medical Services: Mr Mark Dykgraaf

Chief Finance Officer: Ms Emma Brennan

Acting Director of Pharmacy: Ms Jacqueline Richards

General Manager Human Resources: Mr Kevin Gray

General Manager Business Performance: Mr Craig Kingham

General Manager Community Services: Ms Rachel Strauss

General Manager Allied Health: Ms Kristen Millar

Senior Medical and Dental Staff 2020/2021

Anaesthetist Consultants

Dr A Green
Dr H Wassermann

Anaesthetist GPs

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

Cardiologist (Outreach consulting)

Dr A Wilson
Dr L Selkrig

Cardiologist (Interventional - Outreach consulting)

Dr S Palmer

Dentists

Dr O Husodo
Dr B Pedrotti
Dr J Roberts
Dr D Wang
Dr L Rabel
Dr T Gulwani
Dr M Rahufi
Dr L Wen

Dermatologists

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

Director Medical Services

Dr Harvey Lee
(until March 2021)

Echo Cardiologist

Dr J Gutman

Emergency Medicine Senior Medical Officers

Dr A Al-Safi
Dr S Dobber
Dr S Sivabalan

Gastroenterologists

Dr M Ryan

General Practitioners

Dr Y Ahmad
Dr S Anderson
Dr JM Bergin
Dr S Christian
Dr S L Choy
Dr P Dandy

General Practitioners (cont)

Dr S Dobber
Dr E Gault
Dr N Ho
Dr Y Jiang
Dr B Johnston
Dr P Marosszeky
Dr DA Monash
Dr D Mudunna
Dr IC Nicolson (Head of Unit)
Dr R Nandha
Dr C O'Kane
Dr G Pathania
Dr A Roberts
Dr K Seach
Dr H Stanley
Dr E Stathakopoulos
Dr P Stevens
Dr F Sundermann
Dr S Tan
Dr T Walsh
Dr LA Waters
Dr AJ Watt
Dr AJ Wright
Dr M Young

Haematology

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

IVF/Gynaecology

Dr G Weston

Nephrologists

Prof D Power
Dr V Roberts

Nuclear Medicine Physician

Dr Y Jenkin

Obstetricians and Gynaecologists

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

Obstetricians GP

Dr C O'Kane
Dr J Braga

Oncologist (Medical)

Dr S Joshi
Dr A Fallah
Dr M Iddawela
Dr A Jalali
Dr M Lam
Dr E Samuel
Dr B Shah

Oncologists (Radiation)

Dr R Nair

Ophthalmologist

Mr A Amini
Dr T Edwards

Orthopaedic Surgeons

Mr P Rehfish
Mr M Thomas

Otorhinolaryngologists (ENT)

Dr V Mahanta
Dr S Tudge (indigenous outreach)

Paediatricians

Dr L Jindal
Dr S Rana
Dr S Subiramanian, (Head of Unit)
Dr S Reid
Dr A Shee

Paediatric Endocrinologist (Consulting)

Dr J Brown

Paediatric Surgeons

Mr P Ferguson
Mr C Kimber

Pain Physician

Dr Aravinthan

Physicians

Dr M Cheah
Dr H Connor
Dr K Mandaleson (Head of Unit until
December 2020)
Dr N Uddin

Physicians (Infectious Diseases)

Dr E Paige
Dr D Griffin (maternity cover)

Radiologists

Dr H Aw Yeang
Dr M Gupta
Dr S Kapur
Dr H Patel
Dr S P Tan
Dr A Tripathi
Dr P Ukwatta
Dr R Wijeratne
Dr U Patel

Surgeons General

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

Surgeon Upper GI

Mr S Banting

Surgeon Vascular (Consulting)

Mr N Roberts

Urologist

Mr P McCahy

Our People

continued

Acute and Aged Care Services as at 30 June 2021

Surgical Services

Head of Unit, Surgery:

Radha Nair

Nurse Unit Manager, Surgical:

Gary McMillan

Nurse Unit Manager,

Perioperative Services:

Mauricio Yanez

Obstetric/Paediatric Unit

Head of Unit, Obstetrics and Paediatrics:

Sabapathi Subiramanian

Nurse Unit Manager, Obstetrics

and Paediatrics: Kim Costin and

Linda Glover

Medical Services

Executive Director Medical

Services: Mark Dykgraaf (acting)

Executive Director Clinical

Governance and Medical

Operations: Kelli Mitchener

Interim Chief Medical Officer

Saifulla Syed

Nurse Unit Manager,

Critical Care: Jenny Dennett

and Courtney Redaelli

Nurse Unit Manager Dialysis,

Cardiology, Oncology:

Jenny Dennett

Nurse Unit Manager, Medical:

Sue Rowley

Nurse Unit Manager,

Emergency: Tom Breakspear

Hospital Medical Officer

Manager: Jacqueline Southall

Clinical Governance/Quality

Executive Director Clinical

Governance and Medical

Operations: Kelli Mitchener

Manager Quality and Risk:

Michael Klein

Manager Improvement and

Innovation: Katrina Hall

Quality Specialist, Aged Care:

Kerrin Komen

Clinical Support Services

Executive Director of Nursing:

Mandy Pusmucans

Hospital Coordinators:

Tracy McConnell-Henry,

Leanne Perkins, Janny Steed,

Therese Smyth, Anita Sorensen,

Caroline Rossetti, Astrid Little,

Jayne Maddick

Director of Pharmacy:

Jacqueline Richards (acting)

Infection Control Clinical Nurse

Consultants: Cathy Mowat,

Andrea Page, Nicole Gourley

Wound/Stomal Therapy Clinical

Nurse Consultant: Ann Payne

Maffra Campus

Director of Nursing:

Sally Weatherley

Nurse Unit Manager, Maffra:

Vino Mahilall (acting)

Aged Care Services

Executive Director Aged Care:

Sally Weatherley

General Manager Aged Care:

Caron Mallett (acting)

Nurse Unit Manager,

Wilson Lodge:

Ethel Manganda (acting)

Nurse Unit Manager,

JHF McDonald Wing Maffra:

Vino Mahilall (acting)

Ambulatory Care

General Manager Community

Service: Rachel Strauss

General Manager Allied Health:

Kristen Millar

Nurse Unit Manager, District

Nursing: Sue Shadbolt

Manager, Dietetics:

Andrea Schofield

Manager, Speech Pathology:

Kath Cook

Manager, Social Health:

Kristen Millar

Ambulatory Care (cont)

Clinical Lead, Occupational

Therapy: Jessie Duncan

Clinical Lead, Physiotherapy

and Exercise Physiology:

Jenny McGuinness

Palliative Care Clinical Nurse

Consultant: Janine Craft

Corporate Services

Executive Director Corporate

Services: Cherie Campbell

General Manager Business

Performance: Craig Kingham

Chief Finance Officer:

Emma Brennan

Engineering Services Supervisor:

David Martin

Hotel Services Manager:

David Askew

Supply Manager:

Leon Schoenmaekers

Librarian: Helen Ried

Workforce Planning and Development

Executive Director Workforce

Planning and Development:

Suzanne Askew

General Manager Human

Resources: Kevin Gray

Manager Workforce

Development: Janelle Stewart

Payroll Manager: Raquel King

Business Units

Manager Ambulatory Care

Business Units: 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 (CGHS) is a public hospital listed in Schedule 1 to the *Health Services Act 1988* (the Act). CGHS is an incorporated body regulated by the Act.

The responsible Minister is the Minister for Health:

From 1 July 2020 to 26 September 2020

Jenny Mikakos, MP

Minister for Health

Minister for Ambulance Services

Minister for Equality

From 26 September 2020 to 30 June 2021

The Hon Martin Foley, MP

Minister for Health

Minister for Ambulance Services

Minister for Equality

The Minister for Mental Health is:

From 1 July 2020 to 29 September 2020

The Hon Martin Foley MP

Minister for Mental Health

Minister for Equality

From 29 September 2020 to 30 June 2021

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

Local Jobs First Disclosure

During 2020/21, 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 our State.

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.

To do this we are currently undertaking a Gender Equality Audit to assist us to identify our current gaps and what we need to do to improve gender equality in our organisation.

Details of consultancies (under \$10,000)

In 2020–21, there were 10 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2020–21 in relation to these consultancies is \$37,292 (excl. GST).

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

In 2020–21, there were 3 consultancies where the total fees payable to the consultants were less than \$10,000 or greater. The total expenditure incurred during 2020–21 in relation to these consultancies is \$52,944 (excl. GST). Details of individual consultancies can be viewed at www.cghs.com.au

| Consultant | Purpose of consultancy | Start Date | End Date | Total approved project fee (excluding GST) | Expenditure 2020/21 (excluding GST) | Future expenditure (excluding GST) |
|--|---|------------|-------------|--|-------------------------------------|------------------------------------|
| Food Safety Acts | Audit of Central Gippsland Health's Food Safety Plan | 7 Oct 2020 | 12 Oct 2020 | | 848 | - |
| Fragomen (Australia) Pty Limited | Assessment of Employer Nomination scheme for Visa Eligibility | 1 Apr 2021 | 30 Apr 2021 | | 5,809 | - |
| Gippsland Municipal Valuations Pty Ltd | Property Valuation services | 1 Oct 2020 | 8 Oct 2020 | | 790 | - |
| | | | | | 7,447 | |

| Consultant | Purpose of consultancy | Start Date | End Date | Total approved project fee (excluding GST) | Expenditure 2020/21 (excluding GST) | Future expenditure (excluding GST) |
|-------------------------------------|---|-------------|-------------|--|-------------------------------------|------------------------------------|
| Karoo Consultancy Pty Ltd | Evaluation of Short-Term Restorative Care Services | | | | 1,920 | - |
| Russell Kennedy Solicitors | Legal Services | 12 Aug 2020 | 12 Aug 2020 | | 2,500 | - |
| Syris Consulting Costing Project | Consultation on Outpatient | 1 Jul 2020 | 30 Jun 2021 | | 4,800 | - |
| Zucini Pty Ltd of Clinical Practice | Review of the Aspects | 1 Mar 2021 | 24 Mar 2021 | | 2,325 | - |
| Von Retzlaff Janine Marie | Dietician Consultancy on Menus | | | | 8,500 | - |
| Simon Hugh Fraser | External Review of Medical Services Risks | 29 Jan 2021 | 28 Feb 2021 | | 2,300 | - |
| RSM Bird Cameron | Payroll Consulting Services | | | | 7,500 | - |
| Debra A Smith | Assessment of Pathways to Good Health Program | 1 Aug 2020 | 31 May 2021 | 11,590 | 11,590 | - |
| Riley Carmel P | Review of Maternal and Child Health Service | 1 Nov 2020 | 30 Apr 2021 | 19,500 | 19,500 | - |
| Service Industry Advisory Group | Engagement for Enterprise Bargaining Agreement Negotiations | 1 Jul 2020 | 30 Jun 2021 | 21,854 | 21,854 | - |
| | | | | | 82,789 | |

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 2020/21 financial year and in compliance with Department of Health *Fire Risk Management Guidelines*.

Central Gippsland Health Service installs and maintains fire safety equipment in accordance with building regulations and regularly conducts audits. The upgrading of fire prevention equipment in buildings is also undertaken as part of any general upgrade of properties, where necessary, and is identified in maintenance inspections.

| | 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 |

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.

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 90 requests under the *Freedom of Information Act 1982* were processed during the 2020/21 financial year. There were 89 personal requests made by applicants or their agents (e.g. solicitors) and one was a non-personal request 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 Service's 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 necessary to ensure high-quality health care is to be collected. Central Gippsland Health Service has implemented a privacy complaints procedure accessible by both staff and consumers that monitors and enforces privacy issues.

Statutory Compliance

continued

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 2020/21, there were no disclosures notified to the Independent Broad-Based Anti-Corruption Commission (IBAC) under Section 21(2).

Initiating positive change

In September 2020, CGHS was recognised for initiating change in health behaviours within the organisation by achieving the benchmarks for the Alcohol and Other Drugs health priority area of the Healthy Workplaces Achievement Program.

By registering under the program, CGHS worked alongside an evidence-based health and wellbeing framework that is aligned with the World Health Organisation's model for health-promoting healthy workplaces.

Then CGHS Chief Executive Officer, Dr Frank Evans, said by creating a healthy workplace CGHS was helping staff make healthier choices, while improving the culture of the organisation overall.

"Our involvement in the Healthy Workplaces Achievement Program is about creating and emphasising the support available to staff, while highlighting our responsibilities as an organisation to commit to creating a healthier culture around alcohol and increasing access to information and support," Dr Evans explained.

"It's good for everyone; it enhances personal and organisational resilience, increases productivity and success, and it's simply the right thing to do."

To achieve the benchmarks, CGHS;

- Reviewed its Use of Alcohol and Drugs at CGHS procedure
- Increased access to information about support services
- Improved training opportunities for managers and clinical staff to better understand referral options and pathways
- Ensured all events promoted safe alcohol consumption
- Committed to participating in community initiatives that raised awareness about the harmful use of alcohol and drugs

At CGHS, all staff are encouraged to contribute, both in looking after their own health and in creating a healthy workplace culture and environment.

"The Alcohol and Other Drugs working group had great representation across the organisation and this really helped us engage employees in collective decision making to introduce solutions that were innovative," Dr Evans said.

"We are all very proud of achieving this benchmark where a few vital behaviour changes can have a major impact."

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 interest 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 | 7,605 |
| Multi Day | 4,941 |
| Sub-Acute | 281 |
| Total Separations | 12,827 |

Theatre Services

| | |
|----------------------------------|----------|
| Emergency Surgery | 451 |
| Elective Surgery | 3,459 |
| Total Surgical Occasions | 3,910 |
| Total WIES | 7,507.16 |
| Bed Days | 29,469 |
| Emergency Department Attendances | 16,206 |
| Mothers Delivered | 410 |

Community Services

| | |
|---|--------|
| Meals Delivered | 10,069 |
| Hours delivered to externally funded community, aged care package clients | 23,528 |
| Palliative Care Contacts | 8,708 |
| Non-admitted Subacute and Specialist Outpatient Clinic Service Events | 29,829 |

Summary

of Financial Results

| | 2021 \$'000 | 2020 \$'000 | 2019 \$'000 | 2018 \$'000 | 2017 \$'000 |
|-------------------------------------|----------------|----------------|----------------|----------------|----------------|
| Operating Result | | | | | |
| Total Revenue | 117,550 | 109,722 | 101,782 | 98,088 | 91,831 |
| Total Expenses | 121,584 | 114,486 | 104,485 | 98,369 | 95,148 |
| Net result from transactions | -4,034 | -4,764 | 2,703 | - 281 | - 3,317 |
| Total other economic flows | -30 | -56 | 70 | - 36,053 | - 35,772 |
| Net Result | -4,064 | -4,820 | 2,773 | 43,387 | 43,668 |
| Total Assets | 88,065 | 83,370 | 86,668 | 70,920 | 68,006 |
| Total Liabilities | 41,633 | 33,898 | 32,259 | 27,533 | 24,338 |
| Net Assets/Total Equity | 46,432 | 49,472 | 54,409 | 43,387 | 43,668 |

Summary

of Financial Results

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 \$3.2M compared to the 2020 result of \$4.8 million (a difference of \$1.6 million). The change in the result was mainly due to a revaluation of \$0.86 million recognised in 2021 and gain on sale of non-financial assets of \$0.210 million. The remainder of the change in financial position was due to increased revenue.

Revenue for the year increased to \$117.5 million from \$109.7 million (2020) with the significant contributor being State Government Grants; whilst expenses for the year increased from \$114.5 million (2020) to \$121.5 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 2020/21 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 2021, CGHS spent \$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.

Reconciliation of Net result from Transactions and Operating Result

| | 2020/2021 \$'000 |
|--------------------------------|---------------------|
| Operating Result | 693 |
| Capital Purpose Income | 2551 |
| Depreciation | -7278 |
| Net operating result | -4034 |
| Impairment | 863 |
| Finance Costs | -74 |
| Specific Income | 96 |
| COVID State Supply Received | 579 |
| COVID State Supply Used | -587 |
| Assets Provided | -588 |
| Assets Received | 1174 |
| Expenditure on Capital Purpose | -630 |
| Net result from transactions | -3201 |

Asset Management Accountability Framework (AMAF) maturity assessment

The following sections summarise Central Gippsland Health Service's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the Department of Treasury and Finance website (<https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework>).

The Central Gippsland Health Service's target maturity rating is 'competence', meaning systems and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

Leadership and Accountability (requirements 1-19)

Central Gippsland Health Service has met or exceeded its target maturity level under most requirements within this category. Central Gippsland Health Service did not comply with some requirements in the areas of allocating asset management responsibility and evaluation of asset performance requirements. There is no material non-compliance reported in this category. A plan for improvement is in place to improve Central Gippsland Health Service's maturity rating in these areas.

Planning (requirements 20-23)

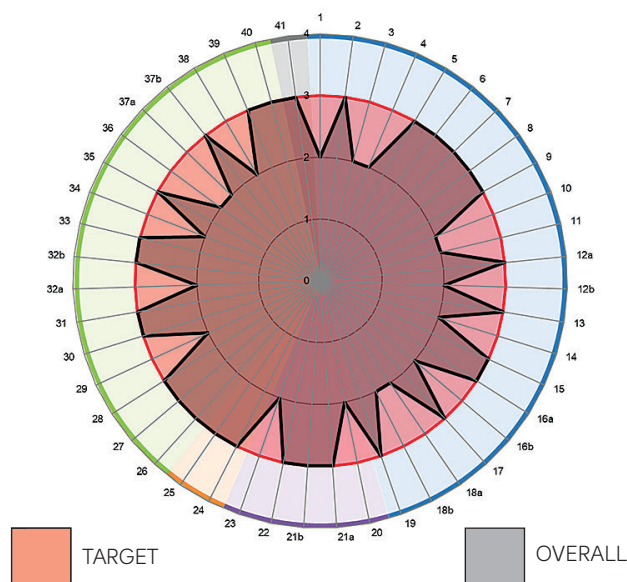
Central Gippsland Health Service has met its target maturity level under most requirements within this category.

Acquisition (requirements 24 and 25)

Central Gippsland Health Service has met its target maturity level in this category.

Operation (requirements 26-40)

Central Gippsland Health Service has met its target maturity level under most requirements within this category. Central Gippsland Health did not comply with some requirements in the areas of monitoring and preventative action and information management. Monitoring and preventative action is an area of material non-compliance. Central Gippsland Health Service is developing a plan for improvement to establish processes to proactively identify potential asset performance failures and identify options for preventive action.



| LEGEND | | | |
|----------------|-------|------------|-------|
| Status | Scale | Status | Scale |
| Not Applicable | N/A | Competence | 3 |
| Innocence | 0 | Optimising | 4 |
| Awareness | 1 | Unassessed | U/A |
| Developing | 2 | | |

Disposal (requirement 41)

Central Gippsland Health Service has met its target maturity level in this category.

Environmental Performance

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

- Ongoing upgrades to the Carrier Building Management System to improve control of heating/cooling, increasing efficiencies.
- Our solar installation continues to provide reductions in annual carbon emissions along with an overall 30% energy saving since the installation.
- Ongoing rollout of replacing all fluorescent tube lighting with efficient LED fittings at Sale and Maffra campuses providing reductions in peak and off-peak electricity consumption.

- During recent refurbishments and renovations, CGHS has undertaken to install fixtures, fittings and equipment that reduce water usage, such as improved technologies in Central Sterile Supply Department and water savings fixtures in the Critical Care Unit.
- CGHS greenhouse gas emissions (scope 2) for the reporting period were 1989.2 tonnes CO₂ compared to the previous years' 2096. Our scope 1 greenhouse gas emissions are minimal and we are working to cease these altogether.

Environmental

Performance continued

| <i>Environmental impacts and energy usage</i> | <i>2018/19</i> | <i>2019/20</i> | <i>2020/21</i> |
|--|----------------|----------------|----------------|
| Energy use | | | |
| Electricity (MWh) | 14,941 | 12,534 | 13,521 |
| Natural Gas (kL) | 28,934 | 31,504 | 34,1174 |
| Carbon emissions (thousand tonnes of CO₂e) | | | |
| Electricity | 4.4 | 3.5 | 3.7 |
| Liquefied Petroleum Gas | 1.5 | 1.6 | 1.7 |
| Total emissions | 5.9 | 5.1 | 5.4 |
| Water use (millions litres) | | | |
| Potable Water | 56.7 | 54.1 | 52.1 |
| <i>Factors influencing environmental impacts</i> | <i>2018/19</i> | <i>2019/20</i> | <i>2020/21</i> |
| Floor area (m2) | 29,248 | 29,300 | 29,455 |
| Separations | 12,393 | 12,059 | 12,788 |
| In-Patient Bed Days | 28,246 | 27,930 | 29,326 |
| Aged Care Bed Nights | 26,486 | 25,576 | 25,562 |

| <i>Benchmark 2020/21</i> | <i>Average for peer group</i> | <i>Your value</i> | <i>% above/below ave.</i> |
|---|-------------------------------|-------------------|---------------------------|
| Carbon emissions | | | |
| CO ₂ e(t) per m | 0.11 | 0.12 | 9.09% |
| CO ₂ e(t) per OBD | 0.04 | 0.10 | 150% |
| CO ₂ e(t) per Seps | 1.33 | 0.29 | -78.20% |
| Water use | | | |
| kL per m2 | 0.90 | 1.77 | 96.45% |
| kL per OBD | 0.34 | 0.95 | 179.07% |
| kL per Seps | 11.01 | 4.07 | -63.01% |
| Expenditure rates | | | |
| Total utility spend (\$/m2) | 27 | 31.26 | 15.77% |
| Electricity (\$/kWh) | 0 | .05 | -74% |
| Potable Water (\$/kL) | 3 | 4.63 | 54.21% |
| LPG (\$/kL) | 698 | | |
| <i>Additional measures (not included in benchmarking chart)</i> | | | |
| Total utility spend (\$/Separations) | | 72.00 | |
| Total utility spend (\$/In-Patient Bed Days) | | 8.96 | |
| Total utility spend (\$/Aged Care Bed Nights) | | 7.81 | |

General notes

- 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.
- 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.
- Electricity consumption values exclude line losses; some energy retailers include losses in reported values.
- Occupied bed days (OBD) include both inpatient and aged care data, unless stated otherwise.

ICT

Information and Communication Technology (ICT) Expenditure

The total ICT expenditure incurred during 2020/21 is \$4.381 million (excluding GST) with the details shown below:

| <i>Business as Usual (BAU) ICT Expenditure</i> | <i>Non-Business as Usual (non-BAU) ICT Expenditure</i> | | |
|--|--|---|-------------------------------------|
| Total (excluding GST) | Total= operational and capital expenditure (excluding GST) | Operational expenditure (excluding GST) | Capital expenditure (excluding GST) |
| \$0.502m | \$3.879 million | \$3.610 million | \$0.269 million |

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
Accountable Officer
Central Gippsland Health Service
16 July 2021

Integrity, Fraud and Corruption

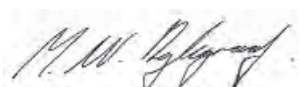
I, Mark Dykgraaf, certify that Central Gippsland Health Service has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Central Gippsland Health Service during the year.



Mark Dykgraaf
Accountable Officer
Central Gippsland Health Service
16 July 2021

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
Accountable Officer
Central Gippsland Health Service
16 July 2021

Financial Management Compliance

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



Tony Anderson
Responsible Officer
Central Gippsland Health Service
30 June 2021

Statement of Priorities

Part A

For the financial year 2020–21, 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 achieved ongoing COVID-19 readiness by:

- o developing and implementing clear plans to respond to any COVID-19 outbreak
- o holding daily meetings with senior staff to discuss and consider our COVID-19 readiness
- o ensuring an adequate supply of all required Personal Protective Equipment (PPE) in order to respond to any surge in COVID-19 testing or care requirements
- o participating in regional and state level forums that ensure a system wide response
- o working closely with the regional Public Health Unit on our COVID-19 response
- o delivering vaccinations to the general public
- o providing COVID-19 screening services in support of the Wellington Respiratory Clinic as required
- o encouraging all staff to have their COVID-19 vaccinations.

- *Engaging with our community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic, and providing the necessary “catch-up” care to support them to get back on track.*

CGHS has achieved this by actively supporting the local community during the COVID-19 pandemic through:

- o delivering the COVID-19 ‘High Risk Accommodation Response’ (HRAR) for the Wellington Shire. The HRAR program acts to prevent, prepare for and respond early to COVID-19 infection within public housing and other high-risk accommodation settings with shared facilities.

The HRAR team has been door knocking to engage the community and provide information about infection prevention and control, immunisation and assisting to develop plans to reduce COVID-19 risks within those settings. Over 600 care packages have been delivered to this community with information on reducing COVID-19 risks and immunisation.

- o ensuring the COVID-19 vaccination clinic has operated safely and effectively as vaccines become available.
- o actively promoting vaccination opportunities to the local community.
- o ensuring COVID-19 testing was available to the public during periods of peak demand, during border closures, and in support of the Wellington Respiratory Clinic.
- o providing rapid testing to staff of the health service so that they could return to work at the safest and soonest possible moment.
- o supporting patients, residents and families with clear communications around visiting hours and easing of visitor restrictions.



Statement of Priorities

Part A continued

- *As providers of care, responding to the recommendations of the Royal Commission into Victoria's Mental Health System and the Royal Commission into Aged Care Quality and Safety.*

CGHS has achieved this through being cognizant of the outcomes of the Mental Health and Aged Care Royal Commissions and:

- o has implemented the recommendations of the Aged Care Royal Commission regarding restrictive practices
- o is meeting minimum care requirements for our public residential aged care facilities and working with our not-for-profit partners on a plan to move toward minimum care requirements during 2021/22
- o has implemented the Aged Care Royal Commission recommendations for serious incident responses
- o expects to work closely with Latrobe Regional Hospital and other partners within the Gippsland region to implement the recommendations of the Mental Health Royal Commission (it is expected that this work will be conducted as part of the Health Service Partnership program).

- *Developing and fostering our local health partner relationships, which have been strengthened during the pandemic response, to continue delivering collaborative approaches to planning, procurement and service delivery at scale. This extends to prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform to deliver improved patient care through greater integration.*

CGHS has achieved this by working actively to support ongoing partnerships within our local Aboriginal community through:

- o the CGHS Aboriginal and Torres Strait Islander Advisory Committee which has met regularly to develop and deliver our Reconciliation Action Plan
- o working in partnership with Ramahyuck District Aboriginal Corporation on a range of community programs
- o continuing our partnership with Gippsland Primary Health Network on a number of initiatives, including the Values-Based Health Care Program
- o working with the Wellington Shire Council in the provision of healthy living programs and funding for women and child health programs.

Statement of Priorities

Part B: Performance Priorities

High Quality and Safe Care

| Key Performance Indicator | Target | Actual |
|--|-------------|---------------------------------|
| Infection Prevention and Control | | |
| Compliance with the Hand Hygiene Australia program | 83% | 60% |
| Percentage of healthcare workers immunised for influenza | 90% | 93.1% |
| Patient Experience | | |
| Victorian Healthcare Experience Survey – percentage of positive patient experience responses | 95% | No surveys conducted in 2020/21 |
| Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care | 75% | No surveys conducted in 2020–21 |
| Healthcare Associated Infections (HAIs) | | |
| Rate of patients with surgical site infection | No outliers | Not achieved |
| Rate of patients with ICU central-line-associated bloodstream infection (CLABSI) | Nil | Achieved |
| Maternity and Newborn | | |
| Rate of singleton term infants without birth anomalies with Apgar score <7 at 5 minutes | ≤ 1.4% | 0.57% |
| Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks | ≤ 28.6% | 22.2% |
| 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% | N/A |
| Continuing Care | | |
| Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay | ≥ 0.645 | 1.08 |
| Key Performance Indicator | Target | Actual |
| Emergency Care | | |
| Percentage of patients transferred from ambulance to emergency department within 40 minutes | 90% | 93% |
| Percentage of Triage Category 1 emergency patients seen immediately | 100% | 100% |
| Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time | 80% | 78% |
| Percentage of emergency patients with a length of stay in the emergency department of less than four hours | 81% | 72% |
| Number of patients with a length of stay in the emergency department greater than 24 hours | 0 | 0 |

| Key Performance Indicator | Target | Actual |
|---|--------|--------|
| Specialist Clinics | | |
| Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days | 100% | 100% |
| Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days | 90% | 98.83% |

| Key Performance Indicator | Target | Actual |
|--|---|--------------|
| Finance | | |
| Operating result (\$m) | \$0.00 | \$0.70 m |
| Average number of days to pay trade creditors | 60 days | 45 days |
| Average number of days to receive patient fee debtors | 60 days | 25.3 days |
| Public and Private WIES ¹ activity performance to target | 100% | 99.6% |
| Adjusted current asset ratio | 0.7 or 3% improvement from health service base target | 0.76 |
| Actual number of days available cash, measured on the last day of each month. | 14 days | Achieved |
| Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June | Variance ≤ \$250,000 | Not Achieved |

¹ WIES is a weighted inlier equivalent separation.

Statement of Priorities

Part C: Activity and Funding

| Funding Type | 2020/2021 Activity Achievement |
|---|-----------------------------------|
| <i>Acute Admitted</i> | |
| WIES Public | 6,904.26 |
| WIES Private | 4,471.27 |
| WIES DVA | 108.73 |
| WIES TAC | 22.9 |
| <i>Acute Non-Admitted</i> | |
| Home Enteral Nutrition | 123 |
| Specialist Clinics (WASE) | 19,740 |
| <i>Subacute and Non-Acute Admitted</i> | |
| Subacute WIES – Rehabilitation Public | 62.47 |
| Subacute WIES – Rehabilitation Private | 1.99 |
| Subacute WIES – GEM Public | 80.69 |
| Subacute WIES – GEM Private | 1.60 |
| Subacute WIES – Palliative Care Public | 41.34 |
| Subacute WIES – Palliative Care Private | 1.82 |
| Subacute WIES – DVA | 1.07 |
| <i>Subacute Non-Admitted</i> | |
| Health Independence Program – Public | 10,089 |
| <i>Aged Care</i> | |
| Residential Aged Care | 25,805 |
| Home and Community Care (HACC) | 13,947 |
| <i>Primary Health</i> | |
| Community Health/Primary Care Programs | 18,449 |
| <i>Other</i> | |
| Health Workforce | 40 |

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 | Page Reference |
|---|----------------|
| Ministerial Directions | |
| Report of Operations | |
| Charter and purpose | |
| FRD 221 Manner of establishment and the relevant Ministers | 21 |
| FRD 221 Purpose, functions, powers and duties | 21 |
| FRD 221 Nature and range of services provided | 14–15 |
| FRD 221 Activities, programs and achievements for the reporting period | 14–15 |
| FRD 221 Significant changes in key initiatives and expectations for the future | 25 |
| Management and structure | |
| FRD 221 Organisational structure | 16 |
| FRD 221 Workforce data/employment and conduct principles | 11 |
| FRD 221 Occupational Health and Safety | 12 |
| Financial information | |
| FRD 221 Summary of the financial results for the year | 24 |
| FRD 221 Significant changes in financial position during the year | 25 |
| FRD 221 Operational and budgetary objectives and performance against objectives | 25 |
| FRD 221 Subsequent events | 25 |
| FRD 221 Details of consultancies under \$10,000 | 21–22 |
| FRD 221 Details of consultancies over \$10,000 | 21–22 |
| FRD 221 Disclosure of ICT expenditure | 28 |
| Legislation | |
| FRD 221 Application and operation of Freedom of Information Act 1982 | 22 |
| FRD 221 Compliance with building and maintenance provisions of Building Act 1993 | 22 |
| FRD 221 Application and operation of Public Interest Disclosure Act (updated 2020–21) | 23 |
| FRD 221 Statement on National Competition Policy | 22 |
| FRD 221 Application and operation of Carers Recognition Act 2012 | 8 |
| FRD 221 Summary of the entity's environmental performance | 26–27 |
| FRD 221 Additional information available on request | 23 |
| Other relevant reporting directives | |
| FRD 25D Local Jobs First Act disclosures | 21 |
| SD 5.1.4 Financial Management Compliance attestation | 28 |
| SD 5.2.3 Declaration in report of operations | 24 |
| Attestations | |
| Attestation on Data Integrity | 28 |
| Attestation on managing Conflicts of Interest | 28 |
| Attestation on Integrity, fraud and corruption | 28 |
| Other reporting requirements | |
| Reporting of outcomes from Statement of Priorities 2020–21 | 29 |
| Occupational Violence reporting | 12 |
| Gender Equality Act | 21 |
| Asset Management Accountability Framework | 25–26 |
| Reporting obligations under the Safe Patient Care Act 2015 | 22 |



**CENTRAL
GIPPSLAND
HEALTH**

Financial Report 2020/2021

Central Gippsland Health Service

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Table of Contents

Central Gippsland Health Service presents its audited general purpose financial statements for the financial year ended 30 June 2021 in the following structure to provide users with the information about Central Gippsland Health Service's stewardship of the resources entrusted to it.

| | |
|--|-------|
| Table of Contents | 36 |
| Board member's, accountable officer's, and chief finance and accounting officers declaration | 37 |
| Auditor-General's Report | 38-39 |
| Comprehensive Operating Statement | 40 |
| Balance Sheet | 41 |
| Statement Changes in Equity | 42 |
| Cash Flow Statement | 44 |

Notes to the Financial Statements for the year ended 30 June 2021

| | |
|---|-----|
| Note 1 Basis of Preparation | 45 |
| Note 1.1 Basis of preparation of the financial statements | 45 |
| Note 1.2 Impact of COVID-19 pandemic | 46 |
| Note 1.3 Abbreviations and terminology used in the financial statements | 46 |
| Note 1.4 Joint arrangements | 46 |
| Note 1.5 Key accounting estimates and judgements | 47 |
| Note 1.6 Accounting standards issued but not yet effective | 47 |
| Note 1.7 Goods and Services Tax (GST) | 47 |
| Note 1.8 Reporting entity | 48 |
| Note 2 Funding Delivery of our Services | 49 |
| Note 2.1 Income from Transactions | 50 |
| Note 2.2 Fair value of assets and services received free of charge or for nominal consideration | 53 |
| Note 2.3 Other Income | 54 |
| Note 3 The Cost of Delivering our Service | 55 |
| Note 3.1 Expenses from Transactions | 56 |
| Note 3.2 Employee Benefits in the balance sheet | 58 |
| Note 3.3 Superannuation | 60 |
| Note 3.4 Other Economic Flows | 61 |
| Note 4 Key Assets to Support Service Delivery | 62 |
| Note 4.1 Property, Plant and Equipment | 64 |
| Note 4.2 Depreciation | 75 |
| Note 5 Other Assets and Liabilities | 76 |
| Note 5.1 Receivables | 77 |
| Note 5.2 Payables | 79 |
| Note 5.3 Other Liabilities | 81 |
| Note 5.4 Non-financial physical assets classified as held for sale | 81 |
| Note 6 How we Finance our Operations | 82 |
| Note 6.1 Borrowings | 83 |
| Note 6.2 Cash and Cash Equivalents | 86 |
| Note 6.3 Commitments for Expenditure | 86 |
| Note 6.4 Non-cash financing and investing activities | 86 |
| Note 7 Risks Contingencies and Valuation Uncertainties | 87 |
| Note 7.1 Financial Instruments | 88 |
| Note 7.2 Financial risk management objectives and policies | 90 |
| Note 8 Other Disclosures | 94 |
| Note 8.1 Reconciliation of Net Result for the Year to Net Cash Inflow from Operating Activities | 94 |
| Note 8.2 Responsible Persons Disclosures | 95 |
| Note 8.3 Remuneration of Executives | 96 |
| Note 8.4 Related Parties | 97 |
| Note 8.5 Remuneration of Auditors | 100 |
| Note 8.6 Events Occurring after Balance Sheet Date | 101 |
| Note 8.7 Jointly Controlled Operations | 101 |
| Note 8.8 Economic Dependency | 102 |
| Note 8.9 Equity | 102 |

CENTRAL GIPPSLAND HEALTH SERVICE

FINANCIAL YEAR ENDED 30 JUNE 2021

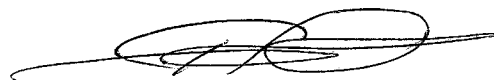
Board member's, accountable officer's and chief finance and accounting officer's declaration

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 2021 and the financial position of Central Gippsland Health Service at 30 June 2021.

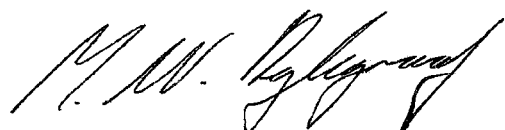
At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 6 October 2021.



TONY ANDERSON, Board Chairperson

Sale, Victoria
6/10/2021



MARK DYKGRAAF, Accountable Officer and Chief Executive Officer

Sale, Victoria
6/10/2021



CHERIE CAMPBELL, Chief Finance Officer and Executive Director Corporate Services

Sale, Victoria
6/10/2021

Independent Auditor's Report

To the Board of Central Gippsland Health Service

| | |
|--|--|
| Opinion | <p>I have audited the financial report of Central Gippsland Health Service (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2021 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p> |
| Basis for Opinion | <p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p> |
| Board's responsibilities for the financial report | <p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p> |

Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
29 October 2021

Dominika Ryan
as delegate for the Auditor-General of Victoria

CENTRAL GIPPSLAND HEALTH SERVICE

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

| | <i>Note</i> | 2021 \$'000 | 2020 \$'000 |
|--|-------------|------------------------|------------------------|
| Income from Transactions | | | |
| Revenue from Operating Activities | 2.1 | 117,500 | 109,640 |
| Revenue from Non-operating Activities | 2.1 | 50 | 259 |
| Total Income from Transactions | | <u>117,550</u> | <u>109,899</u> |
| Expenses from Transactions | | | |
| Employee Expenses | 3.1 | (82,015) | (78,729) |
| Supplies and Consumables | 3.1 | (17,351) | (15,163) |
| Depreciation | 4.2 | (7,274) | (7,002) |
| Operating Expenses | 3.1 | (2,784) | (2,660) |
| Other Operating Expenses | 3.1 | (10,945) | (10,325) |
| Other Non-Operating Expenses | 3.1 | (1,215) | (784) |
| Total Expenses from Transactions | | <u>(121,584)</u> | <u>(114,663)</u> |
| Net Result from transactions - Net Operating Balance | | <u>(4,034)</u> | <u>(4,764)</u> |
| Other Economic Flows included in Net Result | | | |
| Net Gain on Sale of non-financial Assets | 3.4 | 210 | 33 |
| Net (Loss)/Gain on Financial Instruments at Fair Value | 3.4 | (78) | 33 |
| Other Losses from Other Economic Flows | 3.4 | (162) | (122) |
| Total Other Economic Flows included in Net Result | | <u>(30)</u> | <u>(56)</u> |
| NET RESULT FOR THE YEAR | | <u>(4,064)</u> | <u>(4,820)</u> |
| Other Comprehensive Income | | | |
| Changes in Property, Plant and Equipment Revaluation Surplus | 4.1(b) | 863 | - |
| Total Other Comprehensive Income | | | |
| COMPREHENSIVE RESULT FOR THE YEAR | | <u>(3,201)</u> | <u>(4,820)</u> |

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

CENTRAL GIPPSLAND HEALTH SERVICE

BALANCE SHEET AS AT 30 JUNE 2021

| | <i>Note</i> | 2021 \$'000 | 2020 \$'000 |
|---|-------------|------------------------|------------------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 6.2 | 20,859 | 16,253 |
| Receivables | 5.1 | 2,964 | 2,437 |
| Inventories | | 308 | 338 |
| Assets held for Sale | 5.4 | - | 609 |
| Other Assets | | 810 | 751 |
| Total Current Assets | | <u>24,941</u> | <u>20,388</u> |
| Non-Current Assets | | | |
| Other Assets | | 19 | 53 |
| Receivables | 5.1 | 1,729 | 1,752 |
| Property, Plant and Equipment | 4.1 (a) | <u>61,376</u> | <u>61,337</u> |
| Total Non-Current Assets | | <u>63,124</u> | <u>63,142</u> |
| TOTAL ASSETS | | <u>88,065</u> | <u>83,530</u> |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Payables | 5.2 | 10,611 | 7,946 |
| Borrowings | 6.1 | 1,218 | 1,086 |
| Provisions | 3.2 | 16,128 | 14,935 |
| Other Liabilities | 5.3 | <u>6,603</u> | <u>5,323</u> |
| Total Current Liabilities | | <u>34,560</u> | <u>29,290</u> |
| Non-Current Liabilities | | | |
| Provisions | 3.2 | 2,935 | 2,679 |
| Borrowings | 6.1 | <u>4,138</u> | <u>1,929</u> |
| Total Non-Current Liabilities | | <u>7,073</u> | <u>4,608</u> |
| TOTAL LIABILITIES | | <u>41,633</u> | <u>33,898</u> |
| NET ASSETS | | <u>46,432</u> | <u>49,632</u> |
| EQUITY | | | |
| Property, Plant and Equipment Revaluation Surplus | 4.1(f) | 58,483 | 57,620 |
| Restricted Specific Purpose Surplus | | 1,200 | 1,200 |
| Contributed Capital | | 34,298 | 34,298 |
| Accumulated Deficits | | <u>(47,549)</u> | <u>(43,485)</u> |
| TOTAL EQUITY | | <u>46,432</u> | <u>49,633</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 2021

| | | Property, Plant and Equipment Revaluation Surplus | Restricted Specific Purpose Surplus | Contributed Capital | Accumulated Deficits | Total |
|---|---------|---|--|------------------------|-------------------------|---------------|
| | Note | \$'000 | \$'000 | \$'000 | \$'000 | \$'000 |
| Balance at 1 July 2019 | | 57,620 | 1,361 | 34,254 | (38,826) | 54,409 |
| Net result for the year | | - | - | - | (4,820) | (4,820) |
| Receipt of Contributed capital | | - | - | 44 | - | 44 |
| Transfer from Specific Purpose Reserve | 4.1 (f) | - | (161) | - | 161 | - |
| Balance at 30 June 2020 | | 57,620 | 1,200 | 34,298 | (43,485) | 49,633 |
| Net result for the year | | - | - | - | (4,064) | (4,064) |
| Other comprehensive income for the year | 4.1 (f) | 863 | - | - | - | 863 |
| Balance at 30 June 2021 | | 58,483 | 1,200 | 34,298 | (47,549) | 46,432 |

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

CENTRAL GIPPSLAND HEALTH SERVICE

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 \$'000 | 2020 \$'000 |
|--|-------------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Government Grants (State) - Operating | | 74,504 | 72,521 |
| Government Grants (Commonwealth) - Operating | | 15,078 | 12,725 |
| Grants - Other Agency | | 2,185 | 1,174 |
| Government Grants (State) - Capital | | 2,210 | 1,824 |
| Government Grants (Commonwealth) - Capital | | 680 | 684 |
| Other Capital purpose income | | - | 21 |
| Patient and Resident Fees Received | | 5,852 | 4,689 |
| Private Fees Received | | 5,614 | 5,306 |
| Donations and Bequests Received | | 618 | 114 |
| GST Received from ATO | | 122 | - |
| Interest and investment income received | | 50 | 240 |
| Other Receipts | | 7,565 | 10,607 |
| Total receipts | | 114,478 | 109,905 |
| Employee Expenses Paid | | (74,157) | (72,688) |
| Fee for Service Medical Officers | | (5,869) | (5,815) |
| Payments for Supplies and Consumables | | (15,327) | (13,699) |
| Payments for medical indemnity insurance | 3.1 | (1,425) | (1,399) |
| Payments for repairs and maintenance | | (1,383) | (1,282) |
| GST paid to ATO | | - | (54) |
| Cash outflow for short-term leases | | (2) | (123) |
| Other Payments | | (9,684) | (13,068) |
| Total payments | | (107,847) | (108,128) |
| NET CASH FLOW FROM OPERATING ACTIVITIES | 8.1 | 6,631 | 1,777 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of non-financial assets | | (3,713) | (5,467) |
| Capital Donations and Bequests Received | | 80 | 286 |
| Other capital receipts | | - | 182 |
| Proceeds from disposal of non-financial assets | | 1,428 | 33 |
| NET CASH FLOW USED IN INVESTING ACTIVITIES | | (2,205) | (4,966) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | (289) | (313) |
| Payment of lease principal | | (811) | (559) |
| Contributions of capital - state government | | - | 44 |
| Receipt of accommodation deposits | | 2,545 | 1,470 |
| Repayment of accommodation deposits | | (1,265) | (2,047) |
| NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES | | 180 | (1,405) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD | | 4,606 | (4,594) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR | | 16,253 | 20,847 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR | 6.2 | 20,859 | 16,253 |

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

CENTRAL GIPPSLAND HEALTH SERVICE

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 \$'000 | 2020 \$'000 |
|--|-------------|------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Government Grants (State) - Operating | | 74,504 | 72,521 |
| Government Grants (Commonwealth) - Operating | | 15,078 | 12,725 |
| Grants - Other Agency | | 2,185 | 1,174 |
| Government Grants (State) - Capital | | 2,210 | 1,824 |
| Government Grants (Commonwealth) - Capital | | 680 | 684 |
| Other Capital purpose income | | - | 21 |
| Patient and Resident Fees Received | | 5,852 | 4,689 |
| Private Fees Received | | 5,614 | 5,306 |
| Donations and Bequests Received | | 618 | 114 |
| GST Received from ATO | | 122 | - |
| Interest and investment income received | | 50 | 240 |
| Other Receipts | | 7,565 | 10,607 |
| Total receipts | | 114,478 | 109,905 |
| Employee Expenses Paid | | (74,157) | (72,688) |
| Fee for Service Medical Officers | | (5,869) | (5,815) |
| Payments for Supplies and Consumables | | (15,327) | (13,699) |
| Payments for medical indemnity insurance | 3.1 | (1,425) | (1,399) |
| Payments for repairs and maintenance | | (1,383) | (1,282) |
| GST paid to ATO | | - | (54) |
| Cash outflow for short-term leases | | (2) | (123) |
| Other Payments | | (9,684) | (13,068) |
| Total payments | | (107,847) | (108,128) |
| NET CASH FLOW FROM OPERATING ACTIVITIES | 8.1 | 6,631 | 1,777 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of non-financial assets | | (3,713) | (5,467) |
| Capital Donations and Bequests Received | | 80 | 286 |
| Other capital receipts | | - | 182 |
| Proceeds from disposal of non-financial assets | | 1,428 | 33 |
| NET CASH FLOW USED IN INVESTING ACTIVITIES | | (2,205) | (4,966) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Repayment of borrowings | | (289) | (313) |
| Payment of lease principal | | (811) | (559) |
| Contributions of capital - state government | | - | 44 |
| Receipt of accommodation deposits | | 2,545 | 1,470 |
| Repayment of accommodation deposits | | (1,265) | (2,047) |
| NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES | | 180 | (1,405) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD | | 4,606 | (4,594) |
| CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR | | 16,253 | 20,847 |
| CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR | 6.2 | 20,859 | 16,253 |

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 2021. 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 Central Gippsland Health Service operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The Central Gippsland Health Service's Capital and Specific Purpose Funds include: Trust Account for Specific Funds; while our Capital Funds form part of Central Gippsland Health's Central Banking Services High Yield Account.

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 13 September 2021

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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. 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.

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
- implementing 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.

The financial impacts of the pandemic are disclosed 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 |
| SD | Standing Direction |
| VAGO | Victorian Auditor General's Office |
| WIES | Weighted Inlier Equivalent Separation |
| CGHS | Central Gippsland Health Service |

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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 2020-8: <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2</i> | Reporting periods on or after 1 January 2021. | 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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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. There was also no material impact on our economy and the health of our community.

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

- Elective Surgery Blitz - to ensure Central Gippsland Health Service maintained its wait list obligations to patients and Department of Health
- Funding for unexpected COVID-19 Coronavirus pandemic related expenditure - 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
- Supplement to decreases in revenue due to the impact of COVID-19 Coronavirus pandemic - to fund the gap between revenue received and that which would have been received in the normal course of business.

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. |
| | 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. |
| | 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. |

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 2.1: Revenue and Income from Transactions

| | Note | Total 2021 \$'000 | Total 2020 \$'000 |
|---|------|-------------------------|-------------------------|
| Operating Activities | | | |
| Revenue from contracts with customers | | | |
| Government Grants (State) - Operating | | 60,531 | 60,435 |
| Government Grants (Commonwealth) - Operating | | 15,078 | 12,725 |
| Patient and Resident Fees | | 5,566 | 4,876 |
| Commercial Activities * | | 10,112 | 9,586 |
| Total revenue from contracts with customers | | 91,287 | 87,622 |
| Other sources of income | | | |
| Grants - Other Agency | | 1,238 | 1,174 |
| Government Grants (State) - Capital | | 1,600 | 1,824 |
| Government Grants (State) - Operating | | 13,569 | 11,661 |
| Government Grants (Commonwealth) - Capital | | 680 | 684 |
| Other Capital purpose income | | 306 | 21 |
| Capital Donations | 2.2 | 41 | 287 |
| Resources received free of charge or for nominal consideration | 2.2 | 1,174 | 176 |
| Other Revenue from Operating Activities (including non-capital donations) | | 7,605 | 6,191 |
| Total other sources of income | | 26,213 | 22,018 |
| Total revenue and income from operating activities | | 117,500 | 109,640 |
| Non-Operating Activities | | | |
| Other Interest | | 50 | 240 |
| Dividends | | - | 19 |
| Total income from non-operating activities | | 50 | 259 |
| Total revenue and income from transactions | | 117,550 | 109,899 |

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

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.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****Note 2.1 : Revenue and Income from Transactions continued**

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.

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

| Government grant | Performance obligation |
|---|--|
| 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. |
| 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. |

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****Note 2.1 : Revenue and Income from Transactions continued**

| Government grant | Performance obligation |
|--|--|
| 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. |
| | The key deliverables of PBS are: <ul style="list-style-type: none">- provision patients with up to one month's supply of medications rather than the limited supply they previously received- improve continuity of pharmaceutical care- 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- 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. |
| | 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. |

Non-cash contributions from the Department of Health

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

| Supplier | Description |
|---------------------------------------|---|
| 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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 2.1 : Revenue and Income from Transactions continued

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

| | 2021 \$'000 | 2020 \$'000 |
|--|----------------|----------------|
| Cash donations and gifts | 41 | 287 |
| Plant and equipment | 594 | 69 |
| Personal Protective Equipment | 580 | 107 |
| Total fair value of services received free of charge or for nominal | 1,215 | 463 |

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 does receive volunteer services, however it does not depend on volunteers to deliver its services.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

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.

2.3 Other income

| | 2021 \$'000 | 2020 \$'000 |
|--|------------------------|------------------------|
| (a) Income from Commercial Activities | | |
| Medical imaging services | 5,864 | 5,575 |
| Linen service | 2,584 | 2,422 |
| Food services | 683 | 756 |
| Other commercial activity including pharmacy and other supply sales | 981 | 833 |
| Total Income from Commercial Activities | 10,112 | 9,586 |
| (b) Other Revenue from Operating Activities (including non-capital donations & Rental Income) | | |
| Gippsland Health Alliance revenue | 2,309 | 2,260 |
| Management fees | 1,922 | 1,040 |
| Salaries Recoveries | 838 | 799 |
| Education | 403 | 344 |
| Salary Packaging | 234 | 277 |
| Rental income - investment properties | 221 | 240 |
| Donations | 93 | 114 |
| Interest | 50 | 240 |
| Other minor operating activity revenue | 1,806 | 1,357 |
| Total (b) Other Revenue from Operating Activities (including non-capital donations & Rental Income) | 7,876 | 6,671 |

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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 3: The cost of delivering our services

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

Structure

3.1 Expenses from Transactions

3.2 Employee benefits in the Balance Sheet

3.3 Superannuation

3.4 Other Economic Flows

Telling the COVID-19 story

Expenses incurred to deliver 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.

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

- Additional staff to facilitate increased cleaning services, reception services and infection control staffing to provide vaccination clinics and best practice training session
- increased use of personal protective equipment to comply with Department of Health directives to address the risks posed by COVID-19 Coronavirus pandemic restriction requirements
- Provide support through community visits to high risk accommodated community members

Key judgements and estimates

This section contains the following key judgements and estimates:

| Key judgements and estimates | Description |
|--|---|
| 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. 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. All other entitlements are measured at their nominal value. |

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****Note 3.1 : Expenses from Transactions**

| | Total 2021 \$'000 | Total 2020 \$'000 |
|--|----------------------------------|----------------------------------|
| Salaries and Wages | 61,902 | 59,476 |
| On-costs | 15,207 | 14,093 |
| Fee for Service Medical Officer Expenses | 3,514 | 3,367 |
| Workcover Premium | 1,392 | 1,793 |
| Total Employee Expenses | 82,015 | 78,729 |
| Drug Supplies | 5,631 | 4,772 |
| Medical and Surgical Supplies (including Prostheses) | 5,303 | 4,271 |
| Diagnostic and Radiology Supplies | 1,612 | 1,777 |
| Other Supplies and Consumables | 4,805 | 4,343 |
| Total Supplies and Consumables | 17,351 | 15,163 |
| Finance Costs | 74 | 79 |
| Fuel, Light, Power and Water | 1,326 | 1,299 |
| Repairs and Maintenance | 454 | 415 |
| Maintenance Contracts | 930 | 867 |
| Total Operating Expenses | 2,784 | 2,660 |
| Medical Indemnity Insurance | 1,425 | 1,399 |
| Other Expenses | 9,520 | 8,926 |
| Total Other Operating Expenses | 10,945 | 10,325 |
| Depreciation and Amortisation (refer Note 4.1) | 7,274 | 7,002 |
| Total Depreciation and Amortisation | 7,274 | 7,002 |
| Expenditure for Capital Purposes | 627 | 608 |
| Assets and Services Provided Free of Charge or for Nominal Consideration | 588 | 176 |
| Total Other Non-Operating Expenses | 1,215 | 784 |
| Total Expenses from Transactions | 121,584 | 114,663 |

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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 3.2 Employee Benefits in the Balance Sheet

| | 2021 \$'000 | 2020 \$'000 |
|--|----------------|----------------|
| Current Provisions | | |
| Employee Benefits | | |
| Accrued Days Off | | |
| - unconditional and expected to be settled wholly within 12 months (i) | 186 | 170 |
| Annual Leave | | |
| - unconditional and expected to be settled wholly within 12 months (i) | 6,755 | 6,028 |
| - 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) | 1,094 | 1,048 |
| - unconditional and expected to be settled wholly after 12 months (ii) | 6,483 | 6,212 |
| | 14,518 | 13,458 |
| Provisions related to Employee Benefit On-Costs | | |
| - unconditional and expected to be settled within 12 months (i) | 778 | 691 |
| - unconditional and expected to be settled after 12 months (ii) | 832 | 786 |
| | 1,610 | 1,477 |
| Total Current Provisions | 16,128 | 14,935 |
| Non-Current Provisions | | |
| Employee Benefits | 2,669 | 2,436 |
| Provisions related to employee benefits on-costs | 266 | 243 |
| Total Non-Current Provisions | 2,935 | 2,679 |
| Total Provisions | 19,063 | 17,614 |

(i) The amounts disclosed are at nominal amounts.

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

How we recognise employee benefits

Employee Benefits Recognition

Provision is made for benefits accruing to 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.

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.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****Note 3.2 Employee Benefits in the Balance Sheet continued****Long Service Leave**

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

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

The components of this current LSL liability are measure at:

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

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

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

| | 2021 \$'000 | 2020 \$'000 |
|---|------------------------|------------------------|
| Current Employee Benefits and related on-costs | | |
| Unconditional LSL Entitlement | 8,426 | 8,073 |
| Annual Leave Entitlement | 7,515 | 6,691 |
| Accrued Days Off | 186 | 170 |
| Non-Current Employee Benefits and related on-costs | | |
| Conditional long service leave entitlements | 2,936 | 2,680 |
| Total Employee Benefits and Related On-Costs | <u>19,063</u> | <u>17,614</u> |

The following assumptions were adopted in measuring present value:

| | | |
|-----------------------|-------|-------|
| - Wage Inflation Rate | 2.95% | 4.25% |
| - On-Cost Factor | 11.0% | 11.0% |

Movements in provisions

| | 2021 \$'000 | 2020 \$'000 |
|--|------------------------|------------------------|
| Balance 1 July | 17,614 | 16,202 |
| Provision made during the year | - | - |
| - Revaluations | 54 | 95 |
| - Expense recognising Employee Service | 8,546 | 7,862 |
| Settlement made during the year | <u>(7,151)</u> | <u>(6,545)</u> |
| Balance 30 June | <u>19,063</u> | <u>17,614</u> |

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****Note 3.3: Superannuation**

| | Paid Contribution for the year | | Contribution Outstanding at Year end | |
|-----------------------------------|---|---------------|---|---------------|
| | 2021 | 2020 | 2021 | 2020 |
| | \$'000 | \$'000 | \$'000 | \$'000 |
| Defined Benefit Plans (i) | | | | |
| Health Super | 86 | 100 | 7 | 9 |
| Defined Contribution Plans | | | | |
| Health Super | 3,541 | 4,110 | 275 | 422 |
| Other | 2,321 | 2,938 | 187 | 337 |
| Total | 5,948 | 7,148 | 469 | 768 |

(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.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****Note 3.4 Other Economic Flows**

| | Consolidated 2021 \$'000 | Consolidated 2020 \$'000 |
|---|---|---|
| Net gains on sale of non financial assets | | |
| Net gain on disposal of property, plant and equipment | 210 | 33 |
| Total net gain on sale of non financial assets | 210 | 33 |
| Net (loss)/gain on financial instruments at fair value | | |
| Other (loss)/gain from Other Economic Flows | (78) | 33 |
| Total net (loss)/gain on financial instruments at fair value | (78) | 33 |
| Other (losses) from Other Economic Flows | | |
| Net (loss) arising from revaluation of Long Service Liability | (162) | (122) |
| Total net (loss) on other economic flows | (162) | (122) |
| Total (losses) from Other Economic Flows | (30) | (56) |

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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

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:

| Key judgements and estimates | Description |
|---|---|
| Measuring fair value of property, plant and equipment and investment properties | <p>Central Gippsland Health Service obtains independent valuations for its non-current assets at least once every five years.</p> <p>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.</p> <p>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.</p> |
| Estimating useful life and residual value of property, plant and equipment | <p>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.</p> <p>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.</p> |
| Estimating useful life of right-of-use assets | <p>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.</p> <p>Central Gippsland Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p> |

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****Note 4: Key Assets to support service delivery continued**

| Key judgements and estimates | Description |
|--------------------------------------|---|
| Identifying indicators of impairment | 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. Where an indication exists, the health service tests the asset for impairment. |
| | The health service considers a range of information when performing its assessment, including considering: <ul style="list-style-type: none">- If an asset's value has declined more than expected based on normal use- If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset- If an asset is obsolete or damaged- 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- If the performance of the asset is or will be worse than initially expected. |
| | Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset. |

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 4.1: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

| | 2021 \$'000 | 2020 \$'000 |
|---|------------------------|------------------------|
| Land | | |
| Crown Land at Fair Value | 4,354 | 3,491 |
| Freehold Land at Fair Value | 450 | 450 |
| Total Land | 4,804 | 3,941 |
| Buildings | | |
| Buildings at Cost | 4,673 | 3,894 |
| Less Accumulated Depreciation | (103) | (21) |
| Sub-total Buildings at Cost | 4,570 | 3,873 |
| Buildings at Fair Value | 46,469 | 46,469 |
| Less Accumulated Depreciation | (9,531) | (4,765) |
| Sub-total Buildings at Fair Value | 36,938 | 41,704 |
| Buildings - Right of Use | 78 | 78 |
| Less Accumulated Depreciation | (31) | (16) |
| Sub-total Buildings Right of Use | 47 | 62 |
| Buildings Under Construction at Cost | 216 | 324 |
| Leasehold Improvements at Fair value | - | - |
| Less Accumulated Depreciation | - | - |
| Total Buildings | 41,771 | 45,963 |
| Plant and Equipment at fair value | 7,644 | 7,724 |
| Less Accumulated Depreciation | (3,605) | (3,208) |
| Total Plant & Equipment | 4,039 | 4,516 |
| Motor Vehicles at fair value | 958 | 958 |
| Less Accumulated Depreciation | (692) | (599) |
| Total Motor Vehicles | 266 | 359 |
| Medical Equipment at fair value | 12,666 | 11,029 |
| Less Accumulated Depreciation | (8,015) | (7,276) |
| Total Medical Equipment | 4,651 | 3,753 |
| Computers and communication equipment at fair Value | 1,179 | 911 |
| Less Accumulated Depreciation | (857) | (760) |
| Total Computers and communication equipment | 322 | 151 |
| Right of Use-plant, equipment, furniture and fittings and vehicles | 6,322 | 2,758 |
| Less Accumulated Depreciation | (1,421) | (677) |
| Total Right of Use-plant, equipment, furniture and fittings and vehicles | 4,901 | 2,081 |
| Total plant and equipment | 14,179 | 10,860 |
| Furniture and Fittings at Fair Value | 1,462 | 1,418 |
| Less Accumulated Depreciation | (1,233) | (1,205) |
| Total Furniture and Fittings | 229 | 213 |
| Other at Fair Value | | |
| Linen | 861 | 918 |
| Less Accumulated Depreciation | (468) | (558) |
| Total Other | 393 | 360 |
| Total Property, Plant and Equipment | 61,376 | 61,337 |

CENTRAL GIPPSLAND HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 |
| Balance as at 1 July 2019 | 4,550 | 47,078 | 78 | 4,668 | 425 | 2,361 | 77 | 2,758 | 253 | 279 | 1,039 | 63,566 |
| Additions | - | 3,267 | - | 289 | 41 | 2,013 | 115 | - | - | 355 | - | 6,080 |
| Disposals | (609) | - | - | - | - | - | - | - | - | - | (715) | (1,324) |
| Depreciation (refer Note 4.2) | - | (4,768) | (16) | (441) | (107) | (621) | (41) | (677) | (40) | (274) | - | (6,985) |
| Balance as at 30 June 2020 | 3,941 | 45,577 | 62 | 4,516 | 359 | 3,753 | 151 | 2,081 | 213 | 360 | 324 | 61,337 |
| Adjusted balance at 1 July 2020 | 3,941 | 45,577 | 62 | 4,516 | 359 | 3,753 | 151 | 2,081 | 213 | 360 | 324 | 61,337 |
| Additions | - | 823 | - | 5 | - | 1,326 | 269 | 3,565 | 52 | 233 | 177 | 6,450 |
| 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) | - |
| Balance as at 30 June 2021 | 4,804 | 41,669 | 47 | 4,039 | 266 | 4,490 | 322 | 4,901 | 229 | 393 | 216 | 61,376 |

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

In compliance with FRD 103H, in the year ended 30 June 2021, management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the VGV indices for the financial year ended 30 June 2021.

VGV indices utilised in the revaluation are based on data to March 2021. A cumulative managerial revaluation was applied to all land parcels reflective of growth from 30 June 2019 to 30 June 2021.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 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 property, plant and equipment was performed by the VGV on 30 June 2019. 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 2021 indicated an overall increase in fair value of englobo and residential land of 21.90% (\$863,079).

As the cumulative movement was greater than 10% for land since the last revaluation a managerial revaluation adjustment was required as at 30 June 2021.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 4.1: Property, Plant and Equipment continued

(c) Fair Value measurement hierarchy for assets

| | Carrying Amount as at 30 June 2021 | Fair value measurement at end of reporting period using: | | |
|---|--|---|----------------------|----------------------|
| | | Level 1 ⁱ | Level 2 ⁱ | Level 3 ⁱ |
| Land at fair value | | | | |
| Non-specialised | 1,712 | - | 1,712 | - |
| Specialised land | | | | |
| - 155 Guthridge Pd, Sale | 2,860 | - | - | 2,860 |
| - 48 Kent St, Maffra | 232 | - | - | 232 |
| Total Land at fair value | 4,804 | - | 1,712 | 3,092 |
| Buildings at fair value | | | | |
| 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 |
| Total of buildings at fair value | 41,771 | - | 579 | 41,192 |
| Plant and equipment at fair value | | | | |
| 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 |
| Total of plant, equipment and vehicles at fair value | 14,179 | - | - | 14,179 |
| Furniture and Fittings at fair value | | | | |
| Furniture and Fittings at fair value | 229 | - | - | 229 |
| Total medical equipment at fair value | 229 | - | - | 229 |
| Linen at fair value | | | | |
| Linen at fair value | 393 | - | - | 393 |
| Total linen at fair value | 393 | - | - | 393 |
| Total Assets at fair value | 61,376 | - | 2,291 | 59,085 |

(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 2021

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

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

(i) Classified in accordance with fair value hierarchy.

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

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 4.1: Property, Plant and Equipment continued

**(d) Reconciliation of Level 3 fair value measurement
30 June 2021**

| | Land | Building | Plant & Equipment | Furniture & Fittings | Linen |
|--|--------------|---------------|----------------------|-------------------------|------------|
| Opening Balance | 2,536 | 45,136 | 10,860 | 213 | 360 |
| - Additions/(Disposals) | - | 938 | 5,302 | 55 | 233 |
| Gains or Losses recognised in net result | | | | | |
| - Depreciation | - | (4,721) | (1,983) | (39) | (200) |
| Items recognised in other comprehensive income | | | | | |
| - Revaluation | 556 | - | - | - | - |
| Closing Balance | 3,092 | 41,353 | 14,179 | 229 | 393 |

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

| 30 June 2020 | Land | Building | Plant & Equipment | Furniture & Fittings | Linen |
|---|--------------|---------------|----------------------|-------------------------|------------|
| Opening Balance | 2,536 | 47,289 | 7,531 | 253 | 279 |
| - Additions/(Disposals) | - | 2,615 | 566 | - | 355 |
| - Additions of Leases for specialised right to use assets | | | 3,204 | | |
| Gains or Losses recognised in net result | | | | | |
| - Depreciation | - | (4,768) | (441) | (40) | (274) |
| Items recognised in other comprehensive income | | | | | |
| Closing Balance | 2,536 | 45,136 | 10,860 | 213 | 360 |

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

(e) Fair Value Determination

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

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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. In the prior year, there is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the independent revaluation in 2019.

The Valuer-General Victoria (VGV) is Central Gippsland Health Services' independent valuation agency.

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

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

Specialised land and specialised buildings

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

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

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

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

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

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

Vehicles

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

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

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 2021.

| | 2021 \$'000 | 2020 \$'000 |
|--|------------------------|------------------------|
| (f) Revaluation Surplus | | |
| Property, Plant and Equipment Revaluation Surplus | | |
| Balance at the beginning of the reporting period | 57,620 | 57,620 |
| Revaluation Increment | | |
| - Land (refer note 4.1(b)) | 863 | - |
| - Buildings | - | - |
| Balance at the end of the reporting period* | <u>58,483</u> | <u>57,620</u> |
| *Represented by: | | |
| - Land | 4,354 | 3,491 |
| - Buildings | 54,129 | 54,129 |
| | <u>58,483</u> | <u>57,620</u> |

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****Note 4.2: Depreciation****Depreciation**

| | | |
|---|-------|-------|
| Buildings | 4,846 | 4,784 |
| Right of Use buildings | 15 | - |
| Plant and Equipment | 252 | 234 |
| Motor Vehicles | 93 | 107 |
| Medical equipment | 794 | 621 |
| Computer Equipment | 98 | 41 |
| Other Equipment | 192 | 207 |
| Furniture and Fittings | 39 | 41 |
| Linen | 200 | 274 |
| Right of use - plant, equipment, furniture, fittings and motor vehicles | 745 | 693 |

Total Depreciation

| | |
|-------|-------|
| 7,274 | 7,002 |
|-------|-------|

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.

| | 2021 | 2020 |
|--------------------------------------|--------------|--------------|
| Buildings | | |
| - Structure Shell Building Fabric | 1 - 50 years | 1 - 50 years |
| - Site Engineering and Central Plant | 1 - 36 years | 1 - 36 years |
| Central Plant | | |
| - Fit Out | 1 - 20 years | 1 - 20 years |
| - Trunk Reticulated Building Systems | 1 - 22 years | 1 - 22 years |
| Plant & Equipment | 5 - 20 years | 5 - 20 years |
| Furniture & Fittings | 5 - 20 years | 5 - 20 years |
| Leased Assets | 5 - 10 years | 5 - 10 years |
| Computers & Communication | 3 - 5 years | 3 - 5 years |
| Linen | 1 - 5 years | 1 - 5 years |

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 5: Other assets and liabilities

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

Structure

5.1 Receivables and contract assets

5.2 Payables and contract liabilities

5.3 Other liabilities

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

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:

| Key judgements and estimates | Description |
|---|--|
| 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 | 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: |
| | <ul style="list-style-type: none">- The lease transfers ownership of the asset to the lessee at the end of the term- 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- The lease term is for the majority of the asset's useful life- The present value of lease payments amount to the approximate fair value of the leased asset and- The leased asset is of a specialised nature that only the lessee can use without significant modification. |
| | All other sub-lease arrangements are classified as an operating lease. |
| Measuring deferred capital grant income | 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. 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. |

CENTRAL GIPPSLAND HEALTH SERVICE
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021
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

| | 2021 \$'000 | 2020 \$'000 |
|---|------------------------|------------------------|
| Current | | |
| Contractual | | |
| Trade Debtors | 512 | 388 |
| Patient Fees | 629 | 918 |
| Accrued Revenue | 509 | 172 |
| Amounts receivable from governments and agencies | 442 | 335 |
| Accrued Revenue - Department of Health | 770 | 402 |
| Less Allowance for Doubtful Debts | | |
| Patient Fees | (41) | (43) |
| | <u>2,821</u> | <u>2,172</u> |
| GST Receivable | 143 | 265 |
| Total Current Receivables | <u>2,964</u> | <u>2,437</u> |
| Non Current | | |
| Long Service Leave - Department of Health | 1,729 | 1,752 |
| Total Non-Current Receivables | <u>1,729</u> | <u>1,752</u> |
| Total Receivables | <u>4,693</u> | <u>4,189</u> |
| <i>Financial assets classified as receivables and contract assets (Note 7.1 (a))</i> | | |
| Total Receivables and Contract Assets | 4,693 | 4,189 |
| + Provision for impairment | 41 | 43 |
| - Contract asset | (770) | (402) |
| - GST receivable | (143) | (265) |
| Total Financial Assets | <u>3,821</u> | <u>3,565</u> |
| (a) Movement in the Allowance for impairment losses of contractual receivables | | |
| Balance at beginning of year | 43 | 77 |
| Reversal of allowance written off during the year as uncollectable | (80) | (50) |
| Increase | 78 | 16 |
| Balance at | <u>41</u> | <u>43</u> |

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 5.2: Payables and contract liabilities

| | | 2021 \$'000 | 2020 \$'000 |
|--|--------|----------------|----------------|
| Current | | | |
| Contractual Payables | | | |
| Trade Creditors | | 1,826 | 1,859 |
| Accrued Salaries and Wages | | 2,181 | 1,479 |
| Accrued Expenses | | 3,603 | 2,494 |
| Amounts payable to governments and agencies | | 546 | 452 |
| Contract Liability - Deferred grant revenue | 5.2(a) | - | 50 |
| State Contract Liabilities | | 805 | 59 |
| Other Contract Liabilities | | 1,650 | 1,553 |
| Total Current Contractual Payable | | 10,611 | 7,946 |
| <i>Financial assets classified as receivables and contract assets (Note 7.1 (a))</i> | | | |
| Total Payables and Contract Liabilities | | 10,611 | 7,946 |
| - Contract Liabilities | | (2,455) | (1,612) |
| - Deferred grant income | | - | (50) |
| - Governments and Agencies | | (546) | (452) |
| Total Financial Liabilities | | 7,610 | 5,832 |

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.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****Note 5.2: Payables and contract liabilities continued****Note 5.2 (a) Deferred capital grant revenue**

| | 2021 \$,000 | 2020 \$,000 |
|---|------------------------|------------------------|
| Opening balance of deferred grant income | 50 | 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) | - |
| Closing balance of deferred grant consideration received | - | 50 |

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

| | 2021 \$,000 | 2020 \$,000 |
|---|------------------------|------------------------|
| Opening balance of deferred grant income | 1,553 | - |
| Adjustment for initial adoption of AASB 15 | - | 1,019 |
| Add: Payments received for performance obligations not yet fulfilled | - | 1,167 |
| Add: Grant consideration for sufficiently specific performance obligations received during the year | - | (633) |
| Less: Revenue recognised for the completion of a performance obligation | 97 | - |
| Total contract liabilities | <u>1,650</u> | <u>1,553</u> |
| Represented by | | |
| Non-current contract liabilities | <u>1,650</u> | <u>1,553</u> |

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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

| Note 5.3: Other Liabilities | 2021 \$'000 | 2020 \$'000 |
|---|------------------------|------------------------|
| Current | | |
| Monies Held in Trust | | |
| - Refundable Accommodation Deposits | 6,603 | 5,323 |
| Total Current | 6,603 | 5,323 |
| Total Other Liabilities | 6,603 | 5,323 |
| * Total monies held in trust represented by the following assets: | | |
| Investments and other financial assets | - | - |
| | 6,603 | 5,323 |

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 5.4 (a) Non-Financial physical assets classified as held for sale

| | 2021 \$'000 | 2020 \$'000 |
|--|------------------------|------------------------|
| Freehold land held for sale(i) | - | 609 |
| Total Non-financial physical assets classified as held for sale | - | 609 |

| | Carrying Amount 2021 \$'000 | Fair Value Measurement at end of Reporting period Using: | | |
|---|--|---|----------------|----------------|
| | | Level 1 | Level 2 | Level 3 |
| Freehold land held for Sale (i) | - | - | - | - |
| Total Non-Financial Physical Assets Classified | - | - | - | - |

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

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

How we recognise non-financial physical assets classified as held for sale

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

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

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:

| Key judgements and estimates | Description |
|--|---|
| 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">- has the right-to-use an identified asset- has the right to obtain substantially all economic benefits from the use of the leased asset and- can decide how and for what purpose the asset is used throughout the lease. |
| 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. 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. 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. |

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****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.</p> <p>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"> - If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. - 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. - The health service considers historical lease durations and the costs and business disruption to replace such leased assets. |

Note 6.1 Borrowings

| | 2021 \$'000 | 2020 \$'000 |
|---------------------------|------------------------|------------------------|
| Current | | |
| Loans from Government (i) | 196 | 311 |
| Lease Liability (ii) | 1,022 | 775 |
| Total Current | <u>1,218</u> | <u>1,086</u> |
| Non-Current | | |
| Loans from Government (i) | 195 | 369 |
| Lease Liability (ii) | 3,943 | 1,560 |
| Total Non-Current | <u>4,138</u> | <u>1,929</u> |
| Total Borrowings | <u>5,356</u> | <u>3,015</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'.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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:

| | 2021 \$'000 | 2020 \$'000 |
|--------------------------------------|----------------|----------------|
| Total undiscounted lease liabilities | 5,412 | 2,429 |
| Less unexpired finance expense | (447) | (94) |
| Net Lease Liabilities | 4,965 | 2,335 |

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 | 1,066 | 816 |
| Later than 1 year and not later than 5 years | 3,429 | 1,569 |
| Later than 5 years | 917 | 44 |
| Minimum lease payments | 5,412 | 2,429 |
| Less future finance charges | (447) | (94) |
| Total | 4,965 | 2,335 |
| * Represented by: | | |
| Current borrowings - lease liability | 1,022 | 775 |
| Non-current borrowings - Lease liability | 3,943 | 1,560 |
| Total | 4,965 | 2,335 |

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.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****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 2021.

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 2.06% to 2.33%.

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 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 an increase in recognised lease liabilities and right-of-use assets of \$33,027.

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.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****Note 6.2: Cash and cash equivalents**

| | 2021 | 2020 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Cash on Hand | 35 | 35 |
| Cash at Bank - CBS | 20,824 | 16,218 |
| Total cash and cash equivalents * | 20,859 | 16,253 |
| * includes monies held in trust | 5.3 | 6,603 |
| | | 5,323 |

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

| | 2021 | 2020 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Capital Expenditure Commitments | | |
| Less than 1 year | 2,193 | 613 |
| Total Capital Expenditure Commitments | 2,193 | 613 |
| Non-Cancellable Operating Lease Commitments | | |
| Less than 1 year | - | 164 |
| Total Non-cancellable Operating Lease Commitments | - | 164 |
| TOTAL COMMITMENTS (inclusive of GST) | 2,193 | 777 |
| Less GST recoverable from the Australian Tax Office | (199) | (78) |
| TOTAL COMMITMENTS (exclusive of GST) | 1,994 | 699 |

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

| | 2021 | 2020 |
|--|---------------|---------------|
| | \$'000 | \$'000 |
| Acquisition of Plant and Equipment by means of Leases | 3,565 | 2,758 |
| Acquisition of Plant and Equipment free of charge | 1,174 | 176 |
| TOTAL NON-CASH FINANCING AND INVESTING ACTIVITIES | 4,739 | 2,934 |

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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

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

| 2021 | | Financial Assets at Amortised Cost \$'000 | Financial Liabilities at Amortised Cost \$'000 | Total \$'000 |
|--|-----|---|--|---------------|
| Contractual Financial Assets | | | | |
| Cash and cash equivalents | 6.2 | 20,859 | - | 20,859 |
| Receivables | | | | |
| - Trade Debtors | 5.1 | 512 | - | 512 |
| - Other Receivables | 5.1 | 3,309 | - | 3,309 |
| Total Financial Assetsⁱ | | 24,680 | - | 24,680 |
| Financial Liabilities | | | | |
| Payables | 5.2 | - | 7,610 | 7,610 |
| Borrowings | 6.1 | - | 4,965 | 4,965 |
| Other Financial Liabilities | | | | |
| - Accommodation bonds | 5.3 | - | 6,603 | 6,603 |
| Loan from DH | 6.1 | - | 391 | 391 |
| Total Financial Liabilitiesⁱ | | - | 19,569 | 19,569 |

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 7.1 : Financial Instruments continued

| 2020 | | Contractual Financial Assets at Amortised Cost - Loans and Receivables \$'000 | Contractual Financial Liabilities at Amortised Costs \$'000 | Total \$'000 |
|---|-----|--|--|-----------------|
| Contractual Financial Assets | | | | |
| Cash and cash equivalents | 6.2 | 16,253 | - | 16,253 |
| Receivables | | | | |
| - Trade Debtors | 5.1 | 388 | - | 388 |
| - Other Receivables | 5.1 | 3,177 | - | 3,177 |
| Total Financial Assets ⁱ | | 19,818 | - | 19,818 |
| Financial Liabilities | | | | |
| Payables | 5.2 | - | 5,832 | 5,832 |
| Borrowings | 6.1 | - | 2,335 | 2,335 |
| Other Financial Liabilities | | | | |
| - Accommodation bonds | 5.3 | - | 5,323 | 5,323 |
| Loan from DH | 6.1 | - | 680 | 680 |
| Total Financial Liabilities ⁱ | | - | 14,170 | 14,170 |

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

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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 2021

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-20 | Current | Less than 1 month | 1-3 months | 3 months - 1 year | 1-5 years * | Total |
|--|-----------|---------|-------------------------|---------------|----------------------|----------------|-------|
| Expected loss rate | | 1% | 1% | 1% | 1% | 5% | 9% |
| Gross carrying amount of contractual receivables | | 1,801 | 112 | 53 | 103 | 1,752 | 3,821 |
| Loss Allowance | | 8 | 2 | 3 | 5 | 25 | 43 |

| | 30-Jun-21 | Current | Less than 1 month | 1-3 months | 3 months - 1 year | 1-5 years * | Total |
|--|-----------|---------|-------------------------|---------------|----------------------|----------------|-------|
| Expected loss rate | | 1% | 1% | 1% | 1% | 5% | 9% |
| Gross carrying amount of contractual receivables | | 1,540 | 79 | 96 | 139 | 1,711 | 3,565 |
| Loss Allowance | | 8 | 2 | 3 | 5 | 24 | 41 |

* includes long service leave funding from the Department of Health

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****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.

| 2021 | Note | Carrying Amount | Maturity Dates* | | |
|------------------------------------|------|-----------------|-----------------|-------------------|--------------|
| | | | Nominal Amount | 3 months - 1 year | 1 - 5 years |
| | | | \$'000 | \$'000 | \$'000 |
| Financial Liabilities | | | | | |
| 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 |
| Total Financial Liabilities | | 19,569 | 19,569 | 10,401 | 9,168 |

* maturity dates are based upon historical experience

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 7.2 (b): Liquidity risk continued

| 2020 | Note | Carrying Amount | Maturity Dates | | |
|------------------------------------|------|-----------------|----------------|-------------------|--------------|
| | | | Nominal Amount | 3 months - 1 year | 1 - 5 years |
| | | | \$'000 | \$'000 | \$'000 |
| Financial Liabilities | | | | | |
| Payables | 5.2 | 5,832 | 5,832 | 5,832 | - |
| Borrowings | 6.1 | 3,015 | 3,015 | 1,127 | 1,888 |
| - Accommodation Deposits | 5.3 | 5,323 | 5,323 | 1,295 | 4,028 |
| Total Financial Liabilities | | 14,170 | 14,170 | 8,254 | 5,916 |

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% 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.

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021**

Note 8: Other disclosures

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

Structure**8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities****8.2 Responsible persons disclosure****8.3 Remuneration of Executive Officers****8.4 Related parties****8.5 Remuneration of Auditors****8.6 Events occurring after the Balance Sheet Date****8.7 Jointly arrangements****8.8 Economic dependency****Telling the COVID-19 story**

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

| | 2021 \$'000 | 2020 \$'000 |
|--|------------------------|------------------------|
| Net Result for the Year | (4,064) | (4,820) |
| Non-Cash Movements: | | |
| (Gain) on sale or disposal of non-financial assets | (210) | (33) |
| Depreciation and amortisation of non-current assets | 7,274 | 7,002 |
| Provision for Doubtful Debts | 78 | 16 |
| Loss on revaluation of long service leave liability | 162 | 122 |
| Discount expense on loan | (22) | 4 |
| Adjustment capital contribution | - | (44) |
| Assets and services received free of charge | (146) | - |
| Lease Interest Expense | 47 | 45 |
| Cash (inflow) from investing and financing activities | (80) | (468) |
| Movements in Assets and Liabilities | | |
| (Increase) / Decrease in receivables and contract assets | (527) | 20 |
| Decrease / (Increase) in inventories | 30 | (68) |
| (Increase) / Decrease in other assets | (25) | 4 |
| Increase / (Decrease) in payables and contract liabilities | 2,665 | (1,415) |
| Increase in employee benefits | 1,449 | 1,412 |
| Net Cash Inflow from Operating Activities | 6,631 | 1,777 |

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 Martin Foley: | | |
| Minister for Mental Health | 1/07/2020 - | 29/09/2020 |
| Minister for Health | 26/09/2020 - | 30/06/2021 |
| Minister for Ambulance Services | 26/09/2020 - | 30/06/2021 |
| Minister for the Coordination of Health and Human Services: COVID-19 | 26/09/2020 - | 9/11/2020 |
| The Honourable Jenny Mikakos: | | |
| Minister for Health | 1/07/2020 - | 26/09/2020 |
| Minister for Ambulance Services | 1/07/2020 - | 26/09/2020 |
| Minister for the Coordination of Health and Human Services: COVID-19 | 1/07/2020 - | 26/09/2020 |
| The Honourable Luke Donnellan: | | |
| Minister for Child Protection | 1/07/2020 - | 30/06/2021 |
| Minister for Disability, Ageing and Carers | 1/07/2020 - | 30/06/2021 |
| The Honourable James Merlino: | | |
| Minister for Mental Health | 29/09/2020 - | 30/06/2021 |
| Governing Boards | | |
| Tony Anderson (Chairperson) | 1/07/2020 - | 30/06/2021 |
| Claire Miller | 1/07/2020 - | 30/06/2021 |
| Jenny Dempster | 1/07/2020 - | 30/06/2021 |
| Frances 'Frankie' MacLennan | 1/07/2020 - | 30/06/2021 |
| Jim Vivian (Vice Chairperson) | 1/07/2020 - | 30/06/2021 |
| Abbas Khambati | 1/07/2020 - | 30/06/2021 |
| Glenys Butler | 1/07/2020 - | 30/06/2021 |
| Faith Page | 1/07/2020 - | 30/06/2021 |
| Kumar Visvanathan | 1/07/2020 - | 30/06/2021 |
| Peter 'Gerry' Watts | 1/07/2020 - | 30/06/2021 |
| Lauren Carey | 1/07/2020 - | 30/06/2021 |
| Aurthur Skipitaris | 1/07/2020 - | 30/06/2021 |
| Accountable Officers | | |
| Frank Evans (Chief Executive Officer) - Outgoing | 1/07/2020 - | 30/06/2021 |
| Mark Dykgraaf (Chief Executive Officer) - Incoming | 15/06/2021 - | 30/06/2021 |

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 | 2021 No. | 2020 No. |
|--|------------------------|------------------------|
| \$10,000 - \$19,999 | 11 | 10 |
| \$20,000 - \$29,999 | 1 | 1 |
| \$310,000 - \$319,999 | 2 | 1 |
| Total Numbers | 14 | 12 |
| | 2021 \$'000 | 2020 \$'000 |
| Total remuneration received or due and receivable by Responsible Persons from reporting entity amounted to: | 507 | 484 |

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

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

Note 8.3: Remuneration of Executives

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

| | Total Remuneration | |
|--|--------------------|----------------|
| Remuneration of Executive Officers (excluding Key Management Personnel Disclosed in Note 8.4) | 2021 \$'000 | 2020 \$'000 |
| Short-term Benefits | 1,268 | 1,148 |
| Post-employment Benefits | 117 | 109 |
| Termination Benefits | 67 | - |
| Total Remuneration i | 1,452 | 1,257 |
| Total Number of Executives | 8 | 6 |
| Total Annualised Employee Equivalent ii | 6.6 | 5.4 |

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

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

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

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 2021****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 Tony Anderson | Chair of the Board |
| Ms Claire Miller | Board Member |
| Ms Frances "Frankie" MacLennan | Board Member |
| Mr Arthur Skipitaris | Board Member |
| Ms Jenny Dempster | Board Member |
| Mr Jim Vivian | Vice Chair of the Board |
| Mr Abbas Khambati | Board Member |
| Ms Faith Page | Board Member |
| Ms Glenys Butler | Board Member |
| Professor Kumar Visvanathan | Board Member |
| Ms Lauren Carey | Board Member |
| Mr Peter 'Gerry' Watts | Board Member |
| Mr Frank Evans (to 30/06/2021) | Chief Executive Officer - Outgoing |
| Mr Mark Dykgraaf (from 15/06/2021) | Chief Executive Officer - Incoming |
| Ms Amanda Pusmucans | Executive Director of Nursing |
| Mr Paul Head | Executive Director of Aged And Ambulatory Care |
| Ms Sally-Anne Weatherley (from 26/03/2021) | Acting Executive Director of Aged Care |
| Dr Harvey Lee (to 05/03/2021) | Executive Director Medical Services |
| Dr Syed Khadri | Executive Director Medical Services |
| Ms Kelli Mitchener | Executive Director Clinical Governance and Medical Operations |
| Ms Suzanne Askew | Executive Director Workforce Planning and Development |
| Ms Cherie Campbell | Executive Director Corporate Services |
| Ms Emma Brennan | 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 Department of Parliamentary Services' Financial Report.

| Compensation - KMPs | 2021 \$'000 | 2020 \$'000 |
|---------------------------------|------------------------|------------------------|
| Short-term Employee Benefits ii | 1,740 | 1,632 |
| Post-employment Benefits ii | 152 | 109 |
| Termination Benefits ii | 67 | - |
| Total i | 1,959 | 1,741 |

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 2021****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 \$75.3M (2020: \$73.9M).

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 | |
|------------------------------------|----------------|----------------|----------------|----------------|
| | 2021 \$'000 | 2020 \$'000 | 2021 \$'000 | 2020 \$'000 |
| Latrobe Regional Health Service | 2,096 | 2,103 | 847 | 1,430 |
| Gippsland Health Alliance | 331 | - | 1,581 | 1,358 |
| Dental Health Services Victoria | 946 | 1,076 | 46 | 51 |
| Ambulance Victoria | 54 | 95 | 1,185 | 1,089 |
| Gippsland Southern Health Service | 317 | 287 | - | - |
| Department of Health | - | 96 | 127 | 14 |
| Omeo District Health Service | 22 | 26 | - | - |
| Orbost Regional Health Service | 57 | 59 | - | - |
| South Gippsland Hospital | - | 65 | - | - |
| Victoria Police | 33 | 32 | - | - |
| Yarram District Health Service | 103 | 47 | 78 | 66 |
| Bairnsdale Regional Health Service | 674 | 657 | 5 | 37 |
| Alfred Health | 1 | 4 | 123 | 148 |
| Total | 4,634 | 4,548 | 3,992 | 4,193 |

The following related party transactions remain outstanding.

| | Receivable | | Payable | |
|------------------------------------|--------------|------------|-----------|-----------|
| | 2021 | 2020 | 2021 | 2020 |
| Latrobe Regional Health Service | 226 | 190 | 92 | 12 |
| Bairnsdale Regional Health Service | 118 | 50 | - | - |
| Gippsland Southern Health Service | 27 | 25 | - | - |
| Department of Health | 638 | 30 | - | - |
| Ambulance Victoria | 5 | 7 | - | 74 |
| Total | 1,013 | 303 | 92 | 86 |

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 8.4 Related Parties continued.

Transactions with KMPs and Other Related Parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the 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 2021 (2020: 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 2021 (2020:none).

Joint Partnership Entities Related Party Transactions

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

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

Note 8.5: Remuneration of Auditors

Victorian Auditor-Generals Office

Audit of financial statements

| Consolidated | |
|------------------|------------------|
| 2021 \$,000's | 2020 \$,000's |
| 41 | 42 |
| <u>41</u> | <u>42</u> |

CENTRAL GIPPSLAND HEALTH SERVICE**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021****Note 8.6: Events occurring after balance date**

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the Central Gippsland Health Service at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Central Gippsland Health Service, its operations, future results and financial position. The State of Emergency in Victoria was extended on 1 July 2021 until 28 August 2021 which was further extended to the 23 September 2021 and the State of Disaster remains in place.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of 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 (%) | |
|---------------------------------|------------------------|--------------------------|------------------------|-------|
| | | | 2021 | 2020 |
| Gippsland Health Alliance (GHA) | Information Technology | Australia | 12.90 | 13.04 |

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:

| | 2021 \$'000 * | 2020 \$'000 * |
|-----------------------------------|------------------|------------------|
| Current Assets | | |
| Cash and cash equivalents | 647 | 798 |
| Receivables | 106 | 110 |
| Other Current assets | 560 | 444 |
| Total Current Assets | 1,313 | 1,352 |
| Non-Current Assets | | |
| Property, Plant and Equipment | 71 | 109 |
| Total Non-Current Assets | 71 | 109 |
| Share of Total Assets | 1,384 | 1,461 |
| Current Liabilities | | |
| Other Current Liabilities | 277 | 160 |
| Total Current Liabilities | 277 | 160 |
| Share of Total Liabilities | 277 | 160 |
| Net Assets | 1,107 | 1,301 |
| Operating Revenue | | |
| GHA Revenue | 2,309 | 2,260 |
| Total Operating Revenue | 2,309 | 2,260 |
| Operating Expenses | | |
| GHA Expenses | 2,427 | 2,578 |
| Total Operating Expenses | 2,427 | 2,578 |
| Net Operating Result | (118) | (318) |
| Capital Expenditure | | |
| Depreciation | 44 | 28 |
| Total Capital Expenditure | 44 | 28 |
| Net Result | (162) | (346) |

* Figures obtained from audited Gippsland Health Alliance annual report.

CENTRAL GIPPSLAND HEALTH SERVICE

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

Note 8.7: Joint arrangements continued

Contingent Liabilities and Capital Commitments

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

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 entity. 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.



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