



CENTRAL
GIPPSLAND
HEALTH


ANNUAL REPORT

2022

BETTER TOGETHER

2023





Central Gippsland Health Service
acknowledges the Traditional
Owners of the land –
the GunaiKurnai people
– and pays respect to the Elders
past, present and emerging.

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OUR VISION

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

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

In doing so we will:

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

OUR VALUES

Social Justice-Equity of Outcome

To do this we will:

- focus on achieving equity of outcome for individuals and groups
- understand the impact of poverty, culture, location and disadvantage on behaviour and health status
- act to support the disadvantaged and marginalised among us
- ensure our fees policy considers our 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-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



STRATEGIC PLAN SUMMARY

Key Areas and Objectives

Key Area	1	Strengthening Access to Core Services
Objective		Provide access to a highly integrated, networked, technology-enabled system that will give people access to services as close to home as is safe and appropriate.
Key Area	2	Taking a Partnership Approach
Objective		Enhance our sustainability and clinical capability and, as a consequence, increase the number of treatments available closer to home.
Key Area	3	Adjusting to an Older Population
Objective		Provide more services in the community and home-based setting with a focus on reablement.
Key Area	4	Investing in our People
Objective		To develop a highly talented, skilled, supported and happy workforce.

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 46,000 in Central Gippsland, while acute specialist services reach a wider community in East Gippsland and parts of South Gippsland.

Categorised as a subregional 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 form an important part of our service offering. CGHS provides clinical placements to support undergraduate education and training for medical, nursing and allied health staff, and rotations for specialist nursing, allied health and medical education, including GP proceduralists.

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

For more information visit: www.cghs.com.au

OUR HISTORY

CGHS has a long and rich history which spans more than 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 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.

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.

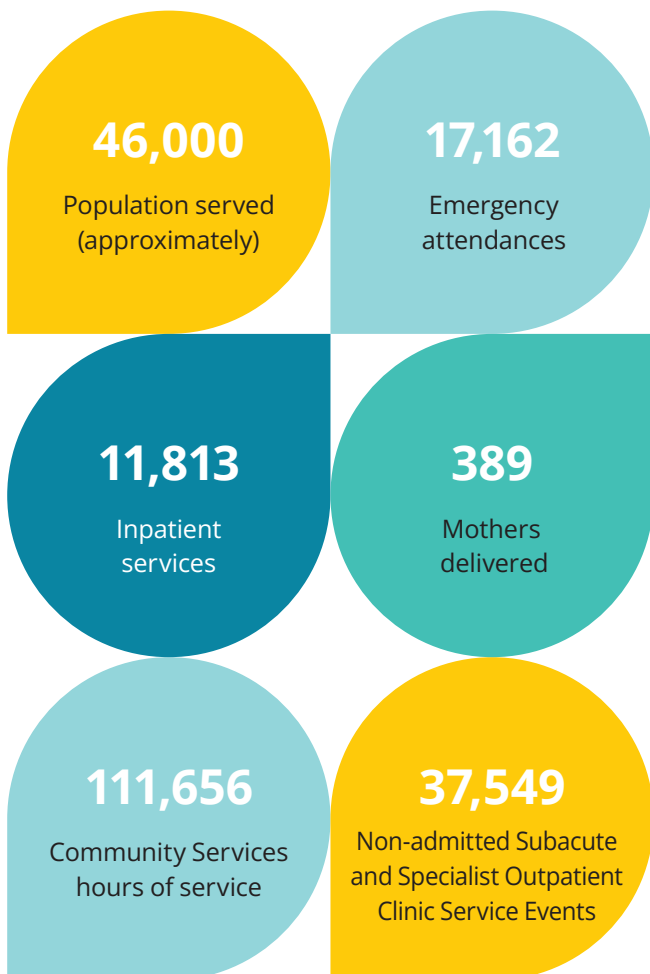
Acute services include a full-time emergency department, critical care unit, neonatal special care unit, operating theatres, day procedure unit, oncology and dialysis services, in addition to general medical and surgical services, and subacute services including rehabilitation.

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

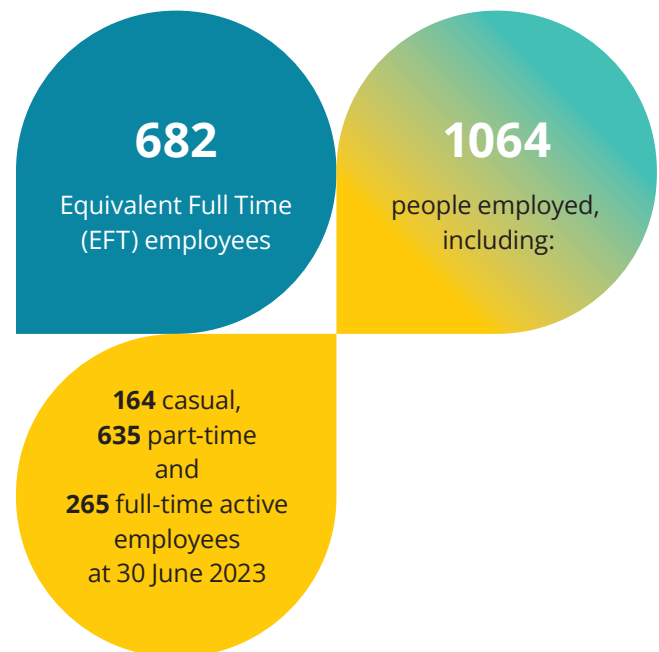
In addition to our acute and residential aged care services in Sale and Maffra, CGHS provides community and home support services throughout the Wellington Shire (with the exception of Yarram and district) with health centres in Maffra, Sale, Heyfield, Rosedale and Loch Sport.

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.

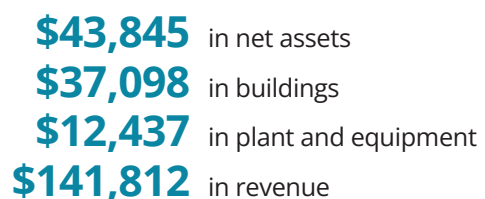
Our Services



People



Assets and Revenue





REPORT BY THE CHAIR, BOARD OF DIRECTORS

It is a great honour to present the 2022/23 annual report as Central Gippsland Health Service (CGHS) Board Chair. In the first instance, I would like to acknowledge the service of a retiring Board Director, Frankie MacLennan and thank her for three years of dedicated service to CGHS.

I also congratulate Jenny Dempster and Arthur Skipitaris on their reappointment to the Board and welcome new Director Rochelle Wrigglesworth.

Further, I acknowledge my fellow Board Directors and thank them for their efforts and support over the past year.

While there has been a significant relaxation of the COVID rules within the community, staff at CGHS continue to work in PPE and remain vigilant against the spread of infection. As was the case last year, I again extend my thanks and appreciation to all staff across the organisation for their ongoing commitment to the health and wellbeing of those under their care.

The health service has a number of capital works projects underway at present across all sites, which are expected to be completed in the second half of the 2023/ 24 year. We look forward to completion of these projects, creating a significantly improved environment for our patients, clients and staff.

It is pleasing to note that the Tri-Board Alliance between the Boards of CGHS, Stretton Park Incorporated and Heyfield Hospital Incorporated continues to strengthen in working together to provide excellent health and aged care services across the Wellington Shire.

We continue to face significant challenges in financial performance, staffing and ongoing maintenance – the latter will be mitigated somewhat by our current capital works projects. However, our Board of Directors remains committed, through the establishment of good governance processes and strategic planning, to provide the best possible working environment for our staff to make “better together” a greater reality every day.

On behalf of the Board, I offer our thanks to Chief Executive Officer, Mark Dykgraaf, the Executive Team and our staff for the ongoing care they provide to our community.

In accordance with the Financial Management Act 1994, I am pleased to present the report of operations for Central Gippsland Health Service for the year ending 30 June 2023.



Jim Vivian
Board Chair
Sale, Victoria
30 June 2023



REPORT BY THE CHIEF EXECUTIVE OFFICER

Once again, we come to the end of another significant year in the life of our organisation, and acknowledge that our success is due to the hard work of our staff.

On behalf of the Executive Team, I acknowledge each one of our 1,064 employees for their hard work and service in making our vision and mission a reality:

- To contribute to a safe and healthy community where everyone feels valued, supported and can participate; and
- To provide the health and community services that will best meet the needs of our community.

We provide a wide range of services to our community across aged, acute, and community care. A sample of the volume of services delivered during the year is outlined below:

- Almost 12,000 admissions to our hospitals;
- Over 17,000 presentations to our Emergency Department;
- 389 births;
- 330 local residents receiving home care packages;
- Dental care provided to 2,266 individuals;
- 9,142 meals delivered through our Meals on Wheels programme;
- Almost 11,000 hours of community nursing care; and
- Over 5,000 hours of palliative care.

We have worked to strengthen many of our services this past year and will continue to do so as we move into the new financial year. This will include, among other things, the ongoing development of our Better at Home program and a focus on increasing the number of surgical procedures we deliver each year.

CGHS has also continued to focus on improving the quality of our services, demonstrated through successful accreditation visits across a number of our aged care sites. At the time of writing, we

await the results of an accreditation review of our Commonwealth funded community care programs and expect a hospital-wide accreditation visit any day.

A key focus over the last 12 months has been to strengthen our Work Health Safety program which has seen significant improvement through the re-establishing of fire safety drills, supporting interested staff to become Health and Safety Representatives and many other things.

During the year, we fully implemented an Electronic Medical Record (EMR) across our hospitals. This was a significant achievement, involving many staff across our EMR Project Team, Learning Services, Information Technology Team, and Clinical Operations Team. I congratulate all involved in this singular achievement.

We have also commenced a process to formally archive old hard copy medical records, a significant piece of work that will take a number of months to complete.

Further, we have had a significant Capital Works program running throughout the year, including a “facelift” to Maffra Hospital, and refurbishments at a number of our aged care sites.

New works are expected to commence shortly on a Radiation Oncology project adjacent to the Emergency Department, a Behavioural Assessment Room inside the Emergency Department and a Café and outdoor area at Wilson Lodge. We expect all three of these projects to be largely completed in the 23/24 financial year, pending further approvals.

Finally, as we move into the new financial year, we know that there will be challenges ahead. However, I am confident in the work that our Board governs, our Executive staff lead, our Managers manage and our clinical and non-clinical staff deliver, because we are committed to the care of our community, and we are ‘Better Together’.

Mark Dykgraaf
Chief Executive Officer

A KNITTING LEGACY LIVES ON

The generous work of one of our most dedicated supporters is continuing thanks to an ironic stroke of fate.

CGHS was saddened by the recent passing of Hilary Abel. Hilary's service to CGHS began in the 1960s when she trained and worked as a nurse until 1972. In her later years, as a way she could continue supporting the profession she loved, she started knitting and donating items to the Women's and Children's Unit at Sale Hospital, her knitted items providing warmth and comfort for many newborn babies over almost 30 years.

After Hilary's passing, her family decided it was time to sell her knitting needles and yarn. The Facebook Marketplace post caught the eye of a keen knitter, who just so happens to work for CGHS. Unaware of the long history of the items, the staff member purchased Hilary's knitting needles and yarn, and was only made aware of their busy past when speaking to the family upon collecting them. Inspired by Hilary's service to CGHS, the staff member has lovingly continued Hilary's legacy with the same needles and yarn.

Hilary was born in March 1947 at South Kilworth, England. Hilary's love for knitting began at an early age. She knitted a jumper for her father while they were travelling to Australia when she was 14 years old. In her personal memoir, Hilary says, "We left England at approximately 4.30pm on the Fairsky. We stayed on deck till the coast of England disappeared. It was sad leaving everyone behind."

"When we first spotted Australia the beaches were just beautiful, jelly fish everywhere. Getting off the boat, our legs felt funny but we soon got used to it. Must have been very hard on dad leaving England with three kids and moving to a different country. I am very proud he did this for us."



Hilary Abel.



QUALITY IMPROVEMENT AND INNOVATION

CGHS is committed to quality, safety and excellence with the consumer at the centre of our care. To support this, CGHS has a Quality Improvement and Innovation Framework that details a comprehensive response from the Board and Senior Management Team to develop organisational structures and processes that support a capable, enabled and engaged workforce.

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

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

As part of the CGHS Clinical Governance Framework, the Clinical Governance Committee meets monthly to identify and monitor issues relating to consumer safety, and the quality of our service delivery. Issues can be identified through data or incident analysis, consumer feedback, or by assessments conducted by the Committees tasked with monitoring compliance against the National Standards for Healthcare, and the Aged Care Quality Standards.

These Committees report bi-annually to the Clinical Governance Committee and escalate issues of concern as they arise, for action by operational managers. The Clinical Governance Committee determines the accountable lead for each action or issue, monitors actions to completion, and provides guidance/support to our operational teams to deliver improvement strategies and safety initiatives.

The Board Subcommittee – the Quality and Safety Committee – meets quarterly with Board and consumer representation, and receives comprehensive reports relating to quality improvement and innovation activities which can be escalated to the Board of Directors if desired.

The CGHS Community Liaison Committee works with management to ensure community and consumer perspectives are at the centre of continuous improvement efforts. Many of these improvements are recognised through our monthly Quest for Quality newsletter, and other information sharing opportunities.

The past year has seen a focus on Excellence in Care and deepening leadership across our clinical areas, through the establishment of Emergency Department, Perinatal, and Perioperative Leadership Committees. These committees have focused on improving capability and capacity within teams, engaging with consumers, and improving safety and quality in service delivery. All three Committees are now established as ongoing improvement forums and have strong senior management support.

50 YEARS' OUTSTANDING SERVICE CELEBRATED

CGHS would like to acknowledge 50 years of outstanding service by Senior Nurse, Barb Harper.

Barb's extraordinary milestone was celebrated at the CGHS Annual General Meeting in February 2023 where she was recognised for being a quiet, respectful and caring nurse. Staff at CGHS formed a Guard of Honour for Barb on her last day.

"Dedicating your working life to one profession is a rare feat," CGHS Chief Executive Officer, Mark Dykgraaf said. "CGHS is humbled by Barb's commitment and dedication where her consistent presence in our Sale Hospital Emergency Department has provided much support and comfort to our patients and their families."

Barb's wisdom and friendship is also cherished by many staff and she is a role model for the nursing profession.

Barb undertook her nursing training at the (then) Gippsland Base Hospital from 1972-1975. As a new graduate, she enjoyed working in the Rebecca Mills Ward under the Charge Nurse (aka Nurse Unit Manager) Lucy Wallace. Barb worked with long-time friends Gayle Case and Wendy Mawley and, between the three of them, they filled the night duty shifts on the Rebecca Mills Ward for several years. In those days, the casualty ward was adjacent to the Rebecca Mills Ward, and staffed only during the day. At night, if a community member attended casualty, they rang

a bell which chimed in the Rebecca Mills Ward for the night duty nurse to respond. This is when Barb became interested in a career in the Casualty Ward (aka Emergency Department) where she continued to work for many years.

Barb was always ready to help out when needed, taking on various roles throughout her career, including Hospital Coordinator, Nurse in Charge at Heyfield Hospital and Registered Nurse in most general wards of the day.

When asked what it is she loved most about nursing, Barb said "patient care". Excellent nursing care has always been at Barb's core. She knows this can significantly impact a patients' experience.

"We congratulate Barb on her nursing career over the past 50 years and acknowledge how fortunate we are to have such a role model at CGHS – it has been our pleasure to work alongside her," Mr Dykgraaf said.

A Guard of Honour is formed for Senior Nurse, Barb Harper, after 50 years' service to CGH.



ACCREDITATION STATUS

CGHS (including Dental Services) is accredited against the National Safety and Quality Health Service Standards (Second Edition).

The organisation-wide survey conducted in August 2019 resulted in all core and developmental items being met. Our next organisation-wide survey against the National Standards will be conducted prior to 19 August, 2023 via a Short Notice Accreditation Program.

CGHS has focused on becoming accreditation ready at all times, and will continue with this approach.

Home and Community Services were previously accredited against the three (3) Home Care Common Standards.

J.H.F. McDonald Wing was last accredited against the new Standards in 2019, and Wilson Lodge in 2021.

CONSUMER, CARER AND COMMUNITY PARTICIPATION

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

- Community Liaison Committee (CLC)—A subcommittee of the Board which meets bi-monthly and, in addition to consumers, has representation from CGHS and the Board 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.

The CLC and Aboriginal and Torres Strait Islander Advisory Committee are chaired and vice-chaired by community members, with representation from the CGHS Executive Team. Administrative support is provided by the CGHS Community Network and Volunteer Support Officer.

The CLC is the key consumer and community advisory group for CGHS and is responsible to the Board of Directors. CLC members continue to assist in the development and implementation of appropriate consumer and community participation strategies, such as the review of continuous quality improvement initiatives, and quality accreditation activities, as well as oversight of a variety of CGHS action plans.

In 2022, the CLC took responsibility for undertaking a body of work to ensure CGHS continues to meet the National Standards around Partnering with Consumers.

The committee also completed a community consultation in 2022 to seek feedback on ways to improve and strengthen our maternity services.

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 oversees the work contained in our inaugural Reconciliation Action Plan and, with the assistance of Reconciliation Australia, is working to formalise a second Reconciliation Action Plan for commencement in 2024.

Of significance this year was the co-naming of six key meeting spaces at CGHS with local GunaiKurnai animal names and the finalisation and roll-out of a new mandatory online cultural learning package for all staff, which was filmed locally and includes local heritage.

During the period, CGHS also held a smoking ceremony to cleanse the Mental Health facilities at Sale Hospital of bad spirits.

INTERNATIONAL RECOGNITION FOR FIGHT AGAINST STROKE

The stroke unit at Sale Hospital has been recognised with a prestigious World Stroke Organisation (WSO) Angels Gold Status Award for meeting the highest standards in stroke treatment and care.

The Angels initiative, a partnership between the World Stroke Organisation, European Stroke Organisation and Boehringer Ingelheim, aims to optimise the standard of treatment in stroke centres worldwide and improve patient outcomes by setting global benchmarks for best practice stroke care.

CGHS Chief Executive Officer, Mark Dykgraaf said achieving WSO Gold Status was a testament to a team effort to enhance stroke care in the local area.

“Stroke is a time-critical medical emergency where blood supply to the brain is interrupted or reduced,” Mr Dykgraaf explained. “With each minute that goes by more brain cells can be lost and the risk of disability and death increases.

“Acting swiftly on the signs of stroke and implementing best practice care requires coordination between ambulance, emergency department, radiology and stroke unit staff.”

Due to the complex nature of this disease, stroke can be difficult to diagnose and manage. Programs like the Angels Initiative prompts healthcare providers like Sale Hospital to improve and provide the best care they can in any given individual circumstance.

Training, protocols and the performance of Sale Hospital’s stroke unit were assessed as part of the Angels Initiative, which includes a target of restoring blood-flow to the brain to more than half of eligible patients within 60 minutes of their hospital arrival.

“Ensuring appropriate patients receive clot busting therapy within 60 minutes of arriving at the hospital door is the gold standard and means that more people will survive and live well after stroke,” Mr Dykgraaf said.

“The WSO Gold Status recognises our hard work to date but the efforts in improving the knowledge and skills of our staff in the fight against stroke will be ongoing.”

In regional Australia, rates of stroke are higher and health systems must contend with the challenge of providing access to treatment and care over significant distances.

A major report by Deloitte Access Economics, commissioned by the Stroke Foundation, highlights that people living in regional Australia are 17 per cent more likely to suffer a stroke than those living in metropolitan areas.

To achieve WSO Gold Status a hospital must demonstrate a range of outcomes, including optimum time to treatment, coordinated care, appropriate scans and screening, and ensuring patients are discharged from hospital on medications to minimise the risk of further stroke.

The Angels initiative Medical Project Manager in Australia, Kim Malkin, said every step toward improving care and outcomes for stroke patients was worth celebrating, as there were approximately 38,000 stroke events across Australia each year – around 100 every day.

“Every hospital that achieves WSO Angels Gold status should be justifiably proud, as should the communities they serve,” she said.



CARERS RECOGNITION ACT 2012

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

We have established monthly meetings for Carers in both Sale and Loch Sport. Local carers come together to support each other, and enjoy a short respite from their carer roles. The Loch Sport group meets at a local café, which supports local business, and community health staff are available to offer support, and plan future gatherings.

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. A number of carers are also supported with short term support whilst awaiting funded services for longer term support.

GOVERNANCE AND COMMUNITY ACCOUNTABILITY

Each year, the Community Liaison Committee (CLC) is invited to provide input into the content of this Annual Report.

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

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

The framework responsibilities have been assigned to various committees within the organisation's quality structure, ultimately reporting to the Board of Directors.



BOARD OF DIRECTORS

as at 30 June 2023



Jim Vivian (Chair)

Jim has retired from the workforce, with his most recent employment being the role of Executive Officer at Gippsland Sports Academy. Prior to this, he worked as Executive

Director of Academic Programs and General Manager of Industrial Operations at GippsTAFE. Jim holds a Diploma in Frontline Management, a Graduate Diploma in Educational Administration, an Advanced Certificate in Management Skills and a Diploma of Technical Teaching.



Arthur Skipitaris (Vice Chair)

Arthur is the General Manager Corporate Services for Wellington Shire Council. Prior to this role,

Arthur was a senior executive for the Finance Shared Services Division of General Electric, Australia and New Zealand. He was also the General Manager of Australia Post's Shared Services Division and has worked in a number of senior banking and finance roles.

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



Abbas Khambati

Abbas Khambati is a Non-Executive Board Director and an Executive Director, specialising in the not-for-profit sector, with over 20 years of senior and executive management

experience within the public and private sectors. His experience and strengths are in financial and business strategy, 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.



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.



Jenny Dempster

Jenny is the Associate Program Director of the Acute and Aged Medicine Program, Box Hill Hospital and Director of Nursing, Acute Medicine, Eastern Health. She has a

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.



Peter (Gerry) Watts

Gerry has a strong grasp of hospital board governance and an extensive history in Senior Management and Procurement, his current role being that of Chief Procurement

Officer and Head of Business Services for the Victorian Gambling and Casino Control Commission. He brings a strong understanding of governance, process, legislative compliance, risk management and probity. Gerry is a competent and experienced Board Director who is enthusiastic about his contribution to CGHS and the broader Gippsland region. He is a Fellow of the Australian Institute of Management, a Member of the Australian Institute of Company Directors, and a Member of the Chartered Institute of Procurement and Supply. He holds qualifications including Hospitality Management, Marketing, IT, and an AICD Clinical Governance qualification.



Lauren Carey

An experienced communications specialist, Lauren currently leads the communication and marketing function as Manager Engagement and Customer Focus at Latrobe City

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



Claire Miller

Claire has over 10 years of board level experience across the public and commercial sectors with a focus on the utilities, resources, infrastructure and energy

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



Frankie MacLennan

Frankie MacLennan lives on a farm near McLoughlins Beach. She has had a varied career in education, small business and most recently community engagement in public

land management in Gippsland and Statewide. She has a Masters of Applied Science and is a graduate of the Australian Institute of Company Directors. Frankie has recently completed a term as Chair of the Yarram and District Health Service and is a current board member of the East Gippsland Catchment Management Authority.

EXECUTIVE STAFF

As at 30 June 2023

Chief Executive Officer

Mr Mark Dykgraaf

Director Medical Services

Dr Divyanshu Dua

Director of Nursing / Chief Nurse

Ms Mandy Pasmusans

Director Aged Care Services

Ms Caron Mallet

Director Quality & Learning Services

Ms Kelli Mitchener

Director Corporate Services

Mr Robert Strickland

Director Community & Allied Health Services

Ms Rachel Strauss

Solicitor

Ms Lucy Hunter,
Latrobe Regional Hospital,
Legal Counsel

Banker

National Australia Bank Limited

RISK & AUDIT COMMITTEE

(Independent Members)
As at 30 June 2023:

Graham Manson

(Independent Chair)

Graham has been an independent member of the Risk & Audit Committee since March 2018, recently accepting the position of Committee Chair. 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

Alistair Mytton

Alistair has significant global experience working as a Finance professional with BHP Billiton for the past 21 years, and is now semi-retired. While at BHP / Billiton, Alistair has held positions as Chief Risk and Assurance Officer, Chief Financial Officer for Uranium Business, CFO for Diamonds and Specialty Products; and Head of Tax for UK and Africa.

Niraj Pau

Niraj is a finance professional with significant experience in the public sector. Niraj's current role is CFO and Head of Business Support at the Australian Radiation Protection & Nuclear Safety Agency (ARPNSA) where he has worked since 2018. Niraj has worked previously at the Department of Treasury and Finance as Assistant Director, Financial Appraisal and Regulation, Manager Financial Appraisal, and Senior Financial Analyst.

Ann Wootton

Ann is a retired corporate executive and risk professional living in Gippsland, and a member of the Heyfield Hospital Board of Management. Ann worked as an executive in the provision of risk and compliance software with SAI Global, with her most recent roles including Executive Director, Property Division SAI Global, Executive General Manager, Property Division SAI Global, President Americas, Compliance Division SAI Global, and General Manager, Compliance Division SAI Global.

Rochelle Wrigglesworth

Rochelle is an experienced finance and audit professional who lives and works in Gippsland. Rochelle is the Chair of the Committee for Gippsland. Her professional career includes co-founding ForeFront – a local company specialising in auditing, risk management, strategic management, and CFO service provision; Audit Principal at Crowe-Horwath, and Audit Provider to the Victorian Auditor General's Office.

CGHS also acknowledges the contribution of Lesley Fairhall and Sally Sibley who finished their tenures on the Risk & Audit Committee in early 2023. Lesley served as independent chair for three years, and Sally served as an independent member for eight years. CGHS is grateful for their contribution and service.

As at 30 June 2023, non-independent members of the Risk & Audit Committee include: Mark Dykgraaf (Chief Executive Officer), Frankie MacLennan (Board Director), Robert Strickland (Director Corporate Services), Claire Miller (Board Director), Kelli Mitchener (Director Quality & Learning Services), Peter (Gerry) Watts (Board Director), Emma Brennan (Chief Finance Officer).

WORKFORCE

Labour Category	June Current Month EFT		Average Month EFT	
	2022	2023	2022	2023
Administration & Clerical	128	126	124	127
Ancillary Staff (Allied Health)	31	30	35	33
Hospital Medical Officers	34	32	30	29
Hotel & Allied Services	89	87	92	89
Medical Officers	14	12	13	14
Medical Support	127	125	125	128
Nursing	271	266	270	262
Sessional Clinicians	N/A	N/A	N/A	N/A
Total	694	678	689	682

Labour Category	June Current Month EFT		Average Month EFT	
	2022	2023	2022	2023
Central Gippsland Health Service	694	678	689	682
Heyfield Hospital	45	44	39	42
Stretton Park	31	30	27	30
Total EFT for the CGH network	770	752	755	754

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

OCCUPATIONAL HEALTH AND SAFETY

A review of Designated Work Groups (DWGs) was undertaken early in 2023 with the aim of reducing the number of DWGs to ensure each DWG has a Health and Safety Representative available to them.

CGHS currently has 14 Health and Safety Representatives appointed. All are formally trained or booked for training to assist with hazard identification and incident investigations.

Occupational Health and Safety (OH&S) Committee meetings occur every two months. Meeting participants are engaged and the committee has been working hard to improve communication and reporting of OH&S matters.

The CGHS Work Health and Safety (WHS) Manager rotates across each of the CGHS sites on a weekly basis to assist with and support OH&S compliance. Delivery of safety presentations and workshops regarding safety concerns commenced across multiple departments during the 2022/23 year.

To ensure that CGHS has emergency plans, appropriate documentation, equipment and staff training to enable management of an emergency situation, a gap analysis on Emergency Management was undertaken during the year. The findings of the gap analysis resulted in over 30 fire drills being undertaken across multiple sites and departments during 2022/23.

Occupational Violence and Aggression continues to be a major focus for CGHS, along with the management of psychosocial hazards. Information sessions are scheduled for managers and staff to facilitate awareness, identification, and control of Psychological risks. These sessions are based on WorkSafe guidance of the five Psychological Health risks likely to be the subject of a prevention plan which addresses risks posed by workplace aggression or violence, bullying, exposure to traumatic content or events, high job demands, and sexual harassment.

CGHS SmartLift training dates are formalised each year and aligned with organisational orientation dates for new employees.

	2020-21	2021-22	2022-23
1. Number of reported hazards/incidents for the year per 100 EFT staff members	29.25	29.20	55.43
2. Number of 'lost time' standard claims for the year per 100 EFT staff members	0.77	1.15	1.02
3. Average cost per claim for the year	\$50,977	\$31,827	\$18,077

OCCUPATIONAL VIOLENCE

Occupational violence 2022-23

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	367
Number of occupational violence incidents reported per 100 FTE	53.81
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0

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 2022/23.
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

CGHS received the Aboriginal cultural safety fixed grant which enabled it to strengthen partnerships with local Aboriginal communities, increasing Aboriginal health staffing and delivering cultural safety training.

Further information in relation to the grant can be found in the Aboriginal Cultural Safety Fixed Grant Requirements Cultural Safety Planning and Reporting 2022-23 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):

- Development of CGHS's updated version of the Reconciliation Plan (January 2024 to December 2026).
- Celebrating key cultural activities, including National Reconciliation Week, NAIDOC Week, National Sorry Day, National Aboriginal and Torres Strait Islander Children's Day, and Mabo Day.
- Acknowledging Traditional Owners of the Land at all relevant meetings and activities consistent with CGHS policy.
- Encouraging and seeking Aboriginal or Torres Strait Islander representation on the CGHS Board of Directors.
- Maintaining Aboriginal and Torres Strait Islander employment to at least 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, including trainees in Business, the CGHS Central Sterilising Department, and Aged Care.
- Continuing to engage our Aboriginal and Torres Strait Islander Advisory Committee members in supporting employment of Aboriginal people into positions, including trainee positions.
- 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, and our Aboriginal Hospital Liaison Officer.
- Budgeting for brokerage of funds to support patient care, such as transport assistance, food vouchers, discharge medications and accommodation support.
- Mandatory Cultural Safety training 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 Cultural Totem Poles, and key meeting spaces.
- Maintaining 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 the training program in relation to identifying Aboriginal or Torres Strait Islander peoples at all points of entry.
- Promoting feedback pathways so that CGHS is confident that Aboriginal and Torres Strait Islander patients and family have access to formal and culturally appropriate feedback processes.

OVERVIEW OF SERVICES

Acute Care

Clinical

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

Visiting Specialist Services

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

Support Services - Acute

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

Outpatient Services

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

Aged Care Services

Residential Care

Maffra-McDonald Wing
 Sale - Wilson Lodge
 Home Care Packages

Community Services

Allied Health to Acute and Community Settings

Physiotherapy
 Occupational Therapy
 Exercise Physiology
 Podiatry and Foot Care
 Dietetics
 Speech Therapy
 Social Health
 Koori Liaison
 Property Maintenance
 Community Rehabilitation
 Reception & Service Access

Community Services Cont.

Community Health

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

Home Support and Service Coordination

Personal Care
Domestic Support
Respite Care
Delivered Meals
Planned Activity Groups
Community Transport
Care Assessment Services
Carer Respite

Home Nursing

District Nursing
Diabetes Nurse Consultancy
McGrath Foundation Breast Nurse
Prostate Nurse
Palliative Care
Continance Nurse Consultancy

Co-located Visiting Services

Community Mental Health

Support Services

Finance

Financial and Management Reporting
Accounts Payable
Accounts Receivable
Fleet Management

Human Resources and Payroll

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

Quality, Risk and Education

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

Engineering

Building Maintenance & Development

Supply Services

Supply

Hotel Services

Food Services
Catering
Security
Waste Management
Environmental Services
Accommodation Management
Information Technology

Information Services

Medical Records
Business Management
Freedom of Information / Privacy
Library

Administration

Strategic Planning
Fundraising
Quality & Risk Management

Business Units

Medical Imaging
Linen Service
Consulting Suites

ORGANISATIONAL STRUCTURE



SUPPORT GROUPS

Friends of Central Gippsland Health Service

Once again, it is my pleasure to provide an annual report on behalf of the Sale Hospital Auxiliary.

The Auxiliary remains low in membership but continues to work hard to raise funds for our community hospital.

We were saddened to lose one of our members before Christmas – Anne Phefley.

Anne's husband attended our March meeting to donate \$1,000 from Anne's estate for the benefit of the health service, which will be used to purchase much needed equipment for the hospital in Anne's memory, noting that Anne worked as a nurse at CGHS many years ago.

Thank you to the Gippsland Centre Sale for supporting our Christmas and Mother's Day gift wrapping stalls, as well as our Easter Raffle.

We also offer our thanks to Ritchies IGA for their donation to us every month, to the Lions Club for their sausage sizzle donation, and to the Sale Greyhounds for hosting our Bingo Night.

Finally, I wish to offer my sincere thanks to the general public for their support of our hospital, and to the members of our Auxiliary for their hard work and dedication.

Elva Doolan-Jones
President

Maffra Hospital Auxiliary

It is again my privilege to report on the Maffra Hospital Auxiliary's activities for the past year.

After several years of being unable to meet at the Hospital due to the global pandemic, we were delighted to welcome the Auxiliary members back for our June meeting.

Once again, each resident received an individual Christmas gift this year, made possible by the support of the community, and the devoted nursing staff who put in a great deal of time and effort to give us ideas. Auxiliary members had fun shopping for the wide variety of items suggested.

In addition, the Auxiliary purchased five TVs, three hair dryers and provided funds to support the Diversional Therapy Program.

We were pleased to welcome Director of Aged Care, Caron Mallet and Lifestyle Activities Coordinator, Joanna Vandepol to our May meeting, where they acknowledged the support of the Auxiliary for the Maffra Hospital.

It is intended that a staff member attend future meetings to facilitate communication, and enable the Auxiliary to support the Hospital in the most practical ways.

I offer my thanks to each of our Auxiliary members for their dedication over the last few difficult years, with special thanks to Secretary Kath Hamilton and Treasurer Debbie Lanigan.

Ruth Ralph
President

OUR VOLUNTEERS

CGHS volunteers work across the hospital to enhance the patient experience with their knowledge, enthusiasm, empathy and generosity.

Volunteer roles include Meals on Wheels, assisting Diversional Therapy teams in aged care facilities, Community Transport, Palliative Care social support, the Families First program through Maternal and Child Health and assisting with Planned Activity Groups.

Thanks are extended to the members of the Sale Hospital Auxiliary (Friends of CGHS) and the Newborn Intensive Care Foundation for their tireless efforts, as well as those that volunteer their time to participate in advisory committees and review panels.

Highlights this year included:

- Partnership with the Royal Flying Doctor Service alongside our Community Transport Team.
- The first full year of volunteers in the Palliative Care Team, which in some instances reduced nursing visits by half, and reported positive mental health benefits for the patient and family.
- The outstanding contribution of our Community Transport Team whose members have driven clients 66,000 kilometres over the course of the year.
- In early 2023, the Newborn Intensive Care Foundation funded Sale Hospital's Special Care Nursery with an Isolette and other important equipment, through their tireless fundraising efforts.
- Fifteen volunteers completed more than 10 years' service to the organisation this year.

This group of dedicated individuals helps make a very real difference in the lives of our patients, clients, staff and residents, and CGHS could not do what it does without them.

Thank you to our volunteers for the generous giving of your time to further the wellbeing of our community. You are partners in achieving the CGHS vision of a safe and healthy community where everyone feels valued, supported and can participate.

DONATIONS

John Leslie Trust	\$154,000
Clyne Greenvale Trust	\$78,417
Capital Donations	\$86,002
General Donations	\$20,577
Total:	\$338,996

Auxiliary funds much needed equipment

The fundraising efforts of the CGHS Auxiliary (Friends of CGHS) has resulted in the purchase of over \$14,500 worth of new equipment this year.

CGHS Chief Executive Officer, Mark Dykgraaf, said the Auxiliary's commitment should be commended in such challenging times.

"Fundraising is never easy and we can't thank the Auxiliary enough for their commitment to making the working life of our staff easier, and the health of their community better," he said. "Their efforts mean our communities can access quality healthcare with the latest equipment right in their own backyard."

These funds were used to purchase a:

- Bladder Scanner for the Critical Care Unit (\$2,000)
- Syringe driver for Surgical Ward (\$2,946)
- Peroxide cabinet for Theatre (\$1,821.40)
- Blood warmer for the Emergency Department (\$7,500)

"We rely on community fundraising that allows us to purchase essential equipment more readily," Mr Dykgraaf explained. "We also understand that individuals and groups have special interests at CGHS and often donate funds or other items of value to support these interests. We encourage this and will always respect the wishes of those who make donations for special purposes."

For more information on fundraising or to make a donation, visit Central Gippsland Health Donation Hub (mycause.com.au/events/centralgippslandhealthdonationhub)

SENIOR MEDICAL AND DENTAL STAFF 2022/23

Anaesthetist Consultant

Dr A Green
Dr H Wassermann

Anaesthetists GP

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

Cardiologist (Outreach consulting)

Dr L Selkrig
Dr A Wilson
Dr N Dayawansa
Dr Y Sata

Dentists

Dr P Dutschke
Dr G Brown
Dr G Steele

Dermatologists

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

Director Medical Services

Dr D Dua

Emergency Medicine Senior Medical Officers

Dr A Brobbey
Dr S Fernando
Dr R Mahmoud
Dr S Sivabalan
Dr Sriyantha Adikari
Dr Naleen Warnasooriya

General Practitioners

Dr L Ahmed
Dr Y Ahmad
Dr S Akter
Dr J Bergin
Dr S Christian
Dr E Gault
Dr E Jiang
Dr B Johnston
Dr D Monash
Dr D Mudunna
Dr R Nandha

Dr I Nicolson
Dr C O'Kane
Dr G Pathania
Dr D Sabzvari
Dr H Stanley
Dr W Truong
Dr T Walsh
Dr L Waters
Dr A Webb
Dr A Loh

Gastroenterologist

Dr M Ryan

Haematology

Dr A Ormerod
Dr P Polistena

IVF/Gynaecology

Dr G Weston

Nephrologist

Prof D Power
Dr V Roberts

Nuclear Medicine Radiologists

Dr R Shafik-Eid
Dr C Chang
Dr D Learmont-Walker

Neurologist

Dr A Pettichis
Dr T T-Chandran
Dr J Ray
Dr M Zhong
Dr K Bertram

Obstetricians & Gynaecologists

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

Obstetricians GP

Dr C O’Kane
Dr J Braga

Oncologist (Medical)

Dr H Atkinson
Dr H Chau
Dr A Fallah
Dr W Hong
Dr M Iddawela

Dr A Jalali
Dr S Joshi
Dr M Lam
Dr E Samuel
Dr B Shah
Dr Q Tran

Oncologist (Radiation)

Dr R Nair

Ophthalmologist

Mr A Amini
Dr T Edwards

Orthopaedic Surgeons

Mr P Rehfishch
Mr M Thomas

Paediatricians

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

Paediatric Endocrinologist (Consulting)

Dr J Brown

Paediatric Surgeons

Mr C Kimber

Pain Physician

Dr Aravinthan

Physicians

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

Physician (Infectious Diseases)

Dr E Paige
Dr D Griffin

I-MED Radiologists

Dr M Gupta
Dr S Kapur
Dr B Varghese
Dr H Aw Yeang
Dr R Wijeratne
Dr H Patel
Dr A Tripathi
Dr S Gupta
Dr P Ukwatta

Dr S Tan
Dr H Sivaganabalan
Dr A Patel
Dr U Pandey
Dr A Verma
Dr G Whiteley
Dr A Van
Dr T Bhattacharjya

Respiratory and Sleep Medicine

Dr N Uddin

Surgeons General

Mr R Nair, Head of Unit
Mr P Strauss
Mr S Syed
Mr M Nyandowe
Mr R Furtado
Mr R Bennett

Surgeon Upper GI

Mr S Banting

Surgeon Vascular (Consulting)

Mr N Roberts

Urologist

Mr P McCahy

ACUTE & AGED CARE SERVICES

as at 30 June 2023

Medical Services

Director Medical Services	Divyanshu Dua
Director Clinical Training	Masimba Nyandowe
Head of Unit, Medicine	Vittal Jadhav
Addiction Medicine & Mental Health Nurse Practitioner	Teresa Strike
Clinical Lead, Emergency	Rasha Mahmoud
General Practice Liaison	Iain Nicolson
Hospital Medical Officer Manager	Jacqueline Southall
Director of Pharmacy	Aleksandra Florian
Consulting Suites Practice Manager	Melissa Schipper
Medical Imaging Practice Manager	Simon Waixel

Surgical Services

Head of Unit, Surgery	Radha Nair
Head of Unit, Anaesthetics	Henry Wassermann

Obstetric/Paediatric Services

Head of Unit, Obstetrics (Acting)	Divyanshu Dua
Head of Unit, Paediatrics (Acting)	Stephan Reid

Nursing Services

Director of Nursing/Chief Nurse	Mandy Pasmuscans
Deputy Director of Nursing	Tracy McConnell-Henry
Assistant Directors of Nursing	Leanne Perkins Janny Steed Therese Smyth Caroline Rossetti Leanne Hearsey Sue Dobson
Nurse Unit Manager Critical Care, Dialysis, Cardiology, Oncology	Jenny Dennett Courtney Redaelli
Nurse Unit Manager, Medical	Lisa Watson
Nurse Unit Manager, Emergency	Tom Breakspear
Nurse Unit Manager, Surgical	Gary McMillan
Nurse Unit Manager, Perioperative Services	Mauricio Yanez
Nurse Unit Manager, Obstetrics and Paediatrics	Kim Costin Kellie Gartung
Infection Control Clinical Nurse Consultants	Cathy Mowat Andrea Page
Wound/Stomal Therapy Clinical Nurse Consultant	Ann Payne

Aged Care Services

Director Aged Care Services	Caron Mallet
Aged Care Services Manager-Wilson Lodge	Ethel Manganda
Aged Care Services Manager J.H.F. McDonald Wing Maffra	Kerry Wright

Community & Allied Health Services

Director Community & Allied Health Services	Rachel Strauss
Nurse Unit Manager, District Nursing	Sue Shadbolt
Manager, Dietetics	Andrea Schofield
Manager, Speech Pathology	Kath Cook
Manager, Social Health	Patrick Horgan
Manager, Occupational Therapy	Kath Cook (acting)
Manager, Physiotherapy, Exercise Physiology & Podiatry	Jenny McGuinness
Palliative Care Clinical Nurse Consultant	Janine Craft
Team Leader, Dental	Kelle Gainsforth

Corporate Services

Director Corporate Services	Robert Strickland
General Manager Human Resources	Jeff Thompson
General Manager Business Performance	Craig Kingham
Chief Finance Officer	Emma Brennan
Capital Works Project Manager	David Martin
Food Services Production Manager (acting)	Natalie Scott
Environmental Services Manager (acting)	Tracey Azlin
Linen & Engineering Manager (acting)	Mark Brennan
Supply Manager	Frank Requadt
Payroll Manager	Raquel King

Quality & Learning Services

Director Quality & Learning Services	Kelli Mitchener
Manager Workforce Development	Janelle Stewart
Manager Quality and Risk	Rebecca Huffer
Manager Improvement & Innovation	Katrina Hall
Quality Specialist, Aged Care	Astrid Little
Librarian	Helen Ried

STATUTORY COMPLIANCE

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

The responsible Ministers for the period were:

Minister for Health:

The Hon Mary-Ann Thomas
1 July 2022 to 30 June 2023

Minister for Ambulance Services:

The Hon Mary-Ann Thomas
1 July 2022 to 5 December 2022

The Hon. Gabrielle Williams
5 December 2022 to 30 June 2023

Minister for Mental Health:

The Hon. Gabrielle Williams
1 July 2022 to 30 June 2023

Minister for Disability, Ageing and Carers:

The Hon. Colin Brooks
1 July 2022 to 5 December 2022

The Hon. Lizzie Blandthorn
5 December 2022 to 30 June 2023

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

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

Local Jobs First Act 2003

During 2022/23, Central Gippsland Health Service did not enter into any contracts under the criteria specified in Section 9 of the Local Jobs First Act 2003.

Social Procurement Framework

The ABN Wash tool has been used to generate direct spend data with social benefit suppliers (i.e. social enterprises, Aboriginal businesses and Australian disability enterprises) for inclusion in this report:

All suppliers

Number of suppliers	907
Total spent with suppliers	\$38,532,471.00

Social benefit suppliers

Number of social benefit suppliers	9
Total spent with social benefit suppliers	\$5,459,851.00

Objective: Opportunities for Victorian Aboriginal people

Outcome: Purchasing from Victorian Aboriginal businesses	
Number of Victorian Aboriginal businesses engaged	2
Total expenditure with Victorian Aboriginal businesses (excl. GST)	\$138,810.00

Objective: Opportunities for Victorians with disability

Outcome: Purchasing from Victorian social enterprises and Australian Disability Enterprises	
Number of Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises engaged (Group 1)	2
Total expenditure with Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises (excl. GST) (Group 1)	\$34,144.00
Number of Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises engaged (Group 2)	2
Total expenditure with Victorian social enterprises (led by a mission for people with disability) and Australian Disability Enterprises (excl. GST) (Group 2)	\$21,220.00

Objective: Opportunities for disadvantaged Victorians

Outcome: Purchasing from Victorian social enterprises	
Number of Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts) engaged (Group 1)	4
Total expenditure with Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts; excl GST) (Group 1)	\$19,356.00
Number of Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts) engaged (Group 2)	2
Total expenditure with Victorian social enterprises (led by a social mission for one of the five disadvantaged cohorts; excl GST) (Group 2)	\$151,488.00

Social Procurement Framework Cont.

Objective: Sustainable Victorian social enterprises and Aboriginal business sectors

Outcome: Purchasing from Victorian social enterprises and Aboriginal businesses

Number of Victorian social enterprises engaged (Group 1) 7

Total expenditure with Victorian social enterprises (excl.GST) (Group 1) \$5,321,041.00

Number of Victorian social enterprises engaged (Group 2)

Total expenditure with Victorian social enterprises (excl.GST) (Group 2)

Social Procurement - Community Dental Services

Central Gippsland Health Service has subcontracted the Child Dental Benefit Scheme (CDBS) to Ramahyuck District Aboriginal Corporation (RDAC).

RDAC is an Aboriginal community controlled organisation that delivers a range of health and human services to the Wellington Region. This relationship provides a culturally safe service to the community's Aboriginal people.

Vouchers are provided to clients to enable access to dental services. Each voucher is worth \$1,000 over two years. During 2022/23, Central Gippsland Health funded \$118,639 (exclusive of GST) of vouchers

Gender Equality Act 2020

CGHS 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 CGHS to break down outdated stereotypes and systemic inequalities through providing greater transparency about the advancement of gender equality within our organisation.

The Act requires CGHS to:

- consider and promote gender equality in our organisation
- conduct gender impact assessments for all new public policies, programs and services we develop

- undertake workplace gender audits to assess the state and nature of gender inequality in our workplace
- develop and implement strategies and measures to make reasonable and material progress towards gender equality
- report our progress on all of the above.

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

CGHS is already preparing the next progress audit report for submission in February 2024 and will continue the successful implementation of the CGHS 2021-2025 Gender Equality Action Plan.

Details of consultancies (under \$10,000)

In 2022-23, there were 2 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2022-23 in relation to these consultancies is \$6,400 (excl. GST).

CONSULTANT	PURPOSE OF CONSULTANCY	START DATE	END DATE	TOTAL APPROVED PROJECT FEE (EXCLUDING GST)	EXPENDITURE 2022-23 (EXCLUDING GST)	FUTURE EXPENDITURE (EXCLUDING GST)
COSTING AND BUSINESS SOLUTIONS PTY LTD	REVIEW OF THE NWAU21	1-Apr-23	30-Apr-23	4,400	4,400	-
SCRIBBLEVISION PTY LTD	WEBSITE & MARKETING	1-Dec-22	30-Jun-23	AS REQUIRED	2,000	20,000

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

In 2022-23, there were 5 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022-23 in relation to these consultancies is \$268,538 (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 2022-23 (EXCLUDING GST)	FUTURE EXPENDITURE (EXCLUDING GST)
MACTOWN CONSULTING Pty Ltd	Work Health Safety Advisory	1-Jul-22	31-Oct-23	As required	37,060	-
ALCRO GROUP PTY LTD	Data Governance & Business Intelligence Roadmap	1-Nov-22	30-Jun-23	50,000	43,240	6,760
JUJUBES PTY LTD	Finance Consultant	6-Jan-23	24-Feb-23	20,000	19,769	-
TREWHELLA SUSAN MAUREEN	Business Systems Consultations	1-Jul-22	1-Jun-23	As required	138,469	142,000
DELOITTE CONSULTING PTY LIMITED	Linen Service Performance	1-Feb-23	30-Apr-23	30,000	30,000	-

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 2022/23 financial year and in compliance with Department of Health *Fire Risk Management Guidelines*.

CGHS 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.

CGHS 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*.



Environmental Performance

CGHS continues to work towards improving its environmental performance, including reducing reliance on gas, and replacing gas powered equipment with electrical equivalents and/or new technologies and systems.

CGHS has continued to employ environment-friendly strategies, such as:

- Ongoing upgrades to the carrier Building Management System to improve control of heating/cooling, increasing efficiencies, and moving away from fixed speed motors to variable speed drive motors, to reduce power consumption.
- Reducing annual carbon emissions through our solar installation, as well as achieving an overall 30% energy saving, and investigating further options for installation of solar.
- Investigating potential for solar with AV charging, to move from a fossil fueled vehicle fleet to an electric vehicle fleet.
- Replacing fluorescent tubes with LED fittings to reduce our carbon emissions and waste to landfill.
- Installing fixtures, fittings and equipment in new buildings, refurbishments, and renovations to reduce water usage.
- Energy consumption for the period was impacted by COVID-19 response. Consistent with other health services, CGHS moved to 100% fresh air and is no longer mixing return air. This increases gas consumption during the cooler months and electricity over the warmer months. The Victorian Health Building Authority (VHBA) is assisting us with a return to mixed air by providing funding for filtering of return air, in order to improve air quality.
- CGHS separates its waste into general and recyclable waste (the latter being cardboard, commingled, PVC, and medical and trade waste). It continues to work towards maximising the HealthShare Victoria contract to separate waste and recognise value. The total of all waste streams for Sale for the year 2022/23 was 306,380.91kg. The total of all waste streams for Maffra during the 2022/23 year was 61,295.72 kg.

CGHS continues to work at improving data collection against environmental performance for future annual reporting.

Maffra Hospital

ENVIRONMENTAL IMPACTS & ENERGY USAGE

2020-21

2021-22

2022-23

Energy Use

Electricity (MWh)	296	324	347
Natural Gas (gigajoules)	2,578	2,338	2,356

Carbon Emissions (thousand tonnes of CO₂e)

Electricity	0	0	0.30
Natural Gas	0	0	0.12

Total Emissions	0	0	0.42
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Water Use (millions litres)

Potable Water	4	3	3.13
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FACTORS INFLUENCING ENVIRONMENTAL IMPACTS

2020-21

2021-22

2022-23

Floor Area (m ²)	1,233	1,233	1,233
Separations	170	114	34
In-patient Bed Days	1,239	1,124	602
Aged Care Bed Nights	8,922	8,430	2,229

BENCHMARKS 2022-23

AVERAGE FOR
PEER GROUP

YOUR
VALUE

%
ABOVE/BELOW
AVE.

Carbon Emissions

CO ₂ e(t) per m ²	0.08	0.34	318%
CO ₂ e(t) per OBD	0.13	0.15	12%
CO ₂ e(t) per Seps	39.64	12.15	-69%

Water Use

kL per m ²	0.93	2.54	173%
kL per OBD	1.51	1.11	-27%
kL per Se	456.32	92.10	-80%

Expenditure Rates

Total Utility Spend (\$/m ²)	25	120.04	388.4%
Elec (\$/kWh)	0	0.21	7.3%
Gas (\$/gigajoules)	16	18.33	17.5%
Potable Water (\$/kL)	4	9.76	125.2%
LPG (\$/kL)	596	-	-100.0%
	-	-	N/A
	-	-	N/A
	-	-	N/A
	-	-	N/A

Additional Measures (not included in benchmark chart)

Total Utility Spend (\$/separations)		4,353.26	
Total Utility Spend (\$/In-patient Bed Days)		245.86	
Total Utility Spend (\$/Aged Care Bed Nights)		66.40	

Sale Hospital

ENVIRONMENTAL IMPACTS & ENERGY USAGE

Energy Use

	2020-21	2021-22	2022-23
Electricity (MWh)	2,905	2,952	2,978
Natural Gas (gigajoules)	27,490	28,598	29,931

Carbon Emissions (thousand tonnes of CO₂e)

Electricity	3	3	2.53
Natural Gas	1	1	1.54

Total Emissions	4	4	4.07
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Water Use (millions litres)

Potable Water	32	32	32.28
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FACTORS INFLUENCING ENVIRONMENTAL IMPACTS

	2020-21	2021-22	2022-23
Floor Area (m ²)	21,875	21,875	21,875
Separations	12,618	12,210	12,057
In-patient Bed Days	28,087	26,941	26,264
Aged Care Bed Nights			

BENCHMARKS 2022-23

Carbon Emissions

	AVERAGE FOR PEER GROUP	YOUR VALUE	% ABOVE/BELOW AVE.
CO ₂ e(t) per m ²	0.21	0.19	-13%
CO ₂ e(t) per OBD	0.10	0.16	49%
CO ₂ e(t) per Seps	0.27	0.34	24%

Water Use

kL per m ²	1.84	1.48	-20%
kL per OBD	0.90	1.23	37%
kL per Se	2.34	2.68	14%

Expenditure Rates

Total Utility Spend (\$/m ²)	62	66.55	7.5%
Elec (\$/kWh)	0	0.20	2.0%
Gas (\$/gigajoules)	15	12.84	-14.4%
Potable Water (\$/kL)	5	14.73	207.7%
LPG (\$/kL)	620	-	-100%
	-	-	N/A
	-	-	N/A
	-	-	N/A
	-	-	N/A

Additional Measures (not included in benchmark chart)

Total Utility Spend (\$/separations)		120.74	
Total Utility Spend (\$/In-patient Bed Days)		55.43	
Total Utility Spend (\$/Aged Care Bed Nights)			

Wilson Lodge

ENVIRONMENTAL IMPACTS & ENERGY USAGE

Energy Use

	2020-21	2021-22	2022-23
Electricity (MWh)	162	161	180
Natural Gas (gigajoules)	1,768	1,904	2,210

Carbon Emissions (thousand tonnes of CO₂e)

Electricity	0	0	0.15
Natural Gas	0	0	0.11

Total Emissions	0	0	0.27
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Water Use (millions litres)

Potable Water	4	3	3.41
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FACTORS INFLUENCING ENVIRONMENTAL IMPACTS

	2020-21	2021-22	2022-23
Floor Area (m ²)	2,330	2,330	2,330
Separations			
In-patient Bed Days			
Aged Care Bed Nights	16,745	14,748	2,390

BENCHMARKS 2022-23

Carbon Emissions

	AVERAGE FOR PEER GROUP	YOUR VALUE	% ABOVE/BELOW AVE.
CO ₂ e(t) per m ²	0.08	0.11	42%
CO ₂ e(t) per OBD	0.13	0.11	-15%
CO ₂ e(t) per Seps	39.64	-	-100%

Water Use

kL per m ²	0.93	1.46	57%
kL per OBD	1.51	1.43	-6%
kL per Se	456.32	-	-100%

Expenditure Rates

Total Utility Spend (\$/m ²)	25	45.83	86.5%
Elec (\$/kWh)	0	0.24	19.6%
Gas (\$/gigajoules)	16	19.11	22.5%
Potable Water (\$/kL)	4	6.31	46.1
LPG (\$/kL)	596	-	-100%
	-	-	N/A
	-	-	N/A
	-	-	N/A
	-	-	N/A

Additional Measures (not included in benchmark chart)

Total Utility Spend (\$/separations)			
Total Utility Spend (\$/In-patient Bed Days)			
Total Utility Spend (\$/Aged Care Bed Nights)		44.68	

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 114 requests under the *Freedom of Information Act 1982* were processed during the 2022/23 financial year. All requests were made by applicants or their agents (e.g. solicitors). There were no personal requests where the applicant request was about another person.

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

Central Gippsland Health 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 Lisa Fuessel, Chief Health Information Manager

To make a Freedom of Information (FOI) request, contact the FOI Manager at:

foi.request@cghs.com.au
or on (03) 5143 8552.

Privacy

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

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

Public Interest Disclosure Act 2012

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

- encourage and facilitate disclosures of
 - (i) improper conduct by public officers, public bodies and other persons, and
 - (ii) detrimental action taken in reprisal for a person making a disclosure under the *Public Interest Disclosure Act 2012*.
- 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 2022/23, there were no disclosures notified to the Independent Broad-Based Anti-Corruption Commission (IBAC) under Section 21(2).

A new public Neurology service at CGHS

CGHS has established a new public Neurology service in collaboration with Alfred Health.

This service provides access to specialist Neurology care catering to complex conditions such as Multiple Sclerosis, Epilepsy and movement disorders that require ongoing treatment and monitoring.

CGHS Head of Medicine, Vittal Jadhav, said the Neurology service would be managed in partnership with physicians and general practitioners to allow the patient to be treated closer to home.

“Visiting local GP clinics and talking to senior colleagues made me realise that we were in need of neurology services locally that avoided patients making a six-hour round trip to Melbourne to see a neurologist,” Mr Jadhav explained.

An existing relationship with Alfred Health helped make the establishment of the service easier.

“CGHS shares common goals with Alfred Health of treating and managing patients locally to avoid unnecessary travel and we are in discussions now to replicate this system to other medical specialities which might be lacking in the region,” Mr Jadhav said.

The CGHS Neurology service comprises one fortnightly on-site visit to the Consulting Suites at Sale Hospital, coupled with one telehealth clinic per fortnight. Patients will require a doctor’s referral.

“We have established a great Neurology service to get these chronic, complex conditions managed locally with support of CGHS and general practitioners,” Mr Jadhav said.

“Thanks to the entire management team at CGHS who has been phenomenal in getting the required support in establishing this service and the ongoing work to further build similar models in other medical specialities.”

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

2022/23

SEPARATIONS

Same Day	7410
Multi Day	4177
Sub-Acute	226
Total Separations	11813

THEATRE SERVICES

Emergency Surgery	462
Elective Surgery	3192
Total Surgical Occasions	3654
Total Inpatient National Weighted Activity Unit (NWAU)	7153.98
Bed Days	27,563
Emergency Department Attendances	17,162
Mothers Delivered	389

COMMUNITY SERVICES

Hours delivered by Community Services	111,658
Meals Delivered	10,616
Hours delivered to externally funded community, aged care package clients	20,026
Palliative Care Contacts	7352
Non-admitted Subacute and Specialist Outpatient Clinic Service Events	37,549

Summary of Financial Results

	2023	2022	2021	2020	2019
	\$000	\$000	\$000	\$000	\$000
Operating Result*					
Total Revenue	141,812	128,266	117,550	109,722	101,782
Total Expenses	145,174	132,225	121,584	114,486	1104,485
Net result from transactions	-3,362	-3,959	-4,034	-4,764	- 2,703
Total other economic flows	-199	- 1,589	-30	-56	70
Net Result	-3,561	- 5,548	-4,064	-4,820	- 2,633
Total Assets	86,261	86,516	88,065	83,370	86,668
Total Liabilities	42,416	41,962	41,633	33,898	32,259
Net Assets / Total Equity	43,845	44,554	46,432	49,472	54,409

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

Reconciliation of Net result from Transactions and Operating Result

	2022-23
	\$000
Operating result	0
Capital purpose income	3,220
Specific income	1,151
COVID-19 State Supply Arrangements	1,096
State supply items consumed	(265)
Assets provided FOC	(821)
Assets received FOC	831
Depreciation	(7,838)
Expenditure for capital purpose	(639)
Revaluation of non-financial assets	-
Finance costs (other)	(97)
Net result from transactions	(3,362)

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 \$3.4M compared to the 2022 operating loss of \$3.9 million (a difference of \$0.5 million). The change in the result was due an increase in revenue which exceeded the increase in expenditure for the year. Revenue for the year increased to \$141.8 million from \$128.3 million (2022) with the significant contributor being State Government Grants; whilst expenses for the year increased from \$132.2 million (2022) to \$145.2 million, the significant contributors being employee expenses (an increase of 9.21%) and supplied and consumables (an increase of 22.36%).

More specific disclosures on the changes in the financial result in 2023 compared to 2022 are provided in the financial statements section of this annual report.

Events subsequent to balance date

Nil events.

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 2022/23 operations were impacted by the Coronavirus (COVID-19) pandemic. 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.

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

Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2022–23 is \$3,091,077 (excluding GST) with the details shown below:

Business as Usual (BAU) ICT Expenditure	Non-Business as Usual (non-BAU) ICT Expenditure		
	Total (excluding GST)	Total = operational expenditure and capital expenditure (excluding GST)	Operational expenditure (excluding GST)
\$2,899,874	\$191,203	\$0	\$191,203

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
30 June 2023

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 (VPSC). Declaration of private interest forms have been completed by all executive staff within Central Gippsland Health Service and members of the Board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive Board meeting.



Mark Dykgraaf
Chief Executive Officer
Central Gippsland Health Service
30 June 2023

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
30 June 2023

Compliance with HealthShare Victoria (HSV) Purchasing Policies

I, Mark Dykgraaf, certify that Central Gippsland Health Service has put in place appropriate internal controls and processes to ensure that it has materially complied with all requirements set out in the HSV Purchasing Policies, including mandatory HSV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.



Mark Dykgraaf
Accountable Officer
Central Gippsland Health Service
30 June 2023

Financial Management Compliance

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



Jim Vivian
Responsible Officer
Central Gippsland Health Service
30 June 2023

STATEMENT OF PRIORITIES: PART A

Central Gippsland Health Service contributed to the Operational Plan 2022-23 through the following strategic priorities:

Keep people healthy and safe in the community

Maintain COVID-19 Readiness

Maintain a robust COVID-19 readiness and response, working with the Department, Health Service Partnership and Local Public Health Unit (LPHU) to ensure effective responses to changes in demand and community pandemic orders. This includes, but is not limited to, participation in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing.

Achieved

Throughout the last 12 months, CGHS has maintained COVID readiness commensurate with the state of the pandemic. This has been demonstrated when outbreaks have occurred in our residential aged care facilities. CGHS has redeployed staff rapidly to contain COVID outbreaks promptly. CGHS remains able to respond effectively to any escalation in the COVID pandemic.

Care closer to home

Delivering more care in the home or virtually

Increase the provision of home-based or virtual care, where appropriate and preferred, by the patient, including via the Better at Home program.

Achieved

CGHS has continued to develop programmes to deliver increased care at home. This has included ongoing and significant growth in the delivery of community aged care packages. Significant work has also been undertaken through the Better at Home Programme, including the recruitment of a Programme Coordinator focussing on:

- the management of patients with chronic health conditions who present at our Emergency Department;
- re-establishing a 'rehabilitation in the home' model of care so that patients can leave hospital sooner. A key challenge in this area remains the recruitment of allied health staff;
- our Hospital in the Home (HiTH) Program has delivered significant additional COVID care as required during the year, utilising telehealth and remote monitoring technology;
- further planning is underway aimed at improving in-reach services into our residential aged care facilities.

Keep improving care

Improve quality and safety of care

Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired complications, low value care and targeting preventable harm to ensure that limited resources are optimised without compromising clinical care and outcomes.

Achieved

During the 22/23 financial year, CGHS continued to strengthen quality and safety systems within the organisation. This included ongoing work to strengthen clinical reviews, ensuring that timelines for the review of clinical incidents are met, and re-establishing a hospital wide Morbidity and Mortality Committee as a teaching and education opportunity.

Oversight of clinical care and improvement activities remains the core responsibility of the Clinical Governance Committee (CGC). During the past year, clinical indicators were revised and agreed, all Sentinel events are reported to the CGC, and the clinical audit programme has been significantly revised.

The CGC also oversees clinical standards for the CGHS aged care facilities.

Improve Emergency Department access

Improve access to emergency services by implementing strategies to reduce bed access blockage to facilitate improved whole of system flow, reduce emergency department four-hour wait times, and improve ambulance to health service handover times.

Partly Achieved

During the 22/23 financial year, CGHS did not meet Emergency Department access targets. Throughout the year, work progressed on a hospital-wide patient flow programme, bringing relevant teams together to improve patient movement through the hospital. Initiatives included:

- The formal establishment of a multidisciplinary Emergency Department Leadership Team tasked with, among other matters, improving operational performance;
- Ongoing recruitment to establish a stable medical workforce in the Emergency Department to remove dependence on locums;
- Changes to the timing of medical rounds within the facilities, such that the Emergency Department is visited by inpatient teams prior to commencing ward rounds;
- The establishment of a Ward Discharge Working Group which has commenced a number of initiatives to improve discharge timeliness, which impacts on the movement of patients from the Emergency Department. Work will continue throughout the new financial year, with an ongoing aim to improve access to the Emergency Department.

Plan update to nutrition and food quality standards

Develop a plan to implement nutrition and quality of food standards in 2022-23, implemented by December of 2023.

Achieved

A Healthy Choices implementation plan has been followed throughout the year. As a result, it is expected that CGHS will meet Healthy Choices requirements by December 2023.

Climate Change Commitments

Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change.

Achieved

During the financial year, CGHS:

- Commenced work on establishing a formal Environmental Sustainability Plan at CGHS to be completed in the 23/24 financial year;
- Participated in a geothermal energy scoping study undertaken by the Wellington Shire Council that examined geothermal options for the council pool and CGHS; and
- Examined further opportunities to strengthen solar electricity generation and performance.

Asset Maintenance and Management

Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery.

Achieved

During the 22/23 financial year, CGHS:

- Undertook significant infrastructure remediation and improvement at Maffra Hospital and Loch Sport Community Health Centre;
- Continued capital works programmes with our partner organisations at Stretton Park and Heyfield Hospital/Laurina Lodge;
- Finalised planning on the Radiation Oncology Project and Wilson Lodge Project that will result in significant infrastructure improvement in and around the Emergency Department, and at Wilson Lodge in the 23/24 financial year;
- Continued planning for infrastructure improvements on the Community Services Building and Heating, Ventilation and Cooling (HVAC) system at Sale Hospital. Both of these projects will commence work in the 23/24 year; and
- Continued to develop the role and function of the Capital Works Steering Committee (CWSC) with a wider remit on asset management for CGHS. As a result, the CWSC will become the Asset Management Governance Committee from August 2023 with governance responsibility of all asset management at CGHS.

Improve Aboriginal health and Wellbeing

Improve Aboriginal cultural safety

Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care.

Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations.

Implement strategies and processes to actively increase Aboriginal employment.

Improve patient identification of Aboriginal people presenting for health care, and to address variances in health care and provide equitable access to culturally safe care pathways and environments.

Develop discharge plans for every Aboriginal patient.

Achieved

During the 22/23 financial year, CGHS:

- Continued the work of the Aboriginal and Torres Strait Islander Committee which is Chaired and Co-Chaired by members of the local Aboriginal Community;
- Updated the Reconciliation Action Plan; and
- Continued a range of activities outlined in detail in the Aboriginal Cultural Safety Section of this Annual Report.

Moving from competition to collaboration

Foster and develop local partnerships

Strengthen cross-service collaboration, including through active participation in health service partnerships (HSP).

Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better at Home program and mental health reform.

Achieved

During the 22/23 financial year, CGHS has:

- Been an active and engaged participant on the Gippsland Health Service Partnership (HSP) Board;
- Engaged with a wide range of HSP planning activities;
- Actively participated in a series of HSP activities including:
 - COVID response;
 - Surgical reform;
 - A maternity services demand escalation pathway;
 - A number of HSP funding submissions;
 - Workforce strategy discussions;
 - Ongoing discussions regarding the response to the Mental Health Royal Commission; and
 - Engaged in a detailed discussion regarding the allocation of funding within the HSP.

Improve workforce wellbeing

Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022-23.

Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework.

Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.

Achieved

During the 22/23 financial year, CGHS has:

- Implemented mandatory Occupational Violence and Aggression Training;
- Implemented SHRFV and aligned organisational policy, procedures and responses to the MARAM framework;
- Implemented the new Child Safe Standards;
- Significantly strengthened work health safety systems and processes within the organisation;
- Commenced work on implementing the new Psychological Safety and Wellbeing requirements; and
- Continued to action the priorities outlined in the Health Workplace Framework.

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	85.0%	86.8%
Percentage of healthcare workers immunised for influenza	92%	98%

Continuing Care

Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	0.628
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Healthcare Associated Infections (HAI's)

Rate of surgical site infections for selected procedures (aggregate)	No outliers	No outliers
Rate of central line (catheter) associated blood stream infections (CLABSI) in intensive care units, per 1,000 central line days	0.00	0.00

Patient Experience

Percentage of patients who reported positive experiences of their hospital stay (Quarter 1)	95.0%	92.1%
Percentage of patients who reported positive experiences of their hospital stay (Quarter 2)	95%	95.6%
Percentage of patients who reported positive experiences of their hospital stay (Quarter 3)	95%	91.2%

Maternity and Newborn

Percentage of full-term babies (without congenital anomalies) who are considered in poor condition shortly after birth (Apgar score <7 at 5 minutes)	≤ 1.4%	0.6%
Percentage of singleton babies with severe fetal growth restriction (FGR) delivered at 40 or more weeks gestation	≤ 28.6%	14.3%

Unplanned Readmissions

Unplanned readmissions to any hospital following a hip replacement	6.0%	11.1%
--------------------------------------------------------------------	------	-------

Strong Governance, Leadership and Culture

Key performance measure	Target	Actual
Organisational culture		
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	63%

Statement of Priorities Part B: Performance Priorities Cont.

Timely Access to Care

Key performance indicator	Target	Actual
Emergency Care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	70%
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%	74%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	55%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	24
Mental Health		
Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours	81%	41%
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%	100%

Effective Financial Management

Key performance indicator	Target	Actual
Finance		
Operating result (\$m)	\$0.00	\$0.00
Average number of days to paying trade creditors	60 days	45 days
Average number of days to receiving patient fee debtors	60 days	18 days
Actual number of days available cash, measured on the last day of each month.	14 days	42 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ \$250,000	Not achieved

STATEMENT OF PRIORITIES

PART C: ACTIVITY & FUNDING

Funding type	Activity	Budget (\$'000)	2022-23 Activity Achievement
Consolidated Activity Funding			
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	12,822	61,971	10,054
Acute Admitted			
National Bowel Cancer Screening Program NWAU	65	322	62
Acute admitted DVA	57	330	93
Acute admitted TAC	22	117	7
Other Admitted	-	3,008	-
Acute Non-Admitted			
Emergency Services	-	14	-
Home Enteral Nutrition NWAU	10	37	6
Specialist Clinics	-	2,221	-
Subacute/Non-Acute, Admitted & Non-admitted			
Palliative Care Non-admitted	-	797	-
Subacute-DVA	12	68	7
Aged Care			
Residential Aged Care	28,928	2,594	25,888
HACC	11,614	935	9,863
Mental Health and Drug Services			
Drug Services	476	584	-
Primary Health			
Community Health / Primary Care Programs	7,134	785	7,172
Community Health Other	-	1,026	-
Other			
Health Workforce	-	1,590	-
Other specified funding	-	5,323	-
Total Funding	81,720		

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.

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**FINANCIAL
REPORT
2022
2023**



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Central Gippsland Health Service
FINANCIAL YEAR ENDED 30 JUNE 2023

**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 2023 and the financial position of Central Gippsland Health Service at 30 June 2023.

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 13 October 2023.



JIM VIVIAN, Board Chairperson
Sale, Victoria
13-Oct-23



MARK DYKGRAAF, Accountable Officer and Chief Executive Officer
Sale, Victoria
13-Oct-23



EMMA BRENNAN, Chief Financial Officer
Sale, Victoria
13-Oct-23

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 2023 • 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 2023 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. 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 Financial Management Act 1994, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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



Dominika Ryan

as delegate for the Auditor-General of Victoria

MELBOURNE

3 November 2023

Central Gippsland Health Service
COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	<i>Note</i>	2023 \$'000	2022 \$'000
Income from Transactions			
Revenue from Operating Activities	2.1	141,043	128,189
Revenue from Non-operating Activities	2.1	769	77
Total Income from Transactions		<u>141,812</u>	<u>128,266</u>
Expenses from Transactions			
Employee Expenses	3.1	(94,646)	(86,665)
Supplies and Consumables	3.1	(22,649)	(18,510)
Depreciation	4.2	(7,838)	(7,872)
Operating Expenses	3.1	(3,671)	(3,877)
Other Operating Expenses	3.1	(14,910)	(13,260)
Other Non-Operating Expenses	3.1	(1,460)	(2,041)
Total Expenses from Transactions		<u>(145,174)</u>	<u>(132,225)</u>
Net Result from transactions - Net Operating Balance		<u>(3,362)</u>	<u>(3,959)</u>
Other Economic Flows included in Net Result			
Net Gain on Sale of non-financial Assets	3.4	(296)	3
Net (Loss)/Gain on Financial Instruments at Fair Value	3.4	4	13
Other Losses from Other Economic Flows	3.4	93	(1,605)
Total Other Economic Flows included in Net Result		<u>(199)</u>	<u>(1,589)</u>
NET RESULT FOR THE YEAR		<u>(3,561)</u>	<u>(5,548)</u>
Other Comprehensive Income			
Changes in Property, Plant and Equipment Revaluation Surplus	4.1(b)	-	3,671
Total Other Comprehensive Income			
COMPREHENSIVE RESULT FOR THE YEAR		<u>(3,561)</u>	<u>(1,877)</u>

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

Central Gippsland Health Service
BALANCE SHEET AS AT 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6.2	26,478	20,732
Receivables	5.1	3,308	2,973
Inventories		163	304
Other Assets		656	792
Total Current Assets		<u>30,605</u>	<u>24,802</u>
Non-Current Assets			
Receivables	5.1	217	124
Property, Plant and Equipment	4.1 (a)	55,439	61,589
Total Non-Current Assets		<u>55,656</u>	<u>61,714</u>
TOTAL ASSETS		<u>86,261</u>	<u>86,516</u>
 LIABILITIES			
Current Liabilities			
Payables	5.2	11,243	12,552
Borrowings	6.1	931	1,302
Provisions	3.2	19,674	17,104
Other Liabilities	5.3	7,016	5,204
Total Current Liabilities		<u>38,864</u>	<u>36,161</u>
Non-Current Liabilities			
Provisions	3.2	1,476	2,860
Borrowings	6.1	2,076	2,941
Total Non-Current Liabilities		<u>3,552</u>	<u>5,801</u>
TOTAL LIABILITIES		<u>42,416</u>	<u>41,962</u>
NET ASSETS		<u>43,845</u>	<u>44,554</u>
EQUITY			
Property, Plant and Equipment Revaluation Surplus	4.1(f)	62,154	62,154
Restricted Specific Purpose Surplus		1,200	1,200
Contributed Capital		37,148	34,298
Accumulated Deficits		(56,658)	(53,098)
TOTAL EQUITY		<u>43,845</u>	<u>44,554</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 2023

		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 2021		58,483	1,200	34,298	(47,549)	46,432
Net result for the year		-	-	-	(5,548)	(5,548)
Receipt of Contributed capital		-	-	-	-	-
Transfer to Revaluation Reserves	4.1 (f)	3,671	-	-	-	3,671
Balance at 30 June 2022		62,154	1,200	34,298	(53,097)	44,554
Net result for the year		-	-	-	(3,561)	(3,561)
Capital Contribution		-	-	2,850	-	2,850
Other comprehensive income for the year		-	-	-	-	-
Balance at 30 June 2023		62,154	1,200	37,148	(56,658)	43,845

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

Central Gippsland Health Service

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	Note	2023 \$'000	2022 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Government Grants (State) - Operating		86,070	83,856
Government Grants (Commonwealth) - Operating		19,458	15,406
Grants - Other Agency		1,940	1,967
Government Grants (State) - Capital		2,291	1,155
Government Grants (Commonwealth) - Capital		909	635
Patient and Resident Fees Received		6,832	6,151
Private Fees Received		5,551	5,011
Donations and Bequests Received		934	2,492
Interest and investment income received		769	77
Other Receipts		14,692	7,285
Total receipts		139,446	124,035
Employee Expenses Paid		(85,157)	(80,193)
Fee for Service Medical Officers		(7,547)	(7,209)
Payments for Supplies and Consumables		(21,421)	(14,564)
Payments for medical indemnity insurance	3.1	(1,571)	(1,505)
Payments for repairs and maintenance		(2,055)	(2,415)
GST paid to ATO		(30)	(221)
Other Payments		(17,659)	(12,950)
Total payments		(135,440)	(119,057)
NET CASH FLOW FROM OPERATING ACTIVITIES	8.1	4,006	4,978
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-financial assets		(2,308)	(4,030)
Capital Donations and Bequests Received		596	1,437
NET CASH FLOW USED IN INVESTING ACTIVITIES		(1,712)	(2,593)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of borrowings		(196)	(196)
Payment of lease principal		(1,013)	(918)
Contributions of capital - state government		2,850	-
Receipt of accommodation deposits		3,843	1,234
Repayment of accommodation deposits		(2,032)	(2,632)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		3,452	(2,512)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		5,746	(127)
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		20,732	20,859
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	26,478	20,732

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 2023

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 2023. The report provides users with information about Central Gippsland Health Service's stewardship of the resources entrusted to it.

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

Structure

Note 1.1: Basis of preparation of the financial statements

Note 1.2 Impact of COVID-19 pandemic

Note 1.3 Abbreviations and terminology used in the financial statements

Note 1.4 Joint arrangements

Note 1.5 Key accounting estimates and judgements

Note 1.6 Accounting standards issued but not yet effective

Note 1.7 Goods and Services Tax (GST)

Note 1.8 Reporting Entity

Note 1.1: Basis of preparation of the financial statements

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

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

Central Gippsland Health Service is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

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

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

The financial statements are in Australian dollars.

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

The annual financial statements were authorised for issue by the Board of Central Gippsland Health Service on 13 October 2023.

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1.2 Impact of COVID-19 pandemic

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-Up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

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

- 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
NWAW	National Weighted Activity Unit
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.

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 relate to the following disclosures:

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 1.5 Key accounting estimates and judgements continued

- Note 2.1: Revenue and income from transactions
- Note 3.1: Employee benefits and related on-costs
- Note 4.1: Property, plant and equipment
- Note 4.1: Right-of-use assets
- Note 4.2: Depreciation and amortisation
- Note 4.3: Impairment of assets
- Note 5.1: Receivables
- Note 5.2: Payables
- Note 6.1: Lease liabilities
- Note 4.1(e): Fair value determination

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 beginning 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 beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-5: <i>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
AASB 2022-6: <i>Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants</i>	Reporting periods beginning on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: <i>Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments</i>	Reporting periods beginning on or after January 2023.	Adoption of this standard is not expected to have a material impact.

Note 1.6 Accounting standards issued but not yet effective continued

Standard	Adoption Date	Impact
<i>AASB 2022-9: Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i>	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
<i>AASB 2022-10: Amendments to Australian Accounting standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i>	Reporting periods beginning on or after 1 January 2024.	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, assets and liabilities are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case the GST payable is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

Note 1.8 Reporting Entity

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

Its principal address is:

155 Guthridge Parade
Sale Victoria 3850.

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

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 and scaling down the COVID-19 public health response during the year ended 30 June 2023.

For the year ended 30 June 2023, the COVID-19 pandemic has impacted Central Gippsland Health Service's ability to satisfy its performance obligations contained within its contracts with customers. Central Gippsland Health Service received indication there would be no obligation to return funds to each relevant funding body where performance obligations had not been met.

This resulted in approximately \$5.35M being recognised as income for the year ended 30 June 2023 (2022: \$11.158M) which would have otherwise been recognised as a contract liability in the Balance Sheet until subsequent years when underlying performance obligations were fulfilled. The impact of contract modifications obtained for Central Gippsland Health Service's most material revenue streams, where applicable, is disclosed within this note.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	<p>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.</p> <p>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.</p> <p>If this criteria is not met, funding is recognised immediately in the net result from operations.</p>
Determining timing of revenue recognition	<p>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.</p>
Determining time of capital grant income recognition	<p>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.</p>
Assets and services received free of charge or for nominal consideration	<p>Central Gippsland Health Service applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value.</p>

	Note	2023 \$'000	2022 \$'000
Note 2.1: Revenue and Income from Transactions			
Operating Activities			
Revenue from contracts with customers			
Government Grants (State) - Operating		66,819	54,401
Government Grants (Commonwealth) - Operating		19,571	16,812
Patient and Resident Fees		6,923	5,272
Commercial Activities *	2.3	9,819	10,438
Total revenue from contracts with customers		<u>103,132</u>	<u>86,923</u>
Other sources of income			
Grants - Other Agency		620	973
Government Grants (State) - Capital		2,291	1,500
Government Grants (State) - Operating		23,912	25,617
Government Grants (Commonwealth) - Capital		909	635
Other Capital purpose income		20	-
Capital Donations	2.2	331	1,437
Resources received free of charge or for nominal consideration	2.2	1,096	2,315
Other Revenue from Operating Activities (including non-capital donations)	2.3	8,732	8,790
Total other sources of income		<u>37,911</u>	<u>41,267</u>
Total revenue and income from operating activities		<u>141,043</u>	<u>128,190</u>
Non-Operating Activities			
Other Interest		769	77
Total income from non-operating activities		<u>769</u>	<u>77</u>
Total revenue and income from transactions		<u>141,812</u>	<u>128,267</u>

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

	Note	2023 \$'000	2022 \$'000
Note 2.1 (a): Timing of revenue from contracts with customers			
Central Gippsland Health Services disaggregates revenue by the timing of the revenue			
Goods and Services transferred to customers:			
At a point in time		93,313	76,485
Over time		9,819	10,438
Total revenue from contracts with customers		<u>103,132</u>	<u>86,923</u>

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 a point in time or over time as and when services are rendered.

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

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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 in accordance with AASB 1058.

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

This policy applies to each of Central Gippsland Health Service's revenue streams, with information detailed below relating to the Health Service's significant revenue streams:

Government grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.
	NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.
	The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.
	Revenue is recognised at point in time, which is when a patient is discharged.
Activity Based Funding (ABF) paid as Weighted Ambulatory Service Events (WASE) casemix	WASE funding is activity based funding based on specialist non-admitted levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.
	Revenue is recognised at a point in time, when a patient is provided an ambulatory or non-admitted episode of care event.
	WASE activity is a cost weight that is adjusted for private or public episode of care provided to a patient. Public episodes of care generate public WASE and are paid a public WASE public price; whilst a Medicare Benefits Schedule billable episode of care generates a Medicare Benefits Schedule billable WASE and is paid a private WASE price by the Department of Health.

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	<p>PBS revenue is a subsidy provided to pharmaceutical product providers to ensure availability of necessary and lifesaving medicines at an affordable price. Thereby improving the way patients get their medication by bringing the Commonwealth's Pharmaceutical Benefits Scheme (PBS) to public hospitals.</p> <p>The key deliverables of PBS are:</p> <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. <p>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.</p>

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.

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.

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 2.1: Revenue and Income from Transactions continued

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.

How we recognise revenue and income from non-operating activities

Interest Income

Interest income is recognised on a time proportionate basis that considers the effective yield of the financial asset, which allocates interest over the relevant period.

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

	2023 \$'000	2022 \$'000
Cash donations and gifts	331	1,437
Plant and equipment	265	980
Personal Protective Equipment	831	1,335
Total fair value of services received free of charge or for nominal	1,427	3,752

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

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.

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

Contributions of resources

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

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.

Volunteer Services

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

- as drivers to facilitate patients attending appointments

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

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

2.3 Other income

	2023 \$'000	2022 \$'000
(a) Income from Commercial Activities		
Medical imaging services	5,409	6,118
Linen service	2,649	2,468
Food services	684	719
Other commercial activity including pharmacy and other supply sales	1,077	1,133
Total Income from Commercial Activities	9,819	10,438
	2.1	
(b) Other Revenue from Operating Activities (including non-capital donations & Rental Income)		
Gippsland Health Alliance revenue	2,489	2,616
Management fees	3,102	2,848
Salaries Recoveries	1,009	1,478
Education	490	410
Salary Packaging	252	246
Rental income - investment properties	243	242
Donations	103	92
Interest	769	77
Other minor operating activity revenue	275	781
Total Other Revenue from Operating Activities (including non-capital donations & Rental Income)	8,732	8,790
	2.1	

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.

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

2.3 Other income continued

Interest Income

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

Note 3: The cost of delivering our services

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

Structure

3.1 Expenses from Transactions

3.2 Employee benefits in the Balance Sheet

3.3 Superannuation

3.4 Other Economic Flows

Telling the COVID-19 story

Expenses incurred to deliver our services was not materially changed during the financial year due to the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

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

- Establish facilities within Central Gippsland Health Service for the treatment of suspected and admitted COVID-19 patients resulting in an increase in employee costs and additional equipment purchases
- Implement COVID safe practices throughout Central Gippsland Health Services including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge
- Assist with COVID-19 case management, contact tracing and outbreak management contributing to an increase in employee costs

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	Central Gippsland Health Service applies significant judgement when 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.

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 3: The cost of delivering our services continued

Measuring employee benefit liabilities	<p>Central Gippsland Health Service applies significant judgement when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.</p> <p>Expected future payments incorporate:</p> <ul style="list-style-type: none"> • an inflation rate of 4.35%, reflecting the future wage and salary levels • durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 54.02% and 90.25% • discounting at the rate of 3.64%, as determined with reference to market yields on government bonds at the end of the reporting period. <p>All other entitlements are measured at their nominal value.</p>
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	2023	2022
	\$'000	\$'000
Note 3.1 : Expenses from Transactions		
Salaries and Wages	71,170	65,479
On-costs	18,439	16,125
Fee for Service Medical Officer Expenses	3,645	3,959
Workcover Premium	1,392	1,103
Total Employee Expenses	94,646	86,666
Drug Supplies	5,909	6,200
Medical and Surgical Supplies (including Prostheses)	6,381	5,700
Diagnostic and Radiology Supplies	1,543	1,513
Other Supplies and Consumables	8,816	5,097
Total Supplies and Consumables	22,649	18,510
Finance Costs	110	73
Fuel, Light, Power and Water	1,506	1,388
Repairs and Maintenance	854	1,626
Maintenance Contracts	1,201	790
Total Operating Expenses	3,671	3,877
Medical Indemnity Insurance	1,571	1,505
Other Expenses	13,339	11,755
Total Other Operating Expenses	14,910	13,260
Depreciation (refer Note 4.2)	7,838	7,872
Total Depreciation	7,838	7,872
Expenditure for Capital Purposes	639	720
Assets and Services Provided Free of Charge or for Nominal Consideration	821	1,321
Total Other Non-Operating Expenses	1,460	2,041
Total Expenses from Transactions	145,174	132,226

Note 3.1 : Expenses from Transactions continued

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.

Finance Costs

Finance costs include:

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

Other Operating Expenses

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

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

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

Non-operating Expenses

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

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

Central Gippsland Health Service
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

	2023 \$'000	2022 \$'000
Note 3.2 Employee benefits and related on-costs		
Current employee benefits and related on-costs		
<i>Accrued Days Off</i>		
unconditional and expected to be settled wholly within 12 months (i)	182	209
	182	209
<i>Annual Leave</i>		
unconditional and expected to be settled wholly within 12 months (i)	8,217	7,527
unconditional and expected to be settled wholly after 12 months (ii)	-	-
	8,217	7,527
<i>Long service leave</i>		
unconditional and expected to be settled wholly within 12 months (i)	1,324	1,103
unconditional and expected to be settled wholly after 12 months (ii)	7,854	6,526
	9,178	7,629
<i>Provisions related to employee benefit on-costs</i>		
unconditional and expected to be settled within 12 months (i)	877	848
unconditional and expected to be settled after 12 months (ii)	1,220	891
	2,097	1,739
Total current employee benefits and related on-costs	19,674	17,104
Non-current employee benefits and related on-costs		
Conditional long service leave	1,313	2,601
Provisions related to employee benefit on-costs	163	259
Total Non-Current Provisions	1,476	2,860
Total Provisions	21,150	19,964
(i) The amounts disclosed are at nominal amounts.		
(ii) The amounts disclosed are discounted to present values.		
Note 3.2 (a) Consolidated employee benefits and related on-costs		
Current employee benefits and related on-cost		
Unconditional accrued days off	182	209
Unconditional annual leave entitlements	8,217	7,527
Unconditional long service leave entitlements	11,275	9,368
Total current employee benefits and related on-costs	19,674	17,104
Non-current employee benefits and related oncosts		
Conditional long service leave entitlements	1,476	2,860
Total non-current employee benefits and related on-costs	1,476	2,860
Total employee benefits and related oncosts	21,150	19,964
Attributable to:		
Employee benefits	18,890	17,966
Provision for related on-costs	2,260	1,998
Total employee benefits and related on-costs	21,150	19,964

Note 3.2 (b) Provision for related on-costs movement schedule	2023 \$'000	2022 \$'000
Carrying amount at start of year	1,998	1,876
Additional provisions recognised	1,193	401
Amounts incurred during the year	(1,024)	(721)
Net gain/(loss) arising from revaluation of long service leave liability	93	442
Carrying amount at end of year	<u>2,260</u>	<u>1,998</u>

How we recognise employee benefits

Employee Benefits Recognition

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

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

Provisions

Provisions are recognised when Central Gippsland Health Service has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 3.2 Employee Benefits in the Balance Sheet continued

Annual Leave and Accrued Days off

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

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

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

Long Service Leave

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

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

The components of this current LSL liability are measure at:

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

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

Provision for on-Costs Related to Employee Benefits

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

The following assumptions were adopted in measuring present value:

- Wage Inflation Rate	4.35%	2.95%
- On-Cost Factor	11.0%	11.0%

Note 3.3: Superannuation

	Paid Contribution for the year		Contribution Outstanding at Year end	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Defined Benefit Plans (i)				
Health Super	69	69	-	-
Defined Contribution Plans				
Health Super	3,622	3,702	-	179
Other	3,859	2,922	-	119
Total	7,481	6,624	-	298

(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

Defined contribution (i.e., accumulation) superannuation plan expenditure 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 2023

Note 3.4 Other Economic Flows

	Consolidated 2023 \$'000	Consolidated 2022 \$'000
Net gains on sale of non financial assets		
Net (loss)/gain on disposal of property, plant and equipment	(296)	3
Total net gain on sale of non financial assets	<u>(296)</u>	<u>3</u>
Net gain/(loss) on financial instruments at fair value		
Other gain/(loss) from Other Economic Flows	4	13
Total net gain/(loss) on financial instruments at fair value	<u>4</u>	<u>13</u>
Other gain/(losses) from Other Economic Flows		
Net gain/(loss) arising from revaluation of Long Service Liability	93	(1,605)
Total net (loss) on other economic flows	<u>93</u>	<u>(1,605)</u>
Total gain/(losses) from Other Economic Flows	<u>(199)</u>	<u>(1,589)</u>

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 including right-of-use assets);
- Net gain/(loss) on disposal of non-financial assets;
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

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

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

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

Other gains/(losses) from other economic flows

Other gains/(losses) include:

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

Note 4: Key Assets to support service delivery

Central Gippsland Health Service 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 including right-of-use assets

4.2 Depreciation and amortisation

4.3 Impairment of assets

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.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	Central Gippsland Health Service assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. Central Gippsland Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Estimating restoration costs at the end of a lease	Where a lease agreement requires XYZ Health Service to restore a right-of-use asset to its original condition at the end of a lease, the health service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.

Central Gippsland Health Service
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023
Key judgements and estimates continued

Key judgements and estimates	Description
Identifying indicators of impairment	<p>At the end of each year, Central Gippsland Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers.</p> <p>Where an indication exists, the health service tests the asset for impairment.</p>
	<p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> • 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.
	<p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

Note 4.1: Property, Plant and Equipment including right-of-use assets

(a) Gross carrying amount and accumulated depreciation

	2023 \$'000	2022 \$'000
Land		
Crown Land at Fair Value	4,956	4,956
Freehold Land at Fair Value	730	730
Total Land	5,686	5,686
Buildings		
Buildings at Cost	6,914	4,678
Less Accumulated Depreciation	(297)	(198)
Sub-total Buildings at Cost	6,617	4,480
Buildings at Fair Value	35,417	35,417
Less Accumulated Depreciation	(5,716)	(480)
Sub-total Buildings at Fair Value	29,701	34,937
Buildings - Right of Use	78	78
Less Accumulated Depreciation	(62)	(47)
Sub-total Buildings Right of Use	16	31
Buildings Under Construction at Cost	764	2,252
Total Buildings	37,098	41,700
Plant and Equipment at fair value	7,939	7,764
Less Accumulated Depreciation	(4,408)	(4,006)
Total Plant & Equipment	3,531	3,758
Motor Vehicles at fair value	789	758
Less Accumulated Depreciation	(537)	(577)
Total Motor Vehicles	252	181
Medical Equipment at fair value	14,581	14,203
Less Accumulated Depreciation	(9,303)	(8,698)
Total Medical Equipment	5,278	5,505
Computers and communication equipment at fair Value	1,502	1,290
Less Accumulated Depreciation	(1,150)	(1,007)
Total Computers and communication equipment	352	283
Right of Use-plant, equipment, furniture and fittings and vehicles	6,533	6,436
Less Accumulated Depreciation	(3,509)	(2,457)
Total Right of Use-plant, equipment, furniture and fittings and vehicles	3,024	3,979
Total plant and equipment	12,437	13,706
Furniture and Fittings at Fair Value	1,491	1,441
Less Accumulated Depreciation	(1,273)	(1,250)
Total Furniture and Fittings	218	191
Other at Fair Value		
Linen	-	894
Less Accumulated Depreciation	-	(588)
Total Other	-	306
Total Property, Plant and Equipment	55,439	61,589

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 2021	4,804	41,513	47	4,039	266	4,651	322	4,885	229	393	216	61,365
Additions	-	-	-	187	-	1,657	48	129	-	453	2,099	4,573
Disposals	-	-	-	-	-	(1)	-	-	-	(147)	-	(148)
Revaluations	882	2,789	-	-	-	-	-	-	-	-	-	3,671
Depreciation (refer Note 4.2)	-	(4,885)	(16)	(468)	(85)	(802)	(150)	(1,035)	(38)	(393)	-	(7,872)
Transfer between classes	-	-	-	-	-	-	63	-	-	-	(63)	-
Balance as at 1 July 2022	5,686	39,417	31	3,758	181	5,505	283	3,979	191	306	2,252	61,589
Additions	-	22	-	221	160	504	212	97	69	-	727	2,012
Disposals	-	-	-	(23)	(38)	(5)	-	-	-	(306)	-	(372)
Revaluations	-	-	-	-	-	-	-	-	-	-	-	-
Depreciation (refer Note 4.2)	-	(5,336)	(15)	(473)	(51)	(726)	(143)	(1,052)	(42)	-	-	(7,838)
Transfer between classes	-	2,215	-	-	-	-	-	-	-	-	(2,215)	-
Balance as at 1 July 2023	5,686	36,318	16	3,483	252	5,278	352	3,024	218	-	764	55,391

A full revaluation of the Central Gippsland Health Service's land was performed by the Valuer-General of Victoria (VGV) in April 2022 in accordance with the requirements of Financial Reporting Direction (FRD) 103I 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 land 30 June 2022. The effective date of the valuation for buildings was 30 June 2019.

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

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

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

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

In compliance with FRD 103I, in the year ended 30 June 2023, management conducted an annual assessment of the fair value of buildings. To facilitate this, management obtained from the Department of Treasury and Finance the VGV indices for the financial year ended 30 June 2023.

As the cumulative movement was less than 10% for land and buildings since the last managerial revaluation, it was determined no revaluation was required.

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

How we recognise property, plant and equipment

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

Initial Recognition

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

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

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

Subsequent measurement

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

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

Further information regarding fair value measurement is disclosed below.

Revaluation

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

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

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

An independent valuation of Central Gippsland Health Service's land was performed by the VGV on 30 June 2022. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. As an independent valuation was not undertaken on 30 June 2023, a managerial assessment was performed at 30 June 2023, which indicated an overall:

- increase in fair value of land of 0.17% (\$9,920)
- increase in fair value of buildings of 6.97% (\$2,629,329)

As the cumulative movement was less than 10% for land and buildings since the last revaluation, a managerial revaluation adjustment was not required as at 30 June 2023.

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

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.

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
- any initial direct costs incurred and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

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.

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

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 2023

Note 4.1: Property, Plant and Equipment continued

(c) Fair Value measurement hierarchy for assets

	Carrying Amount as at 30 June 2023	Fair value measurement at end of reporting period using:		
		Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
Land at fair value				
Non-specialised	2,055	-	2,055	-
Specialised land				
- 155 Guthridge Pd, Sale	3,353	-	-	3,353
- 48 Kent St, Maffra	278	-	-	278
Total Land at fair value	5,686	-	2,055	3,631
Buildings at fair value				
Non-specialised buildings	2,566	-	2,566	-
Specialised buildings				
- 155 Guthridge Pd, Sale	32,299	-	-	32,299
- 48 Kent St, Maffra	1,385	-	-	1,385
- Loch Sport	84	-	-	84
- Assets under construction at fair value	764	-	-	764
Total of buildings at fair value	37,098	-	2,566	34,532
Plant and equipment at fair value				
Plant and equipment at fair value				
- Vehicles (ii)	252	-	-	252
- Plant and equipment	3,931	-	-	3,931
- Medical equipment	5,278	-	-	5,278
- Right of Use- plant, equipment, furniture and fittings	3,024	-	-	3,024
Total of plant, equipment and vehicles at fair value	12,485	-	-	12,485
Furniture and Fittings at fair value				
Furniture and Fittings at fair value	218	-	-	218
Total furniture and Fittings at fair value	218	-	-	218
Linen at fair value				
Linen at fair value	-	-	-	-
Total linen at fair value	-	-	-	-
Total Assets at fair value	55,487	-	4,621	50,866

(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.

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

	Carrying Amount as at 30 June 2022	Fair value measurement at end of reporting period using:		
		Level 1 ⁱ	Level 2 ⁱ	Level 3 ⁱ
Land at fair value				
Non-specialised	2,055	-	2,055	-
Specialised land				
- 155 Guthridge Pd, Sale	3,353	-	-	3,353
- 48 Kent St, Maffra	278	-	-	278
Total Land at fair value	5,686	-	2,055	3,631
Buildings at fair value				
Non-specialised buildings	330	-	330	-
Specialised buildings				
- 155 Guthridge Pd, Sale	37,178	-	-	37,178
- 48 Kent St, Maffra	1,839	-	-	1,839
- Loch Sport	101	-	-	101
- Assets under construction at fair value	2,252	-	2,252	-
Total of buildings at fair value	41,700	-	2,582	39,118
Plant and equipment at fair value				
Plant and equipment at fair value				
- Vehicles (ii)	181	-	-	181
- Plant and equipment	4,041	-	-	4,041
- Medical equipment	5,505	-	-	5,505
- Right of Use- plant, equipment, furniture and fittings	3,979	-	-	3,979
Total of plant, equipment and vehicles at fair value	13,706	-	-	13,706
Furniture and Fittings at fair value				
Furniture and Fittings at fair value	191	-	-	191
Total medical equipment at fair value	191	-	-	191
Linen at fair value				
Linen at fair value	306	-	-	306
Total linen at fair value	306	-	-	306
Total Assets at fair value	61,589	-	4,637	56,952

(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 2023

Note 4.1: Property, Plant and Equipment continued

(d) Reconciliation of Level 3 fair value measurement

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

30 June 2023	Land	Building	Plant & Equipment	Furniture & Fittings	Linen
Opening Balance	3,631	39,118	13,706	191	306
- Additions/(Disposals)	-	656	1,176	69	(306)
- Transfers between levels	-	-	-	-	-
Gains or Losses recognised in net result					
- Depreciation	-	(5,242)	(2,445)	(42)	-
Items recognised in other comprehensive income					
- Revaluation	-	-	-	-	-
Closing Balance	3,631	34,532	12,437	218	-
30 June 2022	Land	Building	Plant & Equipment	Furniture & Fittings	Linen
Opening Balance	3,092	41,353	14,163	229	393
- Additions/(Disposals)	-	-	2,020	-	306
Transfers between levels	-	(329)	63	-	-
Gains or Losses recognised in net result					
- Depreciation	-	(4,846)	(2,540)	(38)	(393)
Items recognised in other comprehensive income					
- Revaluation	539	2,940	-	-	-
Closing Balance	3,631	39,118	13,706	191	306

(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.

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

How we measure fair value

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.

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through net result
- Financial assets and liabilities at fair value through other comprehensive income
- Property, plant and equipment
- Right-of-use assets

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

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.

How we measure fair value of non-financial physical assets

The fair value measurement of non-financial physical assets takes into account the market participant's ability to use the asset in its highest and best use, or to sell it to another market participant that would use the same asset in its highest and best use.

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.

Central Gippsland Health Service has assumed the current use of a non-financial physical asset is its highest and best use 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 2023

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

Non-specialised land, non-specialised buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2022.

Specialised land and specialised buildings

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

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

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

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

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

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

Vehicles

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

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

Furniture, fittings, plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2023.

	2023	2022
	\$'000	\$'000
(f) Revaluation Surplus		
Property, Plant and Equipment		
Balance at the beginning of the reporting period	62,154	58,483
Revaluation Increment		
- Land (refer note 4.1(b))	-	882
- Buildings	-	2,789
Balance at the end of the reporting period*	<u>62,154</u>	<u>62,154</u>
*Represented by:		
- Land	5,236	5,236
- Buildings	56,918	56,918
	<u>62,154</u>	<u>62,154</u>

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 4.2: Depreciation

	2023	2022
Depreciation		
Buildings	5,336	4,885
Right of Use buildings	15	16
Plant and Equipment	252	258
Motor Vehicles	51	85
Medical equipment	726	802
Computer Equipment	143	150
Other Equipment	221	210
Furniture and Fittings	42	38
Linen	-	393
Right of use - plant, equipment, furniture, fittings and motor vehicles	<u>1,052</u>	<u>1,035</u>
Total Depreciation	<u><u>7,838</u></u>	<u><u>7,872</u></u>

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.

	2023	2022
Buildings		
- Structure Shell Building Fabric	1 - 50 years	1 - 50 years
- Site Engineering and Central Plant	1 - 36 years	1 - 36 years
Central Plant		
- Fit Out	1 - 20 years	1 - 20 years
- Trunk Reticulated Building Systems	1 - 22 years	1 - 22 years
Plant & Equipment	5 - 20 years	5 - 20 years
Furniture & Fittings	5 - 20 years	5 - 20 years
Leased Assets	5 - 10 years	5 - 10 years
Computers & Communication	3 - 5 years	3 - 5 years
Linen	1 - 5 years	1 - 5 years

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

Note 4.3 Impairment of assets

How we recognise impairment

At the end of each reporting period, Central Gippsland Health Service reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired. The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on Central Gippsland Health Service which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out. Assets with indefinite useful lives (and assets not yet available for use) are tested annually for impairment, in addition to where there is an indication that the asset may be impaired.

When performing an impairment test, Central Gippsland Health Service compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, Central Gippsland Health Service estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Central Gippsland Health Service did not record any impairment losses for the year ended 30 June 2023.

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 5: Other assets and liabilities

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

Structure

5.1 Receivables

5.2 Payables

5.3 Other liabilities

Telling the COVID-19 story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic.

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.

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

	2023	2022
	\$'000	\$'000
Current		
Contractual		
Trade Debtors	1,044	1,090
Patient Fees	895	608
Accrued Revenue	404	329
Amounts receivable from governments and agencies	462	557
Accrued Revenue - Department of Health	130	53
Less Allowance of Doubtful Debts for:		
Patient Fees	(21)	(28)
	<u>2,914</u>	<u>2,609</u>
Statutory		
GST Receivable	394	364
	<u>394</u>	<u>364</u>
Total Current Receivables	<u>3,308</u>	<u>2,973</u>
Non Current		
Long Service Leave - Department of Health	217	124
Total Non-Current Receivables	<u>217</u>	<u>124</u>
Total Receivables	<u>3,525</u>	<u>3,097</u>
<i>Financial assets classified as receivables and contract assets (Note 7.2 (a))</i>		
Total Receivables and Contract Assets	3,525	3,097
+ Provision for impairment	21	28
- Contract asset	(130)	(53)
- GST receivable	(394)	(364)
Total Financial Assets	<u>3,022</u>	<u>2,708</u>
(a) Movement in the Allowance for impairment losses of contractual		
Balance at beginning of year	28	41
Reversal of allowance written off during the year as uncollectable	(28)	(13)
Increase in allowance recognised in net result	21	-
Balance at end of year	<u>21</u>	<u>28</u>

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 5.1: Receivables continued

How we recognise receivables

Receivables consists of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as financial assets at amortised cost. They are initially recognised at fair value plus any directly attributable transaction costs. Central Gippsland Health Service holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables**, which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Central Gippsland Health Service applies AASB9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

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

Impairment losses of contractual receivables

Refer to Note 7.2 (a) Contractual receivables at amortised costs for Central Gippsland Health Service's contractual impairment losses

Note 5.2: Payables

	2023	2022
	\$'000	\$'000
Current Contractual Payables		
Trade Creditors	1,957	3,234
Accrued Salaries and Wages	1,479	751
Accrued Expenses	5,166	3,741
Amounts payable to governments and agencies	1,464	-
State Contract Liabilities	-	4,581
Other Contract Liabilities	1,177	245
Total Current Contractual Payable	<u>11,243</u>	<u>12,552</u>
<i>Financial liabilities classified as payables and contract liabilities (Note 7.2 (b))</i>		
Total Payables and Contract Liabilities	11,243	12,552
- Deferred grant income	<u>(1,177)</u>	<u>(4,826)</u>
Total Financial Liabilities	<u><u>10,066</u></u>	<u><u>7,726</u></u>

How we recognise payables

Payables consist of:

- **Contractual payables**, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Central Gippsland Health Service prior to the end of the financial year that are unpaid.
- **Statutory payables** comprise Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

Note 5.2 (a) Contract Liabilities

	2023	2022
	\$'000	\$'000
Opening balance of deferred grant income	40	1,650
Less: Revenue recognised for the completion of a performance obligation	(40)	(1,610)
Total contract liabilities	<u>-</u>	<u>40</u>
Represent		
Current contract liabilities	-	40
Non-current contract liabilities	<u>-</u>	<u>40</u>

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 5.2: Payables continued

How we recognise contract liabilities

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

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

Maturity analysis of payables

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

Note 5.3: Other Liabilities

	2023 \$'000	2022 \$'000
Current		
Monies Held in Trust		
- Refundable Accommodation Deposits	7,016	5,204
Total Current	<u>7,016</u>	<u>5,204</u>
Total Other Liabilities	<u>7,016</u>	<u>5,204</u>
* Total monies held in trust represented by the following assets:		
Cash Assets	7,016	5,204
Investments and other financial assets	-	-
	<u>7,016</u>	<u>5,204</u>

How we recognise other liabilities

Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

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

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

Note 6: How we finance our operations

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

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

Structure

6.1 Borrowings

6.2 Cash and Cash equivalents

6.3 Commitments for expenditure

6.4 Non-cash financing and investing activities

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

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.

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 6: How we finance our operations continued

Key judgements and estimates	Description
Discount rate applied to future lease payments	<p>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.</p> <p>For leased land and buildings, Central Gippsland Health Service estimates the incremental borrowing rate to be between 2.1% and 2.3%.</p> <p>For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 2.1% and 4.6%.</p>
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.

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 6.1 Borrowings

	2023 \$'000	2022 \$'000
Current		
Loans from Government (i)	-	196
Lease Liability (ii)	931	1,079
Total Current	<u>931</u>	<u>1,275</u>
Non-Current		
Loans from Government (i)	-	-
Lease Liability (ii)	2,076	2,941
Total Non-Current	<u>2,076</u>	<u>2,941</u>
Total Borrowings	<u>3,007</u>	<u>4,216</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 2023

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:

	2023 \$'000	2022 \$'000
Total undiscounted lease liabilities	3,240	4,358
Less unexpired finance expense	(233)	(338)
Net Lease Liabilities	3,007	4,020

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	971	1,126
Later than 1 year and not later than 5 years	1,352	2,315
Later than 5 years	917	917
Minimum lease payments	3,240	4,358
Less future finance charges	(233)	(338)
Total	3,007	4,020
* Represented by:		
Current borrowings - lease liability	931	1,079
Non-current borrowings - Lease liability	2,076	2,941
Total	3,007	4,020

Central Gippsland Health Service's leasing activities

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

How we recognise lease liabilities

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

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

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

Note 6.1 (a): Borrowings - lease liabilities continued

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

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

All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months. Central Gippsland Health Service had no low value, short term and variable lease payments as at 30 June 2023 (2022: none).

Separation of lease and non-lease components

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

Initial measurement

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

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

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

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

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

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

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

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

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

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

Subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in the substance of 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 2023

	2023	2022
	\$'000	\$'000
Note 6.2: Cash and cash equivalents		
Cash on Hand	35	35
Cash at Bank - CBS	26,443	20,697
Total cash and cash equivalents *	26,478	20,732
* includes monies held in trust	7,016	5,204
5.3		

How we recognise cash and cash equivalents

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

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

Note 6.3: Commitments for Expenditure

Capital Expenditure Commitments

Less than 1 year

2,977	5,245
<u>2,977</u>	<u>5,245</u>

Total Capital Expenditure Commitments

Non-Cancellable Operating Lease Commitments

Less than 1 year

900	571
<u>900</u>	<u>571</u>

Total Non-cancellable Operating Lease Commitments

TOTAL COMMITMENTS (inclusive of GST)

3,877	5,816
<u>(352)</u>	<u>(52)</u>

Less GST recoverable from the Australian Tax Office

TOTAL COMMITMENTS (exclusive of GST)

<u>3,525</u>	<u>5,764</u>
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All amounts shown in the commitments note are nominal amounts inclusive of GST.

How we recognise expenditure commitments

Expenditure commitments

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

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

Short-term leases and leases of low value assets

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

Note 6.4: Non-cash financing and investing activities

Acquisition of Plant and Equipment by means of Leases

97	129
<u>1,096</u>	<u>2,315</u>

Acquisition of Plant and Equipment free of charge

TOTAL NON-CASH FINANCING AND INVESTING ACTIVITIES

<u>1,193</u>	<u>2,444</u>
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Note 7: Risks, contingencies and valuation uncertainties

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

Structure

7.1 Financial instruments

7.2 Financial risk management objectives and policies

7.3 Contingent Assets and Contingent Liabilities

Note 7.1: Financial Instruments

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

Categorisation of financial instruments

2023		Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
Contractual Financial Assets				
Cash and cash equivalents	6.2	26,478	-	26,478
Receivables				
- Trade Debtors	5.1	1,044	-	1,044
- Other Receivables	5.1	1,978	-	1,978
Total Financial Assets ¹		29,500	-	29,500
Financial Liabilities				
Payables	5.2	-	10,066	10,066
Borrowings	6.1	-	3,007	3,007
Other Financial Liabilities				
- Accommodation bonds	5.3	-	7,016	7,016
Loan from DH	6.1	-	-	-
Total Financial Liabilities ¹		-	20,089	20,089

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 7.1 : Financial Instruments continued

2022		Contractual Financial Assets at Amortised Cost - Loans and Receivables	Contractual Financial Liabilities at Amortised Costs	Total
		\$'000	\$'000	\$'000
Contractual Financial Assets				
	Cash and cash equivalents	20,732	-	20,732
	Receivables			
	- Trade Debtors	1,090	-	1,090
	- Other Receivables	1,618	-	1,618
	Total Financial Assets ⁱ	23,440	-	23,440
Financial Liabilities				
	Payables	-	7,726	7,726
	Borrowings	-	4,020	4,020
	Other Financial Liabilities			
	- Accommodation bonds	-	5,204	5,204
	Loan from DH	-	196	196
	Total Financial Liabilities ⁱ	-	17,146	17,146

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.

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 2023

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.

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 2022-23.

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-23	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		1,511	60	45	91	1,315	3,022
Loss Allowance		-	2	1	3	15	21

	30-Jun-22	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		1,354	54	41	81	1,178	2,708
Loss Allowance		7	2	1	3	15	30

* 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 2023

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.

2023	Note	Carrying Amount	Nominal Amount	Maturity Dates*	
				3 months - 1 year	1 - 5 years
			\$'000	\$'000	\$'000
Financial Liabilities					
At amortised cost					
Payables	5.2	10,066	10,066	10,066	-
Borrowings	6.1	3,007	3,007	931	2,076
- Accommodation Deposits	5.3	7,016	7,016	1,671	5,345
Total Financial Liabilities		20,089	20,089	12,668	7,421

* maturity dates are based upon historical experience

Note 7.2 (b): Liquidity risk continued

2022	Note	Carrying Amount	Maturity Dates		
			Nominal Amount \$'000	3 months - 1 year \$'000	1 - 5 years \$'000
Financial Liabilities					
At amortised cost					
Payables	5.2	7,726	7,726	7,726	-
Borrowings	6.1	4,216	4,216	1,275	2,941
- Accommodation Deposits	5.3	5,204	5,204	1,240	3,964
Total Financial Liabilities		17,146	17,146	10,241	6,905

Note 7.2 (c) Market risk

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

Sensitivity disclosure analysis and assumptions

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

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

Interest rate risk

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

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

Foreign currency risk

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

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

Note 7.3: Contingent Assets and Contingent Liabilities

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

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 8: Other disclosures

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

Structure

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

8.2 Responsible persons disclosure

8.3 Remuneration of Executives

8.4 Related parties

8.5 Remuneration of Auditors

8.6 Events occurring after the Balance Sheet Date

8.7 Jointly arrangements

8.8 Economic dependency

8.9 Equity

Telling the COVID-19 story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic.

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

	2023 \$'000	2022 \$'000
Net Result for the Year	(3,561)	(5,548)
Non-Cash Movements:		
Loss/(Gain) on sale or disposal of non-financial assets	296	(3)
(Gain)/Loss on sale or disposal of Financial instruments	(4)	-
Depreciation and amortisation of non-current assets	7,838	7,872
Provision for Doubtful Debts	21	-
(Gain) / Loss on revaluation of long service leave liability	(93)	1,605
Discount expense on loan	-	-
Assets and services received free of charge	(265)	(980)
Lease Interest Expense	97	48
Cash (inflow) from investing and financing activities	(596)	(1,438)
Movements in Assets and Liabilities		
(Increase) / Decrease in receivables and contract assets	(335)	(9)
Decrease / (Increase) in inventories	141	4
(Increase) / Decrease in other assets	136	37
Increase / (Decrease) in payables and contract liabilities	(571)	1,941
Increase in employee benefits	901	1,449
Net Cash Inflow from Operating Activities	<u>4,006</u>	<u>4,978</u>

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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.

A caretaker period was enacted during the year ended 30 June 2023 which spanned the time the Legislative Assembly expired, until the Victorian election results were clear or a new government was commissioned. The caretaker period for the 2022 Victorian election commenced at 6pm on Tuesday the 1st of November and new ministers were sworn in on the 5th of December.

Responsible Minister	Period	
The Honourable Mary-Anne Thomas MP: Minister for Health	1/07/2022 -	30/06/2023
Minister for Health Infrastructure	5/12/2022 -	30/06/2023
Minister for Medical Research	5/12/2022 -	30/06/2023
Former Minister for Ambulance Services	1/07/2022 -	5/12/2022
The Honourable Gabrielle Williams MP: Minister for Mental Health	1/07/2022 -	30/06/2023
Minister for Ambulance Services	5/12/2022 -	30/06/2023
The Honourable Lizzy Blandthorn MP: Minister for Disability, Ageing and Carers	5/12/2022 -	30/06/2023
The Honourable Colin Brooks MP: Former Minister for Disability, Ageing and Carers	1/07/2022 -	5/12/2022
Governing Boards		
Jim Vivian (Chairperson)	1/07/2022 -	30/06/2023
Claire Miller	1/07/2022 -	30/06/2023
Jenny Dempster	1/07/2022 -	30/06/2023
Frances "Frankie" MacLennan	1/07/2022 -	30/06/2023
Abbas Khambati	1/07/2022 -	30/06/2023
Glenys Butler	1/07/2022 -	30/06/2023
Helen McConachy	1/07/2023 -	30/06/2023
Peter 'Gerry' Watts	1/07/2022 -	30/06/2023
Lauren Carey	1/07/2022 -	30/06/2023
Arthur Skipitaris (Vice Chairperson)	1/07/2022 -	30/06/2023
Accountable Officers		
Mark Dykgraaf (Chief Executive Officer)	1/07/2022 -	30/06/2023

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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	2023 No.	2022 No.
\$10,000 - \$19,999	9	11
\$20,000 - \$29,999	1	1
\$330,000 - \$339,999	1	1
Total Numbers	11	13
	2023 \$'000	2022 \$'000
Total remuneration received or due and receivable by Responsible Persons from reporting entity amounted to:	487	526

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

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

Note 8.3: Remuneration of Executives

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

Remuneration of Executive Officers (excluding Key Management Personnel Disclosed in Note 8.4)	Total Remuneration 2023 \$'000	2022 \$'000
Short-term Benefits	1,411	1,214
Post-employment Benefits	144	124
Termination Benefits	57	-
Total Remuneration i	1,612	1,338
Total Number of Executives	8	7
Total Annualised Employee Equivalent ii	7.9	6.9

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

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

Note 8.3 Remuneration of Executives continued

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

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

Short-term Employee Benefits

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

Post-employment Benefits

Pensions and other retirement benefits (such as superannuation guarantee contributions) paid or payable on a discrete basis when employment has ceased.

Other Long-term Benefits

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

Termination Benefits

Termination of employment payments, such as severance packages.

Other factors

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

Note 8.4 Related parties

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

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

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

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

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

Mr Jim Vivian
 Ms Claire Miller
 Ms Frances "Frankie" MacLennan
 Mr Arthur Skipitaris
 Ms Jenny Dempster
 Mr Abbas Khambati
 Ms Glenys Butler
 Ms Helen McConachy
 Ms Lauren Carey
 Mr Peter 'Gerry' Watts
 Mr Mark Dykgraaf
 Ms Amanda Pasmus
 Ms Caron Mallet
 Ms Rachel Strauss
 Dr Syed Khadri (to 26/08/2022)
 Dr Nadarajah Ramesh (From 12/09/2022 to 01/02/2023)
 Dr Divyanshu Dua (from 01/02/2023)
 Ms Kelli Mitchener (to 14/03/2023)
 Ms Katrina Hall (from 14/03/2023)
 Ms Cherie Campbell (to 30/09/2022)
 Mr Mark Klose (01/10/2023 - 13/02/2023)
 Mr Kevin Gray (13/02/2023 - 14/3/2023)
 Ms Kelli Mitchener (14/03/2023- 21/05/2023)
 Mr Robert Strickland (from 15/05/2023)
 Ms Emma Brennan (from 13/02/2023)

Position Title

Chair of the Board
 Board Member
 Board Member
 Vice Chair of the Board
 Board Member
 Board Member
 Board Member
 Board Member
 Board Member
 Board Member
 Chief Executive Officer
 Director of Nursing
 Director of Aged Care
 Director of Community and Allied Health
 Director Medical Services
 Acting Director Medical Services
 Director Medical Services
 Director Quality & Learning
 Acting Director Quality & Learning
 Director Corporate Services
 Acting Director Corporate Services
 Acting Director Corporate Services
 Acting Director Corporate Services
 Director Corporate Services
 Chief Financial Officer

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

	2023	2022
	\$'000	\$'000
Compensation - KMPs		
Short-term Employee Benefits ii	1,858	1,721
Post-employment Benefits ii	184	138
Termination Benefits ii	57	-
Total i	2,099	1,859

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 2023

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 \$86M (2022: \$79M).

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.

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 occurs 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, 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 2023 (2022: none).

There were no related party transactions required to be disclosed for the Central Gippsland Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2023 (2022: none).

Except for the transaction listed below, there were no other related party transactions required to be disclosed for the Central Gippsland Health Service Foundation Board of Directors in 2023 (2022: none).

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 8.4 Related Parties continued

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

Entity	Revenue		Expenditure	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Alfred Health	8	4	347	427
Ambulance Victoria	2	11	1,572	1,288
Austin Health	-	1	170	116
Bairnsdale Regional Health Service	697	731	4	5
Barwon Health	-	-	12	12
Box Hill Institute	-	1	-	-
Chisholm Institute	-	27	-	-
Country Fire Authority	-	-	17	-
Dental Health Services Victoria	-	-	50	51
Department of Education and Early Childhood Development	-	-	57	-
Department of Environment Land Water & Planning	-	-	10	-
Department of Health & Human Services	-	-	12	-
Department of Justice & Regulation	-	-	9	-
Federation Training	-	-	6	-
Gippsland Water	-	-	245	-
Gippsland Health Alliance	-	464	-	1,835
Gippsland Southern Health Service	253	290	-	-
Holmesglen Institute	103	31	-	-
Latrobe Regional Health Service	2,153	1,964	1,767	1,537
Monash Health	-	-	-	6
Omeo District Health Service	16	22	-	-
Orbost Regional Health Service	44	51	-	-
Peninsula Health	-	-	23	15
Royal Womens Hospital	-	-	5	-
The Royal Childrens Hospital	2	5	13	-
South Gippsland Hospital	-	-	-	-
Tafe Gippsland	7	-	-	-
Transport and Accident Commission	41	33	1	2
Vic Roads	-	-	14	-
Victorian Auditor Generals Office	-	-	25	-
Victorian Managed Insurance Authority	-	-	1,611	-
Victoria Police	30	33	-	-
Victoria University	-	68	-	-
West Gippsland Healthcare	4	5	5	6
Western Health	-	-	26	24
Wodonga TAFE	49	22	-	-
Yarram District Health Service	36	96	51	66
Total	3,445	3,859	6,052	5,390

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 8.4 Related Parties continued

The following related party transactions remain outstanding.

	Receivable		Payable	
	2023	2022	2023	2022
Latrobe Regional Health Service	322	304	-	868
Bairnsdale Regional Health Service	63	49	-	-
Alfred Health	1	-	7	-
Gippsland Water	-	-	18	-
The Royal Childrens Hospital	1	-	11	-
Gippsland Southern Health Service	23	-	-	-
Holmesglen Institute	14	-	-	-
Omeo District Health Service	5	-	-	-
Orbost Regional Health Service	5	-	-	-
Transport and Accident Commission	7	-	-	-
Victoria Police	4	-	-	-
Wodonga TAFE	14	-	-	-
Yarram District Health Service	3	-	-	-
Ambulance Victoria	-	1	202	149
Total	461	354	238	1,017

Joint Partnership Entities Related Party Transactions

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

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

Note 8.5: Remuneration of Auditors

Victorian Auditor-Generals Office

Audit of financial statements

	Consolidated	
	2023 \$'000	2022 \$'000
	39	44
	<u>39</u>	<u>44</u>

Central Gippsland Health Service

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

Note 8.6: Events occurring after balance sheet date

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 (%)	
			2023	2022
Gippsland Health Alliance (GHA)	Information Technology	Australia	11.85	12.20

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:

	2023 \$'000 *	2022 \$'000 *
Current Assets		
Cash and cash equivalents	1,163	384
Receivables	157	301
Other Current assets	408	328
Total Current Assets	1,728	1,013
Non-Current Assets		
Property, Plant and Equipment	89	49
Total Non-Current Assets	89	49
Share of Total Assets	1,817	1,062
Current Liabilities		
Other Current Liabilities	918	135
Total Current Liabilities	918	135
Share of Total Liabilities	918	135
Net Assets	899	927
Operating Revenue		
GHA Revenue	2,489	2,616
Total Operating Revenue	2,489	2,616
Operating Expenses		
GHA Expenses	2,467	2,835
Total Operating Expenses	2,467	2,835
Net Operating Result	22	(219)
Capital Expenditure		
Depreciation	50	51
Total Capital Expenditure	50	51
Net Result	(28)	(270)

* Figures obtained from audited Gippsland Health Alliance annual report.

Note 8.7: Joint arrangements continued

Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

Note 8.8: Economic dependency

The Central Gippsland Health Service is wholly dependent on the continued financial support of the State Government and in particular, the DH.

The DH has provided confirmation that it will continue to provide the Central Gippsland Health Service adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to October 2024. On that basis, the financial statements have been prepared on a going concern basis.

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.

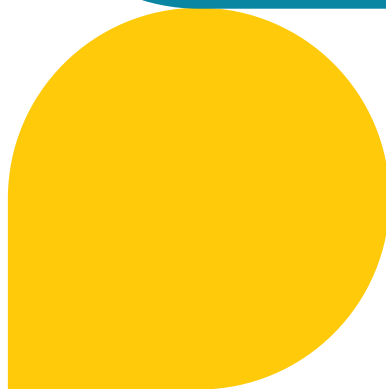
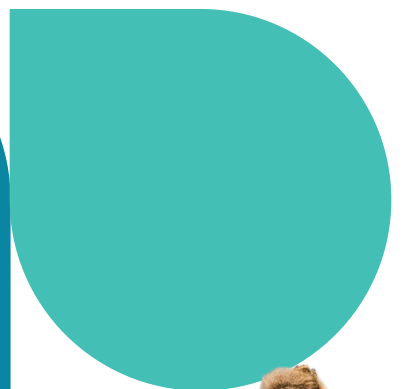
Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

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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