ANNUAL REPORT 2022-2023

South Gippsland Hospital

Adaptability Trust Excellence Accountability Mutual respect



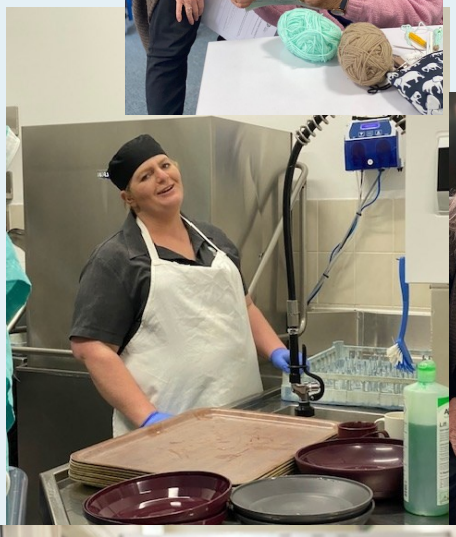













Table of Contents

SOUTH GIPPSLAND HOSPITAL
87 Station Road
Foster Vic 3960
Tel: 03 5683 9777
Fax: 03 5683 9743
Email: sghosp@sghs.com.au
Website: https://southgippslandhospital.com.au/

Overview

Acknowledgements

South Gippsland Hospital acknowledges Aboriginal and Torres Strait Islander people as the Traditional Custodians of the land and acknowledges and pays respect to their Elders, past and present.

South Gippsland Hospital celebrates, values and includes people of all backgrounds, genders, sexualities, cultures, bodies and abilities.

Establishment & Relevant Ministers

South Gippsland Hospital, classified as a small rural health service (SRHS), is an integrated hospital and community centre and homecare service providing a broad range of acute and primary care services. It is closely associated with the Foster and Toora Medical Centres which provide the medical practitioner services. The combined experience and skills of the doctors and hospital staff and the range of services provided by the organisation, especially the maternity care, has led to a significant number of people accessing the services of South Gippsland Hospital from outside the recognised catchment boundaries.

South Gippsland Hospital was established in 1907 as a private institution and continued as such until 1937 when it was taken over by the community as a local hospital. It gained public hospital status in 1941, when it was incorporated under the *Hospital and Charities Act*.

South Gippsland Hospital is a Public Hospital and is an incorporated body listed under Schedule 1 of the *Health Services Act 1988 (Vic).*

The hospital building has 16 inpatient beds, a birthing suite, an operating theatre, medical imaging facilities and an Urgent Care Centre.

The Community Health Centre was opened in June 2001 and provides the perfect setting for primary health services which continue to expand.

In 2020, a new state of the art operating theatre was opened to support elective surgery and emergency obstetric surgery. Additionally, the Banksia Centre was refurbished to accommodate the Social Support Groups and Centre Based Respite Program.

During the reporting period the responsible ministers were:

From 1 July 2022 to 30 June 2023
Minister for Health
The Hon Mary-Anne Thomas
Minister for Mental Health
The Hon. Gabrielle Williams

From 1 July 2022 to 5 December 2022
Minister for Ambulance Services
The Hon Mary-Anne Thomas
Minister for Disability, Ageing and Carers
The Hon. Colin Brooks

From 5 December 2022 to 30 June 2023
Minister for Ambulance Services
The Hon. Gabrielle Williams
Minister for Disability, Ageing and Carers
The Hon. Lizzie Blandthorn

Our Vision, Strategic Focus and Core Values

Our Vision

Delivering the best and safest health care for our community

Our Strategic Focus

Four interconnected areas of

1. Caring and quality services
2. Valuing all our people
3. Purposeful positive partnerships

Underpinned by

4. Sound and aligned funding

Our Core Values

Accountability:
accepting responsibility for our actions.

Trust:
acting with integrity and being able to count on each other.

Excellence:
doing our best at all times and looking for ways to improve.

Adaptability:
being flexible and accepting of new ideas and change for the better.

Mutual respect:
treating others the way we want to be treated.

Overview

Overview of Services

South Gippsland Hospital (SGH) is located in the township of Foster at the gateway to Wilson's Promontory National Park.

Foster has a population of approximately 1800 people, and the official catchment area of the Hospital has approximately 6000 people.

The Hospital offers inpatient services, outreach clinics, as well as centre based and home based community care.

Acute Care

Maternity Care

Medical Imaging

Inpatient Care

Palliative Care

Pathology

Pre-Anaesthetic Clinic

Surgical Care including Obstetrics and Gynaecology, Urology, Endoscopy and General Surgery

Urgent Care Centre

Responsible bodies' declaration

In accordance with the *Financial Management Act* 1994. I am pleased to present the report of operations for South Gippsland Hospital for the year ending 30 June 2023.

David Pollard
Board Chair
Foster, Victoria
28 September 2023

Community Care

Transition Care Program

Home Care Package Program

Volunteer and Community Engagement Program

Intake Service

Allied Health Services

- Allied Health Assistants
- Counselling
- Dietetics
- Exercise Physiology
- Falls Prevention
- General Rehabilitation Group
- Mobility and Exercise Groups (Moovers)
- Occupational Therapy
- Physiotherapy
- Podiatry
- Positive Ageing Service
- Social Work
- Social Support Group

Community Nursing

- Centre-based Respite Program
- Diabetes Education
- District Nursing
- McGrath Breast Care Program
- Regional Continence Care
- Regional Wound Care
- Stoma Care

Clinics

- Foot Care
- Sexual and Reproductive Health
- Wound Care
- Youth Assist

Overview

Chair's & CEO's Combined Report

On behalf of the Board of Management and the Executive Management Team we are pleased to present the Annual Report for South Gippsland Hospital for 2022 – 2023.

Person-centered care underpins safe, high quality health care at South Gippsland Hospital (SGH). Our Vision is to deliver the best and safest health care for our community. Our approach is based on clear purpose, strategy and strong leadership. We value our people and their wellbeing and invest in developing their capability. We focus on great outcomes that support the individual needs and choices of our patients, staff and our community.

The year in review.

Our financial and operational performance in 2022 – 2023 again met the benchmarks against which we are measured by the Department of Health.

Our health service again bettered the peer and State benchmarks against which we are measured for quality and clinical governance performance, organisational culture and patient satisfaction.

We secured funding from various sources that allowed us to invest in a number of significant improvements to buildings, infrastructure and services.

It has been a successful year. The details of our performance in 2022 – 2023 can be found in this Annual Report. Highlights of the year are summarised below.

Organisational changes:

Our Executive Team welcomed Jackie Goodman as Quality and Risk Manager following the retirement of Quality Coordinator Paul Greco in December 2022. We farewelled Board Members Associate Professor Priscilla Robinson, Professor Jim Buttery and current Board Chair Sue Pilkington at 30th June 2023.

Highlights of our work in 2022-2023:

Excellence in health service performance:
South Gippsland Hospital has been recognised for its outstanding performance several times in 2022- 2023.

In October 2022 we were delighted and very proud to be judged as one of the three finalists in the Victorian Premier's Award for 'Small Health Service of the Year' category.

In February 2023 we received a letter from the Secretary of the Health Department advising South Gippsland Hospital was identified as one of the seven best performing organisations in the State in the area of senior leadership in 2022, as rated by our own workforce.

Strategy 2023 – 2025:
In 2022 we laid the plans for shaping the SGH of the next three years and beyond with a new Vision and a new Strategic Plan to guide our priorities. Our refreshed strategy provides a clear path for advancing our vision for the future. It helps us make good decisions about how we deliver the health services our community needs, not only now, but in the years to come. It gives us a very clear framework for delivering the measurable objectives we have set for SGH. Importantly, our strategy recognises how quickly the healthcare environment in Victoria has changed in the past few years and puts a focus on ensuring we can respond to emerging opportunities that can enhance the range of services we can provide.

To ensure our health service is 'fit for the future', we also need to understand and manage key challenges facing health services in many regional and rural communities: attracting skilled workforce, a shortage of local housing and the limited transportation options for people seeking treatment. We are committed to working with the South Gippsland community, Department of Health and our partners to drive the right outcomes.

A summary of our Strategic Plan on page 11.

High quality services:
In July 2022 SGH was re-accredited to the National Safety and Quality Health Service Standards (2nd version) following assessment of our systems by independent auditors. Re-certification was achieved with zero non-conformances and zero recommendations for improvement. The auditors stated they considered SGH's systems to be on par with those of a much larger health service.

Given audit preparation and assessment occurred in the midst of the demands of the Health System Winter Response in 2022 this was an outstanding result and a credit to every person at South Gippsland Hospital.

We look now to preparing for assessment against the Aged Care Standards in 2023.

We were pleased in March 2023 to be informed that 85% of staff gave a positive response to safety culture questions in the People Matter Survey. To learn that so many of our staff had an overall positive response is very pleasing. Even more pleasing is that specifically 96% of staff would recommend a friend or relative to be treated as a patient here.

Outstanding people:
This was another year when COVID precautions within health services and for health care workers continued to affect the way our staff delivered care within the hospital, in our patient's homes and in our Community Health and Banksia Centres.

Despite these challenges, our People Matter Survey results consistently better peer and State benchmarks, reflecting the very positive workplace culture at SGH. With results again above 90% our performance betters that of many of our peer health services and State averages for health service performance. 82% of our engaged staff participated, which is a significant result.

We all owe thanks to every one of our staff and volunteers for the expertise and dedication they bring to the health service every day. Every person contributes to South Gippsland Hospital's excellent reputation and the outstanding level of care it provides to our community.

Funding:
Successful funding applications resulted again in focused capital investment and equipment upgrade programmes valued at almost $1 million to support safe, sustainable, efficient and innovative health services. We were able to replace aged medical equipment; upgrade information technology, fire protection, security and safety systems within our buildings. We were able also to replace our boiler, with plan to replace our electrical switchboards and generators well underway to improve the reliability of those critical items.

Expansion of services:
Upgrades to buildings and equipment supported expansion of services: a Positive Aging programme, collaboration with Royal Flying Doctor Service (RFDS) to expand their community transport programme into Gippsland and increased Allied Health services. Our modern operating theatre allowed us to support Latrobe Regional Hospital in reducing its elective surgery lists.

The quality of our Home Care Package programme has seen it grow dramatically. New admissions are expected to continue over the coming year with an agreed expansion of the geographical scope to include areas within 50 kms of Foster (Yarram, Mirboo North, Leongatha, Inverloch, Venus Bay, Yanakie and in between).

Collaboration:
Our collaboration with our sub-regional and regional partners continues, working closely with Bass Coast Health, Gippsland Southern Health Service, Kooweerup Regional Health Service and Latrobe Regional Health to deliver improvements in service delivery across our region. We are strongly committed to our role in the respective partnerships with our focus always on delivering safe and high-quality health care, close to home.

Looking forward:

Our proven track record of exceptional performance and effective collaboration over a number of years stands South Gippsland Hospital in good stead for the future. A new Vision and a new Strategic Plan guide our priorities through to 2025 to deliver high quality and safe healthcare services, close to home. We continue our work with our partners on a co-ordinated approach to ensuring our community can access healthcare within the Region if there is a need to go beyond our capability as a small rural health service.

This Annual Report is the Board Chair's final contribution to the health service as she completes her nine-year tenure at 30th June 2023, the last six as leader of our Board. As Dr David Pollard takes on the role of Board Chair at 1st July 2023 with Graeme Baxter as his Deputy Chair, the community can be confident South Gippsland Hospital is in safe and capable hands under their stewardship.

Acknowledgements

We express our appreciation and give thanks to the following individuals and groups for their valued contribution to our health service:

- Our executive management team for their expert leadership and management in another challenging year: Claire Kent, Director of Nursing (Acute Care); Samantha Park, Director of Community Care; Maragret Kuhne (Acting Director Community Care), Martin Schack, Facilities Manager; Shianne Murray, Human Resources Manager; Paul Greco/Judy Brennan, Quality & Risk Coordinator; Jackie Goodman Quality & Risk Manager (from February 2023) and Emmah Welsh, Business Manager and Board Secretary;
- Dr Yohan Nathan, Chief Medical Officer;
- Our colleagues at Foster Medical Centre for their clinical support of our health service;
- Our contractors and service providers, particularly South Gippsland Radiology, Ambulance Victoria, Duesburys and Monash Pathology;
- The Department of Health for its continued support of South Gippsland Hospital;
- Our health precinct partners Foster Medical Centre and Prom Country Aged Care;
- Our volunteers for their support of our health service, our patients and our staff;
- Members of our community and our service and other local organisations for their generous financial support;
- The Hospital Auxiliary for their outstanding and continued contribution. This year the members of the Auxiliary funded $40,325 worth of equipment;
- The members of the Board of Management for their leadership and for contributing their time and expertise to our continued focus on ensuring a high standard of health services for our community.
- Our community, for putting their trust in us to deliver an exceptional level of safe and high-quality care.

Finally, it has been yet another year where the challenges of the pandemic continued to affect the way we operated. Despite that, we've seen again the continued focus of our staff on delivering outstanding service and care, whether it be in the hospital, in people's homes or through the many programmes and services offered through our Community Health and Banksia Centre.

The very positive feedback we receive from those who come to South Gippsland Hospital tells us how much the expertise of every person who works here is recognised and valued by our community. The high regard in which this health service is held is a wonderful and well-deserved reflection of the exceptional level of service and care delivered by every person here.

Susan Pilkington
Chair, Board of Management
2022-2023

Paul Greenhalgh
Chief Executive Officer
2022-2023

Governance and Management

Board of Management

The Board oversees the strategic direction and management of South Gippsland Hospital and ensures that all services provided are consistent with the health service's by-laws, the *Health Services Act 1988* and any applicable Victorian and Commonwealth legislation.

Board Members

(as at 30 June 2023)

Susan Pilkington, Chair
Grad Dip Occ Haz Mgt CFSIA, FRMIA, ChOHSP, GAICD
Appointed 2014

Graeme Baxter, Deputy Chair
MoE, Dip Bus, Dip Tourism
Appointed 2016

Dr Judith Bennett
PhD, BA(Hons), LLB, MBA(MBS), MComm, GAICD
Appointed 2019

Professor Jim Buttery
MBBS(Hons), FRACP, MSc Evidence Based Health Care, MD
Appointed 2017

Dr David Pollard
BEcon (Hons) Dip Ed BD MA PhD
Appointed 2018

Dr Priscilla Robinson,
Associate Professor,
PhD, MPH, MHSc (PHP)
Appointed 2014

Damon Stynes
BCom, BA, FTIA
Appointed 2021

Jamie Sutherland
BPD, BPC, GAICD, AAMC
Appointed 2018

Ali Wastie
BA, GradDipEd(Sec), MDip & Trade, GAICD
Appointed 2021

Audit and Risk Management Committee

(as at 30 June 2023)

Graeme Baxter
Susan Pilkington
Judith Bennett
Dr David Pollard, Treasurer
Meg Knight
(Independent Member)
Marie Larkin
(Independent Member)
(July 2022 to February 2023)

Executive Management

(as at 30 June 2023)

Chief Executive Officer
Paul Greenhalgh B Nsg, G Cert Health Promotion, Dip Bus Mgt

Chief Medical Officer
Dr Umesh Gupta MBBS, MS, MBA, GAICD, FCHSM, AFRACMA, FACS, FISQuA, FACA, CPHQ, CSSBB (July to October 2022)

Dr Yohan Nathan FRACMA, MBBS, BBiomedSc, MPH & MHA
(October 2022 to June 2023)

Director, Nursing (Acute Care)
Claire Kent Masters Int Health Mgmt, B Nsg, G Cert Critical Care (Emergency)

Director, Community Care
Samantha Park, BSc, MS (Prelim), Grad Dip Adolescent Health and Welfare

Act. Director, Community Care
Margaret Kuhne RN, BN, Grad Cert Health Service Mgmt, Grad Cert Infection Control
(23 January to 6 April 2023)

Manager, Human Resources
Shianne Murray

Manager, Business
Emmah Welsh
(July 2022 to May 2023)

Coordinator, Quality & Risk
Paul Greco, BSc Hons
(July 2022 to March 2023)

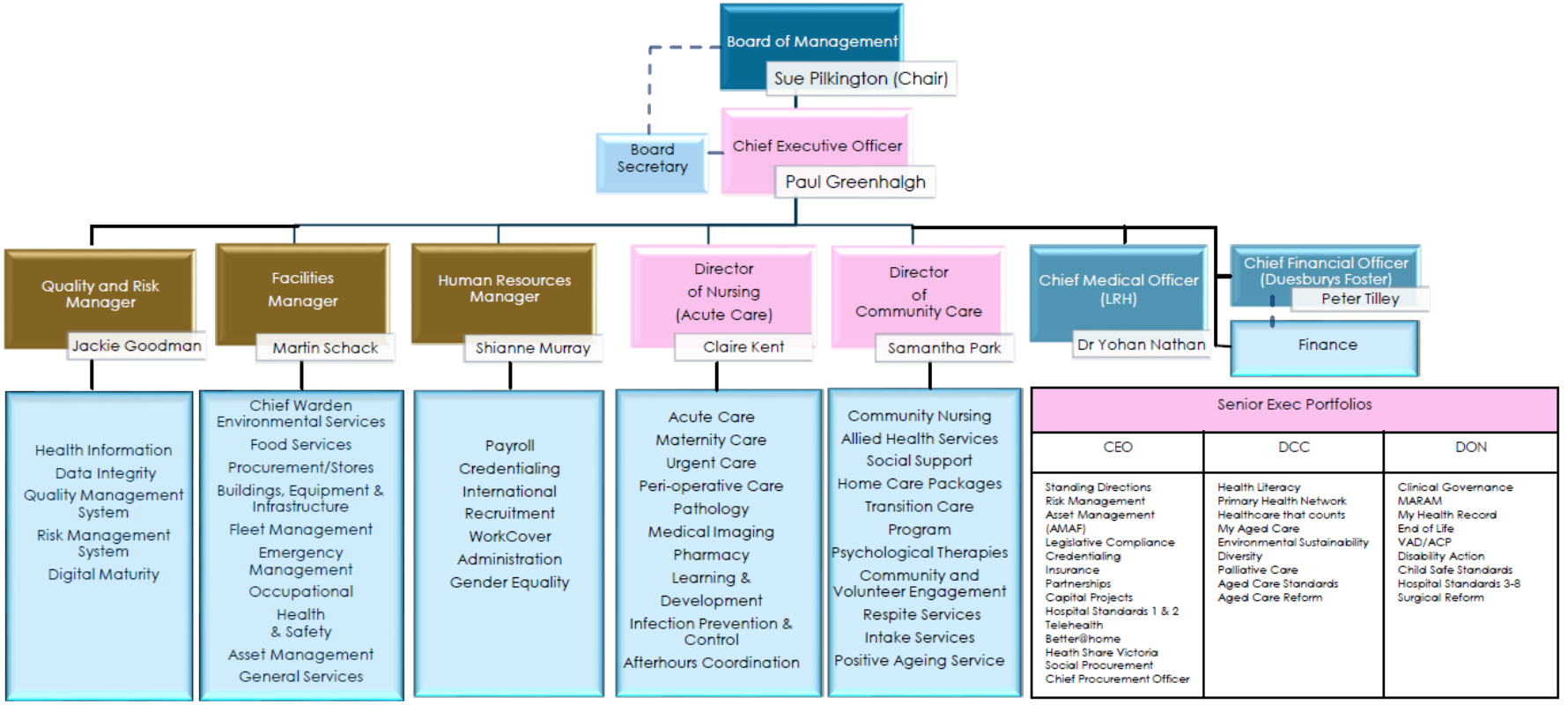
Manager, Quality & Risk
Jackie Goodman, BAppSc. OT, Grad Cert. Health Service Mgmt, Grad Dip. Quality Mgmt in Health Care
(March 2023 to June 2023)

Manager, Facilities
Martin Schack

Governance and Management

South Gippsland Hospital

Organisation Chart
May 2023



Governance and Management

Our Strategic Plan

Jan 2023- Dec 2025

Our Vision

Delivering the best and safest health care for our community

Our Strategic Focus

Four interconnected areas of

1. Caring and quality services
2. Valuing all our people
3. Purposeful positive partnerships

Underpinned by

4. Sound and aligned funding

South Gippsland Hospital

Adaptability.
Trust.
Excellence.
Accountability.
Mutual respect.

1. Caring and quality services

Deliver safe, quality person-centred health care close to home

Understand Community and Stakeholders needs now and in the future for service delivery as a foundation
Develop and maintain Clinical Services Plan that includes:

- continued care services
- growth in clinical care
- growth in community services
- opportunities for new services that fit demographic changes

Have effective management of assets to support service delivery now and into the future

2. Valuing all our people

Develop and nurture our people's capabilities for now and into the future

Nurture our excellent culture and aim to improve culture further (Internal)
Nurture and strengthen our excellent reputation (External)
Develop innovative L&D framework (with partners) to ensure SGH people have access to learning and development in their roles around skills and capabilities
Focus on building skills and capabilities of the Operational Leadership Team
Nurture and develop strong Board capabilities
Ensure SGH has the workforce it needs, including by actively working on common issues with partners

3. Purposeful positive partnerships

Maintain and grow purposeful positive partnerships at all levels

Maintain and nurture the security of local partnerships in the Foster Precinct; be an equal and influential voice in our precinct partnerships
Engage with Community to communicate strategy, understand needs and enable feedback
Support and nurture partnerships at relevant levels ; be an equal and influential voice in our partnership

4. Sound and aligned funding

Finance the services we provide and enable our growth into the future

Maximise the effectiveness of the existing funding ; build SGH's financial capacity as required
Develop strategy to optimise funding opportunities to enable SGH to support and increase our current and future service offerings in the Clinical Services Plan (see Goal 1)

Statement of Priorities Outcomes

Part A – Strategic Priorities

ALL ACHIEVED

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.

South Gippsland Hospital (SGH) participated, and was fully engaged in, planning and responding to addressing the ever-changing needs of the Pandemic response. SGH updated its Ventilation and Air Conditioning infrastructure in several rooms within the Urgent Care Centre and Acute Mixed Ward. This ensured SGH fully participated in the COVID-19 Streaming model, as a tier 2 facility, in the former Health Service Response framework.

Full compliance with:

- Visitor Access requirements
- Personal Protective Equipment
- Clinical guidelines across all settings
- Pandemic Directions and Orders
- Respiratory Protection Program
- COVID-19 vaccination for staff and contractors
- Rapid Antigen Testing Surveillance program for staff
- Department of Health Covid 19 reporting requirements

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.

In partnership with Bass Coast Health, Gippsland Southern Health Service and Kooweerup Regional Health Service, a subregional GEM@Home model of care has been developed. Associated medical and non-medical infrastructure has been purchased (eg. Hololens) to assist with implementation.

Our District Nursing Service has expanded to deliver 2361 Hospital in the Home and discharge enabling service hours (such as Post Acute Care, DVA and Home Care Package nursing care) compared to 1362 hrs in FY2022.

In partnership with the Royal Flying Doctor Service (RFDS) Victoria, SGH is home to Gippsland's first RFDS Community Transport Program, which increases older persons access to medical and other healthcare appointments. With a pickup from home, within a 30 km radius from our Foster site, clients can be transported up to 100kms to attend specialist care, or other health related appointments. Whilst this is not care delivered in the home, it keeps care close to home.

SGH has expressed interest in participating in the Victorian Virtual Emergency Department service.

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.

In November 2022, SCV resources were used to implement Statutory Duty of Candour legislation, which includes open disclosure and management of any serious adverse patient safety events (SAPSE). SCV are available to provide advice and direction on any adverse events. SGH participated in a SAPSE panel review at another health service as a learning opportunity.

Statement of Priorities Outcomes

Part A – Strategic Priorities…..cont.

ALL ACHIEVED

Maternity and newborn care at SGH is guided by SCV maternity and neonatal ehandbooks. Resources such as Management of Infants at risk of Hypoglycaemia are readily available to guide practice. Monitoring of performance relevant indicators such as Induction of Labour and Post Partum Hemorrhage are undertaken using SCV audit tools.
All policies and protocols are regularly updated, and where relevant, reference is made to the latest SCV clinical guidance documents.
Involvement in the Gippsland Health Service Partnership Elective Surgical Reform activities has involved a review of low value care procedures across the region. For SGH, compliance with the Colonoscopy Clinical Care Standard, released from the Australian Commission on Safety and Quality in Health Care (ACSQHC), has ensured the safe and appropriate use of colonoscopy.
Publications such as the SCV Urgent Care Centre adult sepsis pathway have been implemented as part of the wider implementation of the ACSQHC Sepsis Clinical Care Standard.

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.
Over 2023 our Food and Dietetic services have been working towards implementing the new Nutrition and Quality Food Standards for Adults in Victorian Public Hospitals. These standards will also support SGH in meeting the relevant National Safety and Quality Health Service standards relating to nutritional care, menu planning, consumer partnership and choice.
An audit of the current SGH food service system in 2023 has highlighted key quality improvement activities required to ensure SGH is compliant with relevant components of both standards including:

- establishing a Nutrition Steering Committee to monitor and progress food and nutrition quality and safety,
- conducting a broader auditing and surveying schedule to monitor and address food quality, consumption, waste, satisfaction, diversity and choice,
- relevant and reflective consumer consultation and engagement to provide input and feedback regarding food services,
- more comprehensive menu planning, including meeting baseline diet and texture modified food and fluid requirements, and
- a review of choice, meal environment, sustainability and food procurement.

A comprehensive plan outlining in detail SGH commitments, actions required, timeframes and responsibilities to meet the Nutrition and Quality Food Standards requirements will be presented to the Board of Management in the near future.

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.

Under the National Australian Built Environment Rating System, SGH received confirmation that initiatives over several years are improving our environmental impact. The hospital achieved a 5-star water rating and a 4.5-star energy rating. SGH has a green team that monitors implementation of an environmentally sustainable action plan. Within that plan, is scheduled an energy audit, to be facilitated by the Victorian Health Building Authority, in 2023. Additionally, SGH is seeking to receive a solar grant to top up existing solar panels, as well considering establishing community batteries under the Australian Renewable Energy Agency funding rounds.

Statement of Priorities Outcomes

Part A – Strategic Priorities…..cont. **ALL ACHIEVED**

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.

SGH's Asset Maintenance and Management maturity continues to improve, as evidenced by an internal audit conducted against the Asset Management Accountability Framework (AMAF).

Asset key performance indicators are now reported through to the Board Planning Committee, where all asset purchases, capital projects, and infrastructure upgrades are also approved and monitored.

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.

SGH has continued to establish meaningful connections to Aboriginal people both within the healthcare network and community. This has included developing a partnership with the Aboriginal Health Lead of the Gippsland Region Public Health Unit to progress referral pathways into specialist Aboriginal health organisations or Aboriginal support services for any community client identifying as Aboriginal and Torres Strait Islander.

SGH has further demonstrated commitment to improving outcomes for Aboriginal Victorians by:

- Strengthening SGH Intake and Admission processes regarding patient identification
- Ensuring Executive engagement at the regional Sorry Day event
- Attending and engaging with the regional Reconciliation Forum during Reconciliation week
- Joining the Bass Coast and South Gippsland Reconciliation group
- Fostering a connection to local Traditional Land Custodians and Elders
- Contributing to the development of a regional Inclusion and Diversity Framework
- Providing ongoing learning opportunities for staff regarding Aboriginal history and cultural awareness and safety training

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.

Statement of Priorities Outcomes
Part A – Strategic Priorities…..cont.

ALL ACHIEVED

SGH has continued building Purposeful Positive Partnerships with a range of entities including:

- Gippsland Region Health Service Partnership (GRHSP) - Active involvement of the SGH Senior Executive Team in the HSP activities including Elective Surgical Reform and Better at Home Committees and implementation of their respective workplans.
- Gippsland Public Health Unit – continued relationship of information sharing, and advice sought by SGH as required.
- Gippsland Primary Health Network – opportunities for continued collaboration of innovative projects and services
- Department of Health (Vic) - ongoing dialogue about finances, projects, and services. CEO engaged in the Surgery / Cancer Services Operational Advisory Group and various consultation groups (e.g. Anaesthetic Workforce)
- Latrobe Regional Hospital - performed agreed catch up elective surgery work on behalf of LRH, successful secondment of LRH Nurse Practitioners to support the medical workforce over peak periods (Summer and Easter holidays) in the SGH Urgent Care Centre
- South Gippsland Coast Partnership – as a local Area Partnership work has continued to strengthen and align work that supports HSP priorities.
- Royal Flying Doctor Service (RFDS) Victoria - Partnership to established successful community transport model to improve access to medical and health related appointments
- Northen Health – expression of interest submitted to participate in the Victorian Virtual Emergency Department

A stronger workforce:

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.
SGH have installed CCTV in the Community Health Centre, completing the surveillance network across all three buildings to strengthen security measures already in place for staff and visitors.

SGH were the first health service to take up the Department of Health's sponsored OVA De-escalation training. Reaching 20% of staff, this face-to-face training complimented the online training.

Alignment with the Multi-Agency Risk Assessment and Management (MARAM) Framework has continued by ongoing implementation of the action plan. The has included Family Violence and Child information sharing scheme Policy and Procedure in place, MARAM responsibilities built into Position Descriptions, MARAM/FV training built into orientation and mandatory training program, MARAM risk screening built into assessments across acute, midwifery and community care. In addition, family violence workplace support and response is in place for staff.
SGH has several initiatives underway to improve workforce wellbeing:

- Participating in the Safer Care Victoria worker wellbeing initiative
- Employee Assistance Counselling Program
- Gender Equality Action Plan 2021-2025, including Flexible Work Arrangements, Work from Home, and transparency with plan implementation
- Urgent Care Centre Nurse Practitioner secondment from Latrobe Regional Hospital to support Medical Practitioners
- Staff amenities improvements, and workstation enhancements (eg -Stand Up Desks)
- Celebrations for staff and volunteers in line with National and International acknowledgement days
- Exit interviews with *in-place* interviews scheduled
- Transition to Retirement Program
- Strong inclusive culture with many celebrations of diversity events
- Health and Wellbeing Charter

Statement of Priorities Outcomes

Part A – Strategic Priorities…..cont.

ALL ACHIEVED

- Health Promotion Messages and events
- Weekly staff updates to strengthen and improve organisational communication
- Expanded professional development and learning opportunities

Part B: Key Performance Measures

High quality and safe care

Key performance measure	Target	Result
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	87%
Percentage of healthcare workers immunised for influenza	92%	100%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses Quarter 1	95%	100%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses Quarter 2	95%	100%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses Quarter 3	95%	100%
Maternity and Newborn		
Percentage of full-term babies (without congenital anomalies) who are considered in poor condition shortly after birth (APGAR score <7 to 5 minutes)	≤ 1.4%	0.0%
Percentage of singleton babies with severe fetal growth restriction (FGR) delivered at 40 or more weeks gestation	≤ 28.6%	0.0%

Part B: Key Performance Measures…..cont.

Strong Governance, leadership and culture

Key performance indicator	Target	Result
Organisational Culture		
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	85%

Effective financial management

Key performance measure	Target	Result
Operating result ($m)	$0.00	$0.01
Average number of days to paying trade creditors	60 days	34 days
Average number of days to receiving patient fee debtors	60 days	51 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.2
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ $250,000	Not achieved
Actual number of days available cash, measured on the last day of each month.	14 days	28 days

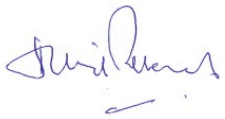
Part C: Activity

Funding type	Activity Result
Small Rural	
Small Rural Acute	30
Small Rural Primary Health & HACC	1,273

Attestations and Declarations

Financial Management Compliance Attestation – SD 5.1.4

I, DAVID POLLARD, on behalf of the Responsible Body, certify that the South Gippsland Hospital has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



David Pollard
Board Chair
South Gippsland Hospital, Foster
28 September 2023

Data Integrity Declaration

I, PAUL GREENHALGH, certify that South Gippsland Hospital has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. South Gippsland Hospital has critically reviewed these controls and processes during the year.

Paul Greenhalgh
Chief Executive Officer
South Gippsland Hospital, Foster
28 September 2023

Integrity, Fraud and Corruption Declaration

I, PAUL GREENHALGH, certify that South Gippsland Hospital has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at South Gippsland Hospital during the year.

Paul Greenhalgh
Chief Executive Officer
South Gippsland Hospital, Foster
28 September 2023

Attestations and Declarations *(continued...)*

Conflict of Interest Declaration

I, PAUL GREENHALGH, certify that South Gippsland Hospital 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 VPSC. Declaration of private interest forms have been completed by all executive staff within South Gippsland Hospital 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.

Paul Greenhalgh
Chief Executive Officer
South Gippsland Hospital, Foster
28 September 2023

Compliance with Health Share Victoria (HSV) Purchasing Policies

I, PAUL GREENHALGH , certify that South Gippsland Hospital 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.

Paul Greenhalgh
Chief Executive Officer
South Gippsland Hospital, Foster
28 September 2023

Attestations and Declarations *(continued...)*

Social Procurement Framework Declaration

I, PAUL GREENHALGH, certify that South Gippsland Hospital has put in place appropriate internal controls and processes to ensure that it has materially complied with all requirements set out in the Social Procurement Framework (SPF). These included all contracts with SPF commitments are input into the Victorian Management Centre (VMC) and progress against these commitments are also recorded, a minimum of one case study has been drafted and SPF Case Study Online Survey has been completed, 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). A case study is included below, and achievements against defined SPF outcomes have been included.

SGH Case Study
Through the reporting period, South Gippsland Hospital expended its Home Care Package services geographical reach, engaging Mirridong Services based in Yarram. Services are provided from the surrounding areas of Foster, Carrajung and Woodside in South East Gippsland Victoria, encompassing the areas within the Wellington and the South Gippsland Shires. Mirridong Services provide opportunities for adults with a disability to make choices, achieve goals and gain independence by providing many services. In our case, Mirridong provided gardening to several clients, who are extremely impressed by the standard of service provision.

Paul Greenhalgh
Chief Executive Officer
South Gippsland Hospital, Foster
28 September 2023

Workforce

Workforce data

Hospitals labour category	JUNE current month FTE		Average Monthly FTE	
	2022	2023	2022	2023
Nursing	37.81	46.1	40.88	48.34
Administration and Clerical	15.99	17.46	16.35	18.5
Medical Support	0.53	0.8	0.55	0.86
Hotel and Allied Services	12.03	11.1	12.71	11.42
Medical Officers	0	0	0	0
Hospital Medical Officers	0	0	0	0
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	16.49	22.55	16.01	21.29

Incorporating both the hospitals values and public sector values, South Gippsland Hospital has in place the appropriate employment and conduct principles. All staff have been correctly classified in workforce data collections.

Workforce *(continued...)*

Occupational health and safety

South Gippsland Hospital meets all certification performance indicators in relation to Occupational Health and Safety requirements. It maintains an Occupational Health and Safety framework to manage a safe work environment, roles and responsibilities, the OH&S Committee, incident management and return to work programs.

Occupational Health and Safety Statistics	**2020-2021**	**2021-2022**	**2022-2023**
The number of reported hazards/incidents for the year per 100 FTE	28	23.1	8
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	1	1	1
The average cost per WorkCover claim for the year	$1,582	$10,825	$13,588

Occupational violence

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

Occupational violence statistics	**2022-2023**
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	11
Number of occupational violence incidents reported per 100 FTE	11
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	18%

Definitions of occupational violence

- 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. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.
- Accepted Workcover claims - accepted Workcover claims that were lodged in 2022-2023.
- 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.

Summary of Financial Results

Summary of operational and budgetary objectives

In 2022-2023, SGH achieved the targets established under the Statement of Priorities. The hospital recorded a deficit of $175,580 after capital items. The operating result is $118,151 before capital purpose income and depreciation. Capital purpose income of $308,755, was received during the financial year with depreciation write-offs totalling $570,142.

Significant changes in financial position during the year

The results for the year have been affected by the COVID-19 Pandemic.

Events subsequent to balance date

At the date of this report, management is not aware of any events that have occurred subsequent to balance date that may have material impact on the results of the next reporting period.

Summary of financial results

	2023 $	2022 $	2021 $	2020 $	2019 $
OPERATING RESULT*					
Total revenue	15,305,283	14,186,293	10,905,428	11,477,604	9,664,552
Total expenses	15,465,305	13,482,076	10,892,830	10,438,879	9,272,290
Net result from transactions	-160,022	704,217	12,598	1,038,725	392,262
Total other economic flows	-15,558	9,041	2,357	3,081	11,979
Net result	-175,580	713,258	14,955	1,041,806	404,241
Total assets	14,404,769	13,179,240	12,555,678	11,885,796	10,418,663
Total liabilities	3,510,235	3,088,184	3,657,694	3,062,953	2,637,626
Net assets/Total equity	10,894,534	10,091,056	8,897,984	8,822,843	7,781,037

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

Reconciliation between the Net result from transactions to the Statement of Priorities Operating Result

2022-2023	$
Operating result	118,151
Capital purpose income	308,755
Specific income	0
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	114,066
State supply items consumed up to 30 June 2023	(114,066)
Assets provided free of charge	0
Assets received free of charge	0
Expenditure for capital purpose	(11,603)
Depreciation and amortisation	(570,142)
Impairment of non-financial assets	0
Finance costs (other)	(5,183)
Net result from transactions	(160,022)

Summary of Financial Results *(continued...)*

Consultancies

Details of consultancies (under $10,000)

In 2022-2023, there was 1 consultant where the total fees payable to the consultant was less than $10,000. The total expenditure incurred during 2022-2023 in relation to this consultancy is $6,300 (excl. GST).

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

In 2022-2023, there was 1 consultant where the total fees payable to the consultant was $10,000 or greater.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2022-2023 (excluding GST)	Future expenditure (excluding GST)
Fryda and Dorne	Electrical safety	16 January 2023	31 March 2024	$32,000	$15,280	$16,720

Information and Communication Technology (ICT)

The total ICT expenditure incurred during 2022-2023 is $643,849 (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)	Capital expenditure (excluding GST)
$547,071	$96,778	$0	$96,778

Other information and disclosures

The Annual Report of South Gippsland Hospital is prepared in accordance with Victorian legislation.

A summary of the legislative obligations and required disclosures of South Gippsland Hospital is detailed below.

Freedom of Information Act 1982

The Freedom of Information Act 1982 (the FOI Act) gives people right of access to information held by South Gippsland Hospital and applications for access to information and records are processed in accordance with the FOI Act under delegation from the Chief Executive Officer. Health Services charge a fee for FOI and medico-legal requests.

In some instances, where hardship can be proven, the fee may be waived. South Gippsland Hospital has in place a corporate policy and procedure which complies with the FOI Act.

Disclosures made under this policy will be investigated swiftly, professionally and discreetly.

What can I access?

Access may be in the form of requesting access to copies of patient records or inspecting the patient record (in the presence of the Chief Medical Officer or delegate).

How do I access information?

Applications must be made in writing to the Health Information Manager on an Application Form submitted to South Gippsland Hospital.

Your request to either view the record or obtain a copy must be clear.

Records will only be provided to a person other than the patient if written authority from the patient is given, or if you can provide evidence you have been named as Power of Attorney, have been appointed Legal Guardian, or are the direct Next of Kin (in the case of a deceased person).

Records may also be made available in accordance with due legal process, eg as evidence in a legal action before a court.

Costs & Requirements

Application under the FOI Act, the person making an application must pay certain costs, all subject to change.
These costs are:

- Application fee (non-refundable) = $30.60
- Supervision charges = $5.00 per quarter hour or part thereof
- Photocopy charges – 20c per page

If you are the holder of a current health care/pension card, please ensure a copy of your entitlement card is provided.

Applications must be sent with proof of your identity (eg a copy of your driver's license or passport).

Summary of requestors for 2022-2023

There were THREE (3) requests for information at South Gippsland Hospital in 2022-2023 – all were for patient details.

How can you request a review of a decision?

If you are not satisfied with the decision, you have the right to seek a review from the Freedom of Information Commissioner.

If you wish to appeal the Commissioner's decision, you can apply to the Victorian Civil and Administrative Tribunal.

The Freedom of Information Commissioner can hear complaints about an agency's handling of a request. If the request involves health information, you can also contact the Health Services Commissioner.

Other information and disclosures *(continued)*

Building Act 1993

All buildings and maintenance provisions of South Gippsland Hospital comply with the *Building Act 1993*, which encompasses the Building Code.

Public Interest Disclosure Act 2012

South Gippsland Hospital endorses the provisions of the *Public Interest Disclosure Act 2012* which encourages and facilitates disclosure of improper conduct by public officers, public bodies and protects persons who make these disclosures.

Statement on National Competition Policy

South Gippsland Hospital complies with all Government policies regarding competitive neutrality requirements and has implemented policies and programs to ensure compliance with the National Competition Policy, including compliance with the requirements of the policy statement 'Competitive Neutrality Policy Victoria' and any subsequent reforms.

Carers Recognition Act 2012

South Gippsland Hospital endorses the Carers Recognition Act 2012 which recognises, promotes and values the role of carers. Staff are encouraged to consider and promote the care relationship principles and the supporting document 'Victorian Charter Supporting People in Care Relationships'.

Environmental Performance

Data on indicators is currently not collected. The organisation is planning to use the Department of Health's environmental data management system (EDMS), which uploads this data. The data gap will be addressed and we will be able to report on this indicator in the next financial year.

Environmental impacts & energy usage

	2020-2021	2021-2022	2022-2023
Energy use			
Electricity (MWh)	317*	366*	216^
Liquefied Petroleum Gas (kL)	18.7	25.2	24.52
Carbon emissions (thousand tonnes of CO_2e)			
Electricity	280*	407^	345^
Liquefied Petroleum Gas	n/a	n/a	n/a
Total emissions	0.28*	0.40^	0.34^
Recycling	234m^3	234m^3	234m^3
Water use (kL)			
Potable Water	**2344**	**2361**	**2969**

*Data did not include the Community Health building

^Data now includes the Community Health building

Factors influencing environmental impacts

	2020-2021	2021-2022	2022-2023
Floor area (m2)	5096	5096	5096
Separations	519	529	861
In-Patient Bed Days	2742	3421	3344

Benchmarks | 2019-20

	Average for peer group	Your value	% above/ below ave.
Carbon emissions			
CO2e(t) per m2	0.11	0.07	-36.4%
CO2e(t) per OBD	0.04	0.10	150%

CO2e(t) per Seps	1.33	0.40	-69.9%
Water use			
kL per m2	0.90	0.58	-35.5%
kL per OBD	0.34	0.89	161%
kL per Seps	11.01	3.44	-68.7%
Expenditure rates			
Total utility spend ($/m2)	27	23.78	-11.9%
Elec($/kWh)	0	0.26	n/a
Potable Water($/kL)	3	6.0	100%
LPG($/kL)	698	700	0.0%

2. Emissions are calculated using the carbon factors for the year in which the emissions were generated. For health services provided with energy (electricity and steam) under the co-generation ESA (energy services agreement) carbon factors provided by the energy retailer are used.
3. Electricity consumption values exclude line losses; some energy retailers include losses in reported values.
4. Occupied bed days (OBD) include both inpatient and aged care data, unless stated otherwise. Please note SGH has no residential aged care beds so OBD is only inpatient data.

Safe Patient Care Act 2015

The South Gippsland Hospital was required to implement an additional 3 nurses per day on the Acute Ward from 1 July 2022 and can report that there were Nil occasions where the Act was not met.

Legislation

South Gippsland Hospital complies with the requirements of the following legislation:

- *Gender Equality Act 2020*
- *Financial Management Act 1994*
- *Public Interest Disclosure Act 2012*
- *Carers Recognition Act 2012*
- *Local Jobs First Act 2003*
- *Freedom of Information Act 1982*
- *Safe Patient Care Act 2015*
- *Building Act 1993*
- *Disability Act*

Other information and disclosures *(continued)*

Additional information available on request (FRD 22)

In compliance with the requirements of FRD 22 Section 5.19, Standard Disclosures in the Report of Operations, details in respect of the items listed below have been retained by South Gippsland Hospital (the Health Service) and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the Freedom of Information requirements, if applicable):

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially in a statutory authority or subsidiary;
- Details of publications produced by the entity about itself, including annual Aboriginal cultural safety reports and plans, 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, including any Aboriginal advisory or governance committees, the purposes of each committee and the extent to which those purposes have been achieved; and
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Local Jobs First Act 2003

In 2022-23 there were no contracts requiring disclosure under the Local Jobs First Act 2003.

Gender Equality Act 2020

South Gippsland Hospital as a defined entity understands its role in gender equality and welcomes these legislative obligations to address known issues within the sphere of gender equality.

Our 2021–2025 Gender Equality Action Plan represents a commitment to strengthen our existing workplace culture, where diversity and equality is respected and valued. We have worked, and will continue to work, with representatives from across the organisation to consider and make recommendations to the SGH Board, relating to gender equality.

We commenced this important journey when the 2021 People Matter Survey results were released, alongside our Gender Audit data, and acknowledge that there is a need for ongoing monitoring and review of the actions within the plan.

SGH recognises that gender equality in the workplace has a flow on effect to our consumers and more broadly throughout the community we serve. By continuing to build a vibrant and inclusive workplace culture that values difference and diversity, we are investing in the wellbeing of our staff and the local community.

Other information and disclosures *(continued)*

Disclosure Index

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

Legislation	Requirement	Page Reference
Ministerial Directions		
Report of Operations		
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	4
FRD 22	Purpose, functions, powers and duties	4
FRD 22	Nature and range of services provided	5
FRD 22	Activities, programs and achievements for the reporting period	6
FRD 22	Significant changes in key initiatives and expectations for the future	8
Management and structure		
FRD 22	Organisational structure	10
FRD 22	Workforce data/employment and conduct principles	20
FRD 22	Occupational Health and Safety	21
Financial information		
FRD 22	Summary of the financial results for the year	22
FRD 22	Significant changes in financial position during the year	22
FRD 22	Operational and budgetary objectives and performance against objectives	22
FRD 22	Subsequent events	22
FRD 22	Details of consultancies under $10,000	23
FRD 22	Details of consultancies over $10,000	23
FRD 22	Disclosure of ICT expenditure	23
Legislation		
FRD 22	Application and operation of Freedom of Information Act 1982	24
FRD 22	Compliance with building and maintenance provisions of Building Act 1993	25
FRD 22	Application and operation of Public Interest Disclosure 2012	25
FRD 22	Statement on National Competition Policy	25
FRD 22	Application and operation of Carers Recognition Act 2012	25
FRD 22	Additional information available on request	27
FRD 24	Environmental data reporting	25
FRD 25	Local Jobs First Act 2003 disclosures	27
SD 5.1.4	Financial Management Compliance attestation	18
SD 5.2.3	Declaration in report of operations	5

Other information and disclosures *(continued)*

Legislation	Requirement	Page Reference
Attestations		
	Attestation on Data Integrity	18
	Attestation on managing Conflicts of Interest	19
	Attestation on Integrity, fraud and corruption	18
	Compliance with HealthShare Victoria (HSV) Purchasing Policies	
Other reporting requirements		
	Reporting of outcomes from Statement of Priorities 2022-2023	12
	Occupational Violence Reporting	21
	Gender Equality Act 2020	27
	Reporting obligations under the Safe Patient Care Act 2015	26

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of South Gippsland Hospital

Opinion	I have audited the financial report of South Gippsland Hospital (the health service) which comprises the: • 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. 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 *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* 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 *Code of Ethics for Professional Accountants* (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.
Other information	My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.
Board's responsibilities for the financial report	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. 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.

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
3 October 2023

Dominika Ryan
as delegate for the Auditor-General of Victoria

Financial Statements for the year ended 30 June 2023

South Gippsland Hospital Board member's, accountable officer's and chief finance & accounting officer's declaration

The attached financial statements for South Gippsland Hospital 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 South Gippsland Hospital 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 15 September 2023

David Pollard	Paul Greenhalgh	Peter Tilley
Board Chair	Accountable Officer	Chief Finance & Accounting Officer
Foster	Foster	Foster
15 September 2023	15 September 2023	15 September 2023

South Gippsland Hospital for the financial year ended 30 June 2023

Table of Contents

South Gippsland Hospital
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2023

	Note	2023 $	2022 $
Revenue and income from transactions			
Operating activities	2.1	14,458,556	13,352,290
Non-operating activities	2.1	70,952	10,826
Share of revenue from joint operations	8.7	775,775	823,177
Total revenue and income from transactions		**15,305,283**	**14,186,293**
Expenses from transactions			
Employee expenses	3.1	(11,578,972)	(9,546,970)
Supplies and consumables	3.1	(967,709)	(894,120)
Finance costs	3.1	(5,183)	(8,038)
Depreciation and amortisation	4.4	(570,142)	(514,233)
Other administrative expenses	3.1	(974,596)	(958,676)
Other operating expenses	3.1	(582,519)	(674,016)
Other non-operating expenses	3.1	2,567	(2,835)
Share of expenditure from joint operations	8.7	(788,751)	(883,188)
Total Expenses from transactions		**(15,465,305)**	**(13,482,076)**
Net result from transactions - net operating balance		**(160,022)**	**704,217**
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	(779)	(17,268)
Other gain/(loss) from other economic flows	3.2	(14,779)	26,309
Total other economic flows included in net result		**(15,558)**	**9,041**
Net result for the year		**(175,580)**	**713,258**
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.3	979,058	479,814
Total other comprehensive income		**979,058**	**479,814**
Comprehensive result for the year		**803,478**	**1,193,072**

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

South Gippsland Hospital
Balance Sheet
As at 30 June 2023

	Note	2023 $	2022 $
Current assets			
Cash and cash equivalents	6.2	2,452,701	2,680,030
Receivables	5.1	717,372	433,680
Inventories	4.5	83,760	71,512
Share of assets in joint operations	8.7	547,096	317,123
Total current assets		**3,800,929**	**3,502,345**
Non-current assets			
Receivables	5.1	854,660	603,967
Property, plant and equipment	4.1(a)	9,592,048	8,904,416
Right of use assets	4.2(a)	128,816	127,006
Share of assets in joint operations	8.7	28,316	41,506
Total non-current assets		**10,603,840**	**9,676,895**
Total assets		**14,404,769**	**13,179,240**
Current liabilities			
Payables	5.2	681,394	785,888
Borrowings	6.1	99,536	107,273
Employee benefits	3.3	2,159,993	1,831,541
Other liabilities	5.3	1,547	84,948
Share of liabilities in joint operations	8.7	285,737	50,802
Total current liabilities		**3,228,207**	**2,860,452**
Non-current liabilities			
Borrowings	6.1	27,732	19,944
Employee benefits	3.3	242,253	190,569
Share of liabilities in joint operations	8.7	12,043	17,219
Total non-current liabilities		**282,028**	**227,732**
Total liabilities		**3,510,235**	**3,088,184**
Net assets		**10,894,534**	**10,091,056**
Equity			
Property, plant and equipment revaluation surplus	4.3	5,065,666	4,086,608
Contributed capital	SCE	3,086,756	3,086,756
Accumulated surplus/(deficit)	SCE	2,742,112	2,917,692
Total equity		**10,894,534**	**10,091,056**

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

South Gippsland Hospital
Cash Flow Statement
For the Financial Year Ended 30 June 2023

	Note	2023 $	2022 $
Cash Flows from operating activities			
Operating grants from State Government		9,350,806	8,596,093
Operating grants from Commonwealth Government		1,064,624	1,025,539
Capital grants from State Government		272,523	416,972
Patient fees received		395,012	376,201
Donations and bequests received		-	66,183
GST received from ATO		150,194	160,725
Interest and investment income received		70,952	10,826
Other receipts		2,683,304	2,610,122
Total receipts		**13,987,415**	**13,262,661**
Employee expenses		(11,212,940)	(9,377,748)
Payments for service and medical officers		(54,217)	(88,526)
Payments for supplies and consumables		(866,019)	(771,789)
Payments for repairs and maintenance		(73,345)	(68,014)
Finance costs		(5,183)	(8,038)
GST paid to ATO		(256,302)	(298,051)
Other payments		(1,594,402)	(2,331,397)
Total payments		**(14,062,408)**	**(12,943,563)**
Net cash flows from/(used in) operating activities	8.1	**(74,993)**	**319,098**
Cash Flows from investing activities			
Purchase of non-financial assets		(247,803)	(842,699)
Purchase of financial assets		-	(15,918)
Capital donations and bequests received		128,918	117,116
Net cash flows from/(used in) investing activities		**(118,885)**	**(741,501)**
Cash flows from financing activities			
Repayment of borrowings		(33,451)	(31,627)
Net cash flows from/(used in) financing activities		**(33,451)**	**(31,627)**
Net increase/(decrease) in cash and cash equivalents held		**(227,329)**	**(454,030)**
Cash and cash equivalents at beginning of year		2,680,030	3,134,060
Cash and cash equivalents at end of year	6.2	**2,452,701**	**2,680,030**

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

South Gippsland Hospital
Statement of Changes in Equity
For the Financial Year Ended 30 June 2023

	Property, Plant and Equipment Revaluation Surplus $	Contributed Capital $	Accumulated Surplus/(Deficit) $	Total $
Balance at 1 July 2021	**3,606,794**	**3,086,756**	**2,204,434**	**8,897,984**
Net result for the year	-	-	713,258	713,258
Other comprehensive income for the year	479,814	-	-	479,814
Balance at 30 June 2022	**4,086,608**	**3,086,756**	**2,917,692**	**10,091,056**
Net result for the year	-	-	(175,580)	(175,580)
Other comprehensive income for the year	979,058	-	-	979,058
Balance at 30 June 2023	**5,065,666**	**3,086,756**	**2,742,112**	**10,894,534**

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

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2023

Note 1: Basis of preparation

Structure

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2023

Note 1 Basis of preparation

These financial statements represent the audited general purpose financial statements for the Health Service for the year ended 30 June 2023. The report provides users with information about the 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.

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.

The 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 Health Service operates a single Operating fund and has no other specific purpose or capital funds.

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 8.9 Economic Dependency).

The financial statements are in Australian 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 the Health Service and its controlled entities on 15th September 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 the Health Service, they are disclosed in the explanatory notes. For the Health Service, this includes:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services.

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
NWAU	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office

Note 1.4 Joint arrangements

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

The Health Service has the following joint arrangements:
- Gippsland Health Alliance (joint operation)

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

Note 1.5 Key accounting estimates and judgements
Management make estimates and judgements when preparing the financial statements.

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

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

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.
- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.1: Property, plant and equipment
- Note 4.3: Right-of-use assets
- Note 4.4: Depreciation and amortisation
- Note 5.1: Receivables
- Note 5.1: Contract assets
- Note 5.2: Payables
- Note 5.2(b): Contract liabilities
- Note 6.1(a): Lease liabilities
- Note 7.4: 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 the Health Service and their potential impact when adopted in future periods is outlined below:

Standard	Adoption Date	Impact
AASB 17: *Insurance Contracts*	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-5: *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
AASB 2022-6: *Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants*	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments*	Reporting periods beginning on or after January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: *Amendments to Australian Accounting standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*	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 the 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 GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables in the Balance Sheet are stated inclusive of the amount of GST. 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 included in the Cash Flow Statement on a gross basis, except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, which are disclosed as operating cash flows.

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 Health Service.

Its principal address is:
87 Station Road
Foster, Victoria 3960

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

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30

Note 2: Funding delivery of our services

The Health Service's overall objective is to provide quality health services and programs that support and enhance the wellbeing of all Victorians.

The Health Service is predominantly funded by grant funding for the provision of outputs. The Health Service 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

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.

Key judgements and estimates

Key judgements and estimates	Description
Identifying performance obligations	The Health Service applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring the Health Service to recognise revenue as or when the health service transfers promised goods or services to the beneficiaries. If this criteria is not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	The Health Service applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining timing of capital grant income recognition	The 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.
Assets and services received free of charge or for nominal consideration	The Health Services applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2023

Note 2.1 Revenue and income from transactions

	Note	2023 $	2022 $
Operating activities			
Revenue from contracts with customers			
Government grants (State) - Operating		135,627	153,594
Government grants (Commonwealth) - Operating		1,064,624	1,025,539
Patient and resident fees		441,812	386,595
Catering		67,964	65,020
Management fees		1,540,014	1,071,796
Transitional Care Program		453,530	461,005
Total revenue from contracts with customers	2.1(a)	**3,703,571**	**3,163,549**
Other sources of income			
Government grants (State) - Operating		9,498,759	8,516,919
Government grants (State) - Capital		179,837	627,411
Other capital purpose income		11,000	-
Capital donations		117,918	117,116
Assets received free of charge or for nominal consideration	2.2	169,198	430,506
Other income from operating activities		778,273	496,789
Total other sources of income		**10,754,985**	**10,188,741**
Total revenue and income from operating activities		**14,458,556**	**13,352,290**
Non-operating activities			
Income from other sources			
Capital interest		70,952	10,826
Total other sources of income		**70,952**	**10,826**
Total income from non-operating activities		**70,952**	**10,826**
Total revenue and income from transactions		**14,529,508**	**13,363,116**

Note 2.1(a) Timing of revenue recognition from contracts with customers

	2023 $	2022 $
The Health Service disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	3,635,607	3,098,529
Over time	67,964	65,020
Total revenue from contracts with customers	**3,703,571**	**3,163,549**

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2023

Note 2.1 Revenue and income from transactions

How we recognise revenue and income from transactions

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

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, 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 the Health Service's goods or services. The 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 the Health Service's revenue streams, with information detailed below relating to the Health Service's significant revenue streams:

Government grant	Performance obligation
Operational Commonwealth Grants for Home Support Programs	The performance obligations for the funding are to provide adequate assistance to enable patients to continue to live independently at home. Revenue is recognised on receipt of the grant.
Home Care Package (HCP) Management Fees	The performance obligations are to manage their package funds, organise relevant services required. The Health Service charges a management fee to the clients for this service. Revenue is recognised when the service is delivered.

Capital grants
Where the 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 the 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.

Interest Income
Interest revenue 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 $	2022 $
Cash donations and gifts	55,132	66,184
Plant and equipment	-	10,909
Building (Banksia) [i]	-	242,332
Personal protective equipment and other consumables	114,066	111,081
Total fair value of assets and services received free of charge or for nominal consideration	**169,198**	**430,506**

i refer to note 4.1(b)

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 the 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 DH, while Monash Health took delivery, and distributed an allocation of the products to the 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.

Contributions of resources
The Health Service may receive resources for nil or nominal consideration to further its objectives. The resources are recognised at their fair value when the 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 the Health Service as a capital contribution transfer.

Volunteer services
The Health Service receives volunteer services from members of the community in the following areas:
- Administration

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

Non-cash contributions from the Department of Health
The DH makes some payments on behalf of the Health Service as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for the 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 with the DH.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2023

Note 3: The cost of delivering our services

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

Structure

3.1 Expenses from transactions
3.2 Other economic flows
3.3 Employee benefits and related on-costs
3.4 Superannuation

Telling the COVID-19 story

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

Key judgements and estimates

Key judgements and estimates	Description
Classifying employee benefit liabilities	The Health Service applies significant judgment when classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if the 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 the 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.
Measuring employee benefit liabilities	The Health Service applies significant judgment when measuring its employee benefit liabilities. The health service applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees. Expected future payments incorporate: * 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 28.85% and 81.29% * discounting at the rate of 4.368%, as determined with reference to market yields on government bonds at the end of the reporting period. All other entitlements are measured at their nominal value.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2023

Note 3.1 Expenses from transactions

	Note	2023 $	2022 $
Salaries and wages		8,867,233	7,658,478
On-costs		2,414,924	1,686,157
External contract staff		119,333	-
Fee for service medical officer expenses		63,693	101,874
Workcover premium		113,789	100,461
Total employee expenses		**11,578,972**	**9,546,970**
Drug supplies		77,495	65,875
Medical and surgical supplies (including Prostheses)		341,772	365,434
Diagnostic and radiology supplies		54,257	86,923
Other supplies and consumables		494,185	375,888
Total supplies and consumables		**967,709**	**894,120**
Finance costs		5,183	8,038
Total finance costs		**5,183**	**8,038**
IT expenses		523,617	467,880
Other administrative expenses		450,979	490,796
Total other administrative expenses		**974,596**	**958,676**
Fuel, light, power and water		130,111	122,644
Repairs and maintenance		73,345	68,014
Maintenance contracts		73,729	178,244
Medical indemnity insurance		112,177	134,097
Expenditure for capital purposes		11,603	15,677
Other operating expenses		181,554	155,340
Total other operating expenses		**582,519**	**674,016**
Total operating expenses		**14,108,979**	**12,081,820**
Depreciation and amortisation	4.4	570,142	514,233
Total depreciation and amortisation		**570,142**	**514,233**
Bad and doubtful debt expense		(2,567)	2,835
Total other non-operating expenses		**(2,567)**	**2,835**
Total non-operating expenses		**567,575**	**517,068**
Total expenses from transactions		**14,676,554**	**12,598,888**

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2023

Note 3.1 Expenses from transactions

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 premiums.

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

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

Other operating expenses
Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:
- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of $1,000).

The DH also makes certain payments on behalf of the 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 the related expense.

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

Note 3.2 Other economic flows

	2023 $	2022 $
Net gain/(loss) on disposal of property plant and equipment	(779)	(17,268)
Total net gain/(loss) on non-financial assets	**(779)**	**(17,268)**
Net gain/(loss) arising from revaluation of long service liability	(14,779)	26,309
Total other gains/(losses) from other economic flows	**(14,779)**	**26,309**
Total gains/(losses) from other economic flows	**(15,558)**	**9,041**

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 the 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 equity instruments from the reserves to retained surplus/(deficit) 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.

Note 3.3 Employee benefits and related on-costs

	2023 $	2022 $
Current employee benefits and related on-costs		
Accrued days off		
Unconditional and expected to be settled wholly within 12 months [i]	11,047	2,002
	11,047	**2,002**
Annual leave		
Unconditional and expected to be settled wholly within 12 months [i]	420,125	483,997
Unconditional and expected to be settled wholly after 12 months [ii]	411,567	243,537
	831,692	**727,534**
Long service leave		
Unconditional and expected to be settled wholly within 12 months [i]	176,968	230,126
Unconditional and expected to be settled wholly after 12 months [ii]	894,390	690,380
	1,071,358	**920,506**
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months i	74,313	64,872
Unconditional and expected to be settled after 12 months ii	171,583	116,627
	245,896	**181,499**
Total current employee benefits and related on-costs	**2,159,993**	**1,831,541**
Non-current employee benefits and related on-costs		
Conditional long service leave	213,359	171,782
Provisions related to employee benefit on-costs	28,894	18,787
Total non-current employee benefits and related on-costs	**242,253**	**190,569**
Total employee benefits and related on-costs	**2,402,246**	**2,022,110**

[i] The amounts disclosed are nominal amounts.
[ii] The amounts disclosed are discounted to present values.

Note 3.3(a) Consolidated employee benefits and related on-costs

	2023 $	2022 $
Current employee benefits and related on-costs		
Unconditional accrued days off	11,047	2,002
Unconditional annual leave entitlements	934,822	805,522
Unconditional long service leave entitlements	1,214,124	1,024,017
Total current employee benefits and related on-costs	**2,159,993**	**1,831,541**
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	242,253	190,569
Total non-current employee benefits and related on-costs	**242,253**	**190,569**
Total employee benefits and related on-costs	**2,402,246**	**2,022,110**
Attributable to:		
Employee benefits	2,127,456	1,821,824
Provision for related on-costs	274,790	200,286
Total employee benefits and related on-costs	**2,402,246**	**2,022,110**

Note 3.3(b) Provision for related on-costs movement schedule

	2023 $	2022 $
Carrying amount at start of year	200,286	187,505
Additional provisions recognised	179,124	98,534
Amounts incurred during the year	(104,620)	(85,753)
Carrying amount at end of year	**274,790**	**200,286**

How we recognise employee benefits

Employee benefit recognition
Employee benefits are accrued for employees in respect of accrued days off, 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.

Annual leave and accrued days off
Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because the 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 the Health Service expects to wholly settle within 12 months or
- Present value – if the Health Service does not expect to wholly settle within 12 months.

Note 3.3(a) Consolidated employee benefits and related on-costs

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

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

The components of this current LSL liability are measured at:
- Nominal value – if the Health Service expects to wholly settle within 12 months or
- Present value – if the Health Service does not expect to wholly settle within 12 months.

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

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

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

Note 3.4 Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2023	2022	2023	2022
	$	$	$	$
Defined contribution plans:				
First State Super	508,433	434,695	38,353	37,280
Hesta	260,222	183,783	20,744	15,191
Other	386,574	186,664	29,829	15,472
Total	**1,155,229**	**805,142**	**88,926**	**67,943**

[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 Health Service are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

Defined benefits 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 the Health Service are disclosed above.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2023

Note 4: Key assets to support service delivery

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

Structure

4.1 Property, plant & equipment
4.2 Right-of-use assets
4.3 Revaluation surplus
4.4 Depreciation
4.5 Inventories

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

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	The 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. The Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Identifying indicators of impairment	At the end of each year, the Health Service assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment. The health service considers a range of information when performing its assessment, including considering: * If an asset's value has declined more than expected based on normal use * If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset * If an asset is obsolete or damaged * If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life * If the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, the health service applies significant judgement and estimate to determine the recoverable amount of the asset.

Note 4.1: Property, plant and equipment

Note 4.1(a) Gross carrying amount and accumulated depreciation

	2023 $	2022 $
Land at fair value - Freehold	960,000	960,000
Total land at fair value	**960,000**	**960,000**
Buildings at fair value	6,926,156	6,893,767
Less accumulated depreciation	-	(691,458)
Buildings work in progress	-	44,060
Total buildings at fair value	**6,926,156**	**6,246,369**
Total land and buildings	**7,886,156**	**7,206,369**
Plant and equipment at fair value	186,985	191,016
Less accumulated depreciation	(181,575)	(182,488)
Plant and equipment work in progress	15,929	-
Total plant and equipment at fair value	**21,339**	**8,528**
Motor vehicles at fair value	74,554	74,555
Less accumulated depreciation	(56,596)	(47,278)
Total motor vehicles at fair value	**17,958**	**27,277**
Medical equipment at fair value	1,960,450	1,934,507
Less accumulated depreciation	(1,225,808)	(1,159,651)
Total medical equipment at fair value	**734,642**	**774,856**
Other equipment at fair value	675,769	575,522
Less accumulated depreciation	(364,114)	(374,142)
Total other equipment at fair value	**311,655**	**201,380**
Furniture and fittings at fair value	1,008,247	982,049
Less accumulated depreciation	(387,949)	(296,043)
Total furniture and fittings at fair value	**620,298**	**686,006**
Total plant, equipment, furniture, fittings and vehicles at fair value	**1,705,892**	**1,698,047**
Total property, plant and equipment	**9,592,048**	**8,904,416**

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June

Note 4.1(b) Reconciliations of the carrying amounts of each class of asset

	Note	Land $	Buildings $	Plant & equipment $	Medical equipment $	Furniture & fittings $	Other equipment $	Motor vehicles $	Total $
Balance at 1 July 2021		**480,186**	**6,007,420**	**21,170**	**479,696**	**592,149**	**212,088**	**36,596**	**7,829,305**
Additions		-	242,672	-	398,664	171,458	40,814	-	853,608
Assets received free of charge		-	242,332	-	-	-	-	-	242,332
Disposals		-	-	(1,505)	(25)	-	(15,738)	-	(17,268)
Revaluation increments/(decrements)		479,814	-	-	-	-	-	-	479,814
Net transfers between classes		-	-	(6,075)	6,075	-	-	-	-
Depreciation	4.4	-	(246,055)	(5,062)	(109,554)	(77,601)	(35,784)	(9,319)	(483,375)
Balance at 30 June 2022	4.1(a)	**960,000**	**6,246,369**	**8,528**	**774,856**	**686,006**	**201,380**	**27,277**	**8,904,416**
Additions		-	-	15,930	99,672	27,135	105,066	-	247,803
Disposals		-	-	-	-	(648)	(131)	-	(779)
Revaluation increments/(decrements)		-	979,058	-	-	-	-	-	979,058
Net transfers between classes		-	(44,060)	-	-	-	44,060	-	-
Depreciation	4.4	-	(255,211)	(3,119)	(139,886)	(92,195)	(38,720)	(9,319)	(538,450)
Balance at 30 June 2023	4.1(a)	**960,000**	**6,926,156**	**21,339**	**734,642**	**620,298**	**311,655**	**17,958**	**9,592,048**

Buildings Carried at Valuation
The Valuer-General Victoria was requested to revalue all of the Health Service's land to determine their fair value due to recent price increases. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable and willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30th June, 2019.

How we recognise property, plant and equipment
Property, plant and equipment are tangible items that are used by the 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.

Building received free of charge
The South Gippsland Hospital Community Foundation Ltd exercise a clause in their lease agreement with the Health Service to enable the Foundation to end the lease agreement and transfer the leased building to the Health Service. The building value recognised initially was the written down value at the time of transfer.

Subsequent measurement
Items of property, plant and equipment (excluding right-of-use assets) are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

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

Further information regarding fair value measurement is disclosed in Note 7.4.

Note 4.1(b) Reconciliations of the carrying amounts of each class of asset

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, the 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%, the Health Service would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of the Health Service's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. 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% ($0).
- increase in fair value of buildings of 16% ($979,058).

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 2023.

A managerial assessment was also performed at the 30th June 2022 which indiciated an overall:
- increase in fair value of land of 19% ($91,235).
- decrease in fair value of buildings of 5% ($350,702).

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 property, plant and equipment revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, 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 property, plant and equipment revaluation surplus 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 surplus 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.

Note 4.2 Right-of-use-assets

Note 4.2(a) Gross carrying amount and accumulated depreciation

	2023 $	2022 $
Right of use vehicles at fair value	248,096	214,594
Less accumulated depreciation	(119,280)	(87,588)
Total right of use vehicles at fair value	**128,816**	**127,006**
Total right of use vehicles at fair value	**128,816**	**127,006**
Total right of use assets	**128,816**	**127,006**

Note 4.2(b) Reconciliations of the carrying amounts of each class of asset

	Note	Right-of-use - Vehicles $	Total $
Balance at 1 July 2021		**157,864**	**157,864**
Depreciation	4.4	(30,858)	(30,858)
Balance at 30 June 2022	4.2(a)	**127,006**	**127,006**
Additions		33,502	33,502
Depreciation	4.4	(31,692)	(31,692)
Balance at 30 June 2023	4.2(a)	**128,816**	**128,816**

How we recognise right-of-use assets

Where the 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. The 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 vehicles (VicFleet)	1 to 5 years

Initial recognition

When a contract is entered into, the 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.

The Health Service's motor vehicle lease agreements contain purchase options which the health service is not reasonably certain to exercise at the completion of the lease.

Subsequent measurement

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 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).

Further information regarding fair value measurement is disclosed in Note 7.4.

Note 4.3 Revaluation surplus

	Note	2023 $	2022 $
Balance at the beginning of the reporting period		4,086,608	3,606,794
Revaluation increment			
- Land	4.1(b)	-	479,814
- Buildings	4.1(b)	979,058	-
Balance at the end of the Reporting Period*		**5,065,666**	**4,086,608**
*** Represented by:**			
- Land		746,586	746,586
- Buildings		4,319,080	3,340,022
		5,065,666	**4,086,608**

Note 4.4 Depreciation

	2023 $	2022 $
Depreciation		
Property, plant and equipment		
Buildings	255,211	246,055
Plant and equipment	3,119	5,062
Motor vehicles	9,319	9,319
Medical equipment	139,886	109,554
Other equipment	38,720	35,784
Furniture and fittings	92,195	77,601
Total depreciation - property, plant and equipment	**538,450**	**483,375**
Right-of-use assets		
Right-of-use motor vehicles (VicFleet)	31,692	30,858
Total depreciation - right-of-use assets	**31,692**	**30,858**
Total depreciation	**570,142**	**514,233**

How we recognise depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under 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's 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 and amortisation charges are based.

	2023	2022
Buildings		
- Structure shell building fabric	50 years	50 years
- Fit out	25 years	25 years
- Combined Fit out and Trunk Reticulated Building System	30 years	30 years
- Site Engineering Services and Central Plant	35 to 40 years	35 to 40 years
Plant and equipment'	10 to 20 years	10 to 20 years
Motor vehicles	3 to 10 years	3 to 10 years
Medical equipment	5 to 15 years	5 to 15 years
Furniture and fittings	10 to 10 years	10 to 10 years
Other equipment	5 to 15 years	5 to 15 years

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

Note 4.5 Inventories

	2023 $	2022 $
Medical and surgical consumables at cost	53,234	51,733
Pharmacy supplies at cost	18,926	12,263
Catering supplies at cost	7,021	4,549
Engineering stores at cost	4,579	2,967
Total inventories	**83,760**	**71,512**

How we recognise inventories

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

Note 4.6 Impairment of assets

How we recognise impairment
At the end of each reporting period, the Health Service reviews the carrying amount of its tangible 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 the 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, the 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, the Health Service estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2023

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from

Structure

5.1 Receivables and contract assets
5.2 Payables and contract liabilities
5.3 Other liabilities

Telling the COVID-19 story

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

Key judgements and estimates

Key judgements and estimates	Description
Estimating the provision for expected credit losses	The 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.
Measuring deferred capital grant income	Where the 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. The 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.
Measuring contract liabilities	The 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.

Note 5.1 Receivables and contract assets

	Note	2023 $	2022 $
Current receivables and contract assets			
Contractual			
Inter hospital debtors		145,971	87,814
Trade receivables		435,533	229,053
Patient fees		81,825	42,429
Allowance for impairment losses	5.1(a)	(1,678)	(4,246)
Accrued revenue		36,700	29,288
Total contractual receivables		**698,351**	**384,338**
Statutory			
GST receivable		19,021	49,342
Total statutory receivables		**19,021**	**49,342**
Total current receivables and contract assets		**717,372**	**433,680**
Non-current receivables and contract assets			
Contractual			
Long service leave - Department of Health		854,660	603,967
Total contractual receivables		**854,660**	**603,967**
Total non-current receivables and contract assets		**854,660**	**603,967**
Total receivables and contract assets		**1,572,032**	**1,037,647**
(i) Financial assets classified as receivables (Note 7.1(a))			
Total receivables		1,572,032	1,037,647
GST receivable		(19,021)	(49,342)
Provision for impairment		1,678	4,246
Total financial assets classified as receivables	7.1(a)	**1,554,689**	**992,551**

Note 5.1(a) Movement in the allowance for impairment losses of contractual receivables

	2023 $	2022 $
Balance at the beginning of the year	4,246	2,476
Increase in allowance	-	1,770
Reversal of allowance written off during the year as uncollectable	(2,568)	-
Balance at the end of the year	**1,678**	**4,246**

Note 5.1 Receivables and contract assets

How we recognise receivables
Receivables consist 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 costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are 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. The health service applies AASB 9 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* .

The 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) for the Health Service's contractual impairment losses.

Note 5.2 Payables and contract liabilities

	Note	2023 $	2022 $
Current payables and contract liabilities			
Contractual			
Trade creditors		123,235	175,399
Accrued salaries and wages		178,162	262,163
Accrued expenses		83,023	127,744
Deferred capital grant income	5.2(a)	92,686	-
Superannuation		88,926	67,943
Inter hospital creditors		4,797	9,187
Amounts payable to governments and agencies		110,565	143,452
Total contractual payables		**681,394**	**785,888**
Total current payables and contract liabilities		**681,394**	**785,888**
Non-current payables and contract liabilities			
Contractual			
Contract liabilities		-	-
Total contractual payables		**-**	**-**
Total non-current payables and contract liabilities		**-**	**-**
Total payables and contract liabilities		**681,394**	**785,888**
(i) Financial liabilities classified as payables (Note 7.1(a))			
Total payables		681,394	785,888
Deferred grant income		(92,686)	-
Total financial liabilties classified as payables	7.1(a)	**588,708**	**785,888**

How we recognise payables and contract liabilities

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 Health Service prior to the end of the financial year that are unpaid.
- **Statutory payables**, which most includes amount payable to the Victorian Government and 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 Net 60 days.

Note 5.2(a) Deferred capital grant income

	2023 $	2022 $
Opening balance of deferred capital grant income	-	270,541
Grant consideration for capital works received during the year	92,686	-
Deferred capital grant income recognised as income due to completion of capital works	-	(270,541)
Closing balance of deferred capital grant income	**92,686**	**-**

How we recognise deferred capital grant revenue

Grant consideration was received from the State Government in the 2023 year to support the upgrade and replacement of the generator and switchboard. Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when the Health Service satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, the Health Service's opening deferred grant income was fully recognised during the current year.

Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when the Health Service satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, the Health Service has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

The Health Service expects to recognise all of the remaining deferred capital grant revenue for capital works by 30 June 2024.

Note 5.2(b) Contract liabilities

	2023 $	2022 $
Opening balance of contract liabilities	-	89,394
Revenue recognised for the completion of a performance obligation	-	(89,394)
Total contract liabilities	**-**	**-**
*** Represented by:**		
- Current contract liabilities	-	-
- Non-current contract liabilities	-	-
	-	**-**

How we recognise contract liabilities
Contract liabilities include consideration received in advance from customers in respect of Elective Surgery Blitz.

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

Financial guarantees
Payments that are contingent under financial guarantee contracts are recognised as a liability, at fair value, at the time the guarantee is issued. Subsequently, should there be a material increase in the likelihood that the guarantee may have to be exercised, the liability is recognised at the higher of the amount determined in accordance with the expected credit loss model under AASB 9 Financial Instruments and the amount initially recognised less, when appropriate, cumulative amortisation recognised.

In the determination of fair value, consideration is given to factors including the overall capital management/prudential supervision framework in operation, the protection provided by the Department of Health by way of funding should the probability of default increase, probability of default by the guaranteed party and the likely loss to the health service in the event of default.

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

Note 5.3 Other liabilities

	Note	2023 $	2022 $
Current monies held in trust			
Monies held in trust*:HCP monies held in trust		1,547	84,948
Total current monies held in trust		**1,547**	**84,948**
Total other liabilities		**1,547**	**84,948**
*** Represented by:**			
- Cash assets	6.2	1,547	84,948
		1,547	**84,948**

How we recognise other liabilities

Home Care Package Program
The State Government has instituted a program that assists individuals in staying in their homes. The funds are paid to the Health Service on behalf of the individuals within the community to provide and manage various services to allow them to continue to reside in their homes.

This model was changed during the current year with the Health Service no longer being asked to hold funds on behalf of individuals and the year end balance represents the remaining funds held by the Health Service which are expected to be fully expensed in the short term.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2023

Note 6: How we finance our operations

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

Key judgements and estimates	Description
Determining if a contract is or contains a lease	The Health Service applies significant judgement to determine if a contract is or contains a lease by considering if the health service: * 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	The Health Service applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than $10,000, the health service applies the low-value lease exemption. The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.
Discount rate applied to future lease payments	The 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, the 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. For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is 2.86%.
Assessing the lease term	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 the Health Service is reasonably certain to exercise such options. The Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: * If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. * If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. * The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1 Borrowings

	Note	2023 $	2022 $
Current borrowings			
Lease liability [(i)]	6.1(a)	99,536	107,273
Total current borrowings		**99,536**	**107,273**
Non-current borrowings			
Lease liability [(i)]	6.1(a)	27,732	19,944
Total non-current borrowings		**27,732**	**19,944**
Total borrowings	7.1(a)	**127,268**	**127,217**

[i] Secured by the assets leased.

How we recognise borrowings
Borrowings refer to 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.

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

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

Note 6.1(a) Lease liabilities

The Health Service's lease liabilities are summarised below:

	2023 $	2022 $
Total undiscounted lease liabilities	128,221	129,214
Less unexpired finance expenses	(953)	(1,997)
Net lease liabilities	**127,268**	**127,217**

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

	2023 $	2022 $
Not longer than one year	99,954	109,232
Longer than one year but not longer than five years	28,267	19,982
Longer than five years	-	-
Minimum future lease liability	**128,221**	**129,214**
Less unexpired finance expenses	(953)	(1,997)
Present value of lease liability	**127,268**	**127,217**
*** Represented by:**		
- Current liabilities	99,536	107,273
- Non-current liabilities	27,732	19,944
	127,268	**127,217**

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

To apply this definition, the 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 the Health Service and for which the supplier does not have substantive substitution rights
- The 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 the Health Service has the right to direct the use of the identified asset throughout the period of use and
- The 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.

The Health Service's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased vehicles	1 to 5 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. The following low value, short term and variable lease payments are recognised in profit or loss:

Type of payment	Description of	Type of leases
Low value lease payments	Leases where the underlying asset's fair value, when new, is no more than $10,000	Operating Leases
Short-term lease payments	Leases with a term less than 12 months	Operating Leases

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 the Health Services incremental borrowing rate. Our lease liability has been discounted by rates of between 2% to 5%.

Note 6.1(a) Lease liabilities

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.

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.

Note 6.2 Cash and Cash Equivalents

	Note	2023 $	2022 $
Cash on hand (excluding monies held in trust)		300	200
Cash at bank (excluding monies held in trust)		219,177	293,660
Cash at bank - CBS (excluding monies held in trust)		2,231,677	2,301,222
Total cash held for operations		**2,451,154**	**2,595,082**
Cash on hand (monies held in trust)		1,547	84,948
Cash at bank (monies held in trust)		-	-
Cash at bank - CBS (monies held in trust)		-	-
Total cash held as monies in trust		**1,547**	**84,948**
Total cash and cash equivalents (excluding joint operations)		**2,452,701**	**2,680,030**

How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (with an original maturity date 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 and are subject to 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

As at 30 June 2023 there are no commitments for expenditure.

Note 6.4 Non-cash financing and investing activities

	2023 $	2022 $
Assumption of liabilities		
Acquisition of plant and equipment by means of Leases		
VicFleet	33,502	-
Total non-cash financing and investing activities	**33,502**	**-**

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2023

Note 7: Risks, contingencies and valuation uncertainties

The 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 health service 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
7.4 Fair value determination

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use. In determining the highest and best use, the Health Service has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets. The Health Service uses a range of valuation techniques to estimate fair value, which include the following: - Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of the Health Service's specialised land is measured using this approach. - Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of the Health Service's specialised buildings, furniture, fittings, plant, equipment and vehicles are measured using this approach. - Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. The Health Service does not this use approach to measure fair value. The Health Service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes: - Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. The Health Service does not categorise any fair values within this level. - Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. The Health Service categorises non-specialised land and right-of-use concessionary land in this level. - Level 3, where inputs are unobservable. The Health Service categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.

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 the 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.*

Note 7.1(a) Categorisation of financial instruments

30 June 2023	Note	Financial Assets at Amortised Cost $	Financial Liabilities at Amortised Cost $	Total $
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	2,452,701	-	2,452,701
Receivables and contract assets	5.1	1,554,689	-	1,554,689
Total Financial Assets [i]		**4,007,390**	**-**	**4,007,390**
Financial Liabilities				
Payables	5.2	-	588,708	588,708
Borrowings	6.1	-	127,268	127,268
Other Financial Liabilities - Patient monies held in trust	5.3	-	1,547	1,547
Total Financial Liabilities [i]		**-**	**717,523**	**717,523**

30 June 2022	Note	Financial Assets at Amortised Cost $	Financial Liabilities at Amortised Cost $	Total $
Contractual Financial Assets				
Cash and cash equivalents	6.2	2,680,030	-	2,680,030
Receivables and contract assets	5.1	992,551	-	992,551
Total Financial Assets [i]		**3,672,581**	**-**	**3,672,581**
Financial Liabilities				
Payables	5.2	-	785,888	785,888
Borrowings	6.1	-	127,217	127,217
Other Financial Liabilities - Patient monies held in trust	5.3	-	84,948	84,948
Total Financial Liabilities [i]		**-**	**998,053**	**998,053**

i The carrying amount excludes statutory receivables (i.e., GST receivable) and statutory payables (i.e., GST payable and revenue in advance).

How we categorise financial instruments

Categories of financial assets

Financial assets are recognised when the Health Service becomes party to the contractual provisions to the instrument. For financial assets, this is at the date the 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.

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 the 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.

Note 7.1(a) Categorisation of financial instruments

The Health Service recognises the following assets in this category:
- cash and deposits and
- receivables (excluding statutory receivables)

Categories of financial liabilities
Financial liabilities are recognised when the 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 at amortised cost
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.

The 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).

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

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

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

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
A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, the Health Service's business model for managing its financial assets has changed 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, the 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.

The Health Service's main financial risks include credit risk, liquidity risk, interest rate risk and equity price risk. The Health Service manages these financial risks in accordance with its financial risk management policy.

The 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. The 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 the Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the 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 fees owing and other debtors.

In addition, the 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, the 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 the 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.

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 the 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 the Health Service's credit risk profile in 2022-23.

Impairment of financial assets under AASB 9
The Health Service records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the health service's contractual receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9.

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.

Note 7.2(a) Credit risk

Contractual receivables at amortised cost

The 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. The Health Service has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Health Service's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

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

30 June 2023	Note	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate		0.3%	0.0%	0.0%	0.0%	0.0%	0.1%
Gross carrying amount of contractual	5.1	666,340	0	30,316	2,021	856,012	**1,554,689**
Loss allowance		**(1,678)**	-	-	-	-	**(1,678)**

30 June 2022	Note	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate		1.2%	0.0%	0.0%	0.0%	0.0%	0.4%
Gross carrying amount of contractual	5.1	355,929	0	19,057	9,231	608,334	**992,551**
Loss allowance		**(4,246)**	-	-	-	-	**(4,246)**

Statutory receivables and debt investments at amortised cost

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

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, no loss allowance has been recognised.

Note 7.2(b) Liquidity risk

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

The Health Service is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. 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.

The 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 the Health Service's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

				Maturity Dates			
		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years
30 June 2023	**Note**	**$**	**$**	**$**	**$**	**$**	**$**
Financial Liabilities at amortised cost							
Payables	5.2	588,708	588,708	575,262	13,502	(56)	-
Borrowings	6.1	127,268	127,268	75,581	20,373	3,998	27,316
Other Financial Liabilities - Patient monies held in trust	5.3	1,547	1,547	1,547	-	-	-
Total Financial Liabilities		**717,523**	**717,523**	**652,390**	**33,875**	**3,942**	**27,316**

				Maturity Dates			
		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years
30 June 2022	**Note**	**$**	**$**	**$**	**$**	**$**	**$**
Financial Liabilities at amortised cost							
Payables	5.2	785,888	785,888	782,166	3,400	322	-
Borrowings	6.1	127,217	127,217	35,740	3,854	69,639	17,984
Other Financial Liabilities - Patient monies held in trust	5.3	84,948	84,948	84,948	-	-	-
Total Financial Liabilities		**998,053**	**998,053**	**902,854**	**7,254**	**69,961**	**17,984**

[i] Ageing analysis of financial liabilities excludes statutory financial liabilities (i.e. GST payable).

Note 7.2 (c) Market risk

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

Sensitivity disclosure analysis and assumptions

The Health Service's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. The 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 2% 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. The 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. The Health Service has minimal exposure to cash flow interest rate risks through cash and deposits that are at floating rate.

Note 7.3 Contingent assets and contingent liabilities

At balance date, the Board are not aware of any contingent assets or liabilities. (2022: Nil)

Note 7.4 Fair value determination

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:
- Property, plant and equipment
- Right-of-use assets

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.

The Health Service determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. There have been no transfers between levels during the period.

The Health Service monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is the Health Service's independent valuation agency for property, plant and equipment.

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 are 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.

Note 7.4(a) Fair value determination of non-financial physical assets

	Note	Carrying amount 30 June 2023 $	Fair value measurement at end of reporting period using: Level 1[i] $	Level 2[i] $	Level 3[i] $
Specialised land		960,000	-	-	960,000
Total land at fair value	4.1(a)	**960,000**	**-**	**-**	**960,000**
Specialised buildings		6,926,156	-	-	6,926,156
Total buildings at fair value	4.1(a)	**6,926,156**	**-**	**-**	**6,926,156**
Plant and equipment	4.1(a)	21,339	-	-	21,339
Motor vehicles	4.1(a)	17,958	-	-	17,958
Medical equipment	4.1(a)	734,642	-	-	734,642
Other equipment	4.1(a)	311,655	-	-	311,655
Furniture and fittings	4.1(a)	620,298	-	-	620,298
Total plant, equipment, furniture, fittings and vehicles at fair value		**1,705,892**	**-**	**-**	**1,705,892**
Right of use plant vehicles (VicFleet)	4.2(a)	128,816	-	-	128,816
Total right-of-use assets at fair value		**128,816**	**-**	**-**	**128,816**
Total non-financial physical assets at fair value		**9,720,864**	**-**	**-**	**9,720,864**

[i] Classified in accordance with the fair value hierarchy.

	Note	Carrying amount 30 June 2022 $	Fair value measurement at end of reporting period using: Level 1[i] $	Level 2[i] $	Level 3[i] $
Specialised land		960,000	-	-	960,000
Total land at fair value	4.1(a)	**960,000**	**-**	**-**	**960,000**
Specialised buildings		6,246,369	-	-	6,246,369
Total buildings at fair value	4.1(a)	**6,246,369**	**-**	**-**	**6,246,369**
Plant and equipment	4.1(a)	8,528	-	-	8,528
Motor vehicles	4.1(a)	27,277	-	-	27,277
Medical equipment	4.1(a)	774,856	-	-	774,856
Other equipment	4.1(a)	201,380	-	-	201,380
Furniture and fittings	4.1(a)	686,006	-	-	686,006
Total plant, equipment, furniture, fittings and vehicles at fair value		**1,698,047**	**-**	**-**	**1,698,047**
Right of use plant vehicles (VicFleet)	4.2(a)	127,006	-	-	127,006
Total right-of-use assets at fair value		**127,006**	**-**	**-**	**127,006**
Total non-financial physical assets at fair value		**9,031,422**	**-**	**-**	**9,031,422**

[i] Classified in accordance with the fair value hierarchy.

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.

The 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.

Note 7.4(a) Fair value determination of non-financial physical assets

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.

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 physical 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 assets 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 use.

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

An independent valuation of the Health Service's specialised land was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2019.

Vehicles
The 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 amount (depreciated cost).

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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2023

Reconciliation of level 3 fair value measurement

	Note	Land $	Buildings $	Plant and equipment $	Medical equipment $	Furniture and fittings $	Other equipment $	Motor vehicles $	Right-of-use-motor vehicles $
Balance at 1 July 2021		**480,186**	**6,007,420**	**21,170**	**479,696**	**592,149**	**212,088**	**36,596**	**157,864**
Additions/(Disposals)		-	242,672	(7,580)	393,805	171,458	25,076	-	-
Assets provided free of charge		-	242,332	-	10,909	-	-	-	-
Gains/(Losses) recognised in net result									
- Depreciation and amortisation		-	(246,055)	(5,062)	(109,554)	(77,601)	(35,784)	(9,319)	(30,858)
Items recognised in other comprehensive income									
- Revaluation		479,814	-	-	-	-	-	-	-
Balance at 30 June 2022	7.4(a)	**960,000**	**6,246,369**	**8,528**	**774,856**	**686,006**	**201,380**	**27,277**	**127,006**
Additions/(Disposals)		-	-	15,930	99,672	26,487	104,935	-	33,502
Net transfers between classes		-	(44,060)	-	-	-	-	-	-
Gains/(Losses) recognised in net result									
- Depreciation and Amortisation		-	(255,211)	(3,119)	(139,886)	(92,195)	(38,720)	(9,319)	(31,692)
Items recognised in other comprehensive income									
- Revaluation		-	979,058	-	-	-	-	-	-
Balance at 30 June 2023	7.4(a)	**960,000**	**6,926,156**	**21,339**	**734,642**	**620,298**	**267,595**	**17,958**	**128,816**

[i] Classified in accordance with the fair value hierarchy, refer Note 7.4.

Fair value determination of level 3 fair value measurement

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land (Freehold) - Station Road, Foster	Market approach	Community Service Obligations Adjustments [(i)] - Useful life
Furniture and fittings	Current replacement	- Cost per unit - Useful life
Other equipment	Current replacement	- Cost per unit - Useful life

[(i)] A community service obligation (CSO) of 20% was applied to the Health Service's specialised land.

Notes to the Financial Statements
South Gippsland Hospital for the financial 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

Note 8.1 Reconciliation of net result for the year to net cash flows from operating activities

	Note	2023 $	2022 $
Net result for the year		(175,580)	713,258
Non-cash movements:			
(Gain)/Loss on sale or disposal of non-financial assets	3.2	779	17,268
Depreciation of non-current assets		570,142	530,151
Consumables received free of charge	2.2	-	(10,909)
Capital donations received		(128,918)	(359,448)
Movements in Assets and Liabilities:			
(Increase)/Decrease in receivables and contract assets		(534,385)	(106,069)
(Increase)/Decrease in GHA net assets		12,976	60,011
(Increase)/Decrease in inventories		(12,248)	(280)
Increase/(Decrease) in payables and contract liabilities		(104,494)	(224,266)
Increase/(Decrease) in other liabilities		(83,401)	(397,340)
Increase/(Decrease) in employee benefits		380,136	96,722
Net cash inflow from operating activities		**(74,993)**	**319,098**

Note 8.2 Responsible persons disclosures

In accordance with the Ministerial Directions issued by the Assistant Treasurer 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.

	Period
The Honourable Mary-Anne Thomas MP:	
Minister for Health	1 Jul 2022 - 30 Jun 2023
Minister for Health Infrastructure	5 Dec 2022 - 30 Jun 2023
Minister for Medical Research	5 Dec 2022 - 30 Jun 2023
Former Minister for Ambulance Services	1 Jul 2022 - 5 Dec 2022
The Honourable Gabrielle Williams MP:	
Minister for Mental Health	1 Jul 2022 - 30 Jun 2023
Minister for Ambulance Services	5 Dec 2022 - 30 Jun 2023
The Honourable Lizzy Blandthorn MP:	
Minister for Disability, Ageing and Carers	5 Dec 2022 - 30 Jun 2023
The Honourable Colin Brooks MP:	
Former Minister for Disability, Ageing and Carers	1 Jul 2022 - 5 Dec 2022
Governing Boards	
Ms. Susan Pilkington (appointed 2014) (Chair of the Board)	1 Jul 2022 - 30 Jun 2023
Dr. Priscilla Robinson (appointed 2014)	1 Jul 2022 - 30 Jun 2023
Ms. Janyce Bull (appointed 2014)	1 Jul 2022 - 30 Jun 2023
Mr. Graeme Baxter (appointed 2016)	1 Jul 2022 - 30 Jun 2023
Ms. Dawn Allan (appointed 2017)	1 Jul 2022 - 30 Jun 2023
Dr. Jim Buttery (appointed 2017)	1 Jul 2022 - 30 Jun 2023
Mr. Jamie Sutherland (appointed 2018)	1 Jul 2022 - 30 Jun 2023
Mr David Pollard (appointed 2018)	1 Jul 2022 - 30 Jun 2023
Ms. Judith Bennett (appointed 2019)	1 Jul 2022 - 30 Jun 2023
Mr. Damon Stynes (appointed 2021)	1 Jul 2022 - 30 Jun 2023
Ms. Ali Wastie (appointed 2021)	1 Jul 2022 - 30 Jun 2023
Accountable Officers	
Mr. Paul Greenhalgh (Chief Executive Officer)	1 Jul 2022 - 30 Jun 2023

Remuneration of Responsible Persons

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

Income Band	**2023 No**	**2022 No**
$0,000 - $9,999	11	12
$160,000 - $169,999	1	1
Total Numbers	**12**	**13**

	2023 $	**2022 $**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**225,902**	**210,390**

Amounts relating to the Governing Board Members and Accountable Officer of the Health Service's controlled entities are disclosed in their own financial statements. Amounts relating to Responsible Ministers are reported within the State's Annual Financial Report.

Note 8.3 Remuneration of executives

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.4)	Total Remuneration	
	2023	2022
	$	$
Short-term benefits	248,352	209,959
Post-employment benefits	43,071	38,223
Other long-term benefits	(13,489)	17,400
Total remuneration [i]	**277,934**	**265,582**
Total number of executives	2	2
Total annualised employee equivalent [ii]	1.8	2.0

[i] The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of the Health Services under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.
[ii] Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received 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
There are no other factors.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2023

Note 8.4 Related Parties

The 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 and personal business interests
- cabinet ministers (where applicable) and their close family members
- jointly controlled operations – A member of the Gippsland Health Alliance and
- all health services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

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

Key management personnel

The Board of Directors, Chief Exectuive Officer and the Executive Directors of the Health Services and it's controlled entities are deemed to be KMPs.

Entity	KMPs	Position Title
South Gippsland Hospital	Ms. Susan Pilkington	Chair of the Board
South Gippsland Hospital	Dr. Priscilla Robinson	Board Member
South Gippsland Hospital	Ms. Janyce Bull	Board Member
South Gippsland Hospital	Mr. Graeme Baxter	Board Member
South Gippsland Hospital	Ms. Dawn Allan	Board Member
South Gippsland Hospital	Dr. Jim Buttery	Board Member
South Gippsland Hospital	Mr. Jamie Sutherland	Board Member
South Gippsland Hospital	Mr David Pollard	Board Member
South Gippsland Hospital	Ms. Judith Bennett	Board Member
South Gippsland Hospital	Mr. Damon Stynes	Board Member
South Gippsland Hospital	Ms. Ali Wastie	Board Member
South Gippsland Hospital	Mr. Paul Greenhalgh	Chief Executive Officer
South Gippsland Hospital	Ms. Claire Kent	Director of Nursing
South Gippsland Hospital	Ms. Samantha Park	Director of Community Health

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 $
Compensation - KMPs		
Short-term Employee Benefits [i]	444,061	403,349
Post-employment Benefits	65,451	55,222
Other Long-term Benefits	(5,676)	17,400
Total [ii]	**503,836**	**475,971**

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

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

Significant transactions with government related entities

The Health Service received funding from the Department of Health of $9,748,334 (2022: $8,629,729) and indirect contributions of $250,693 (2022: $144,441).

The Health Service received funding from the Latrobe Regional Hospital of $453,530 (2022: $461,005) for the Transitional Care Program.

Expenses incurred by the 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 the Victorian Managed Insurance Authority.

Note 8.4 Related Parties

The Standing Directions of the Assistant Treasurer require the Health Service to hold cash (in excess of working capital) in accordance with the State of Victoria'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 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 occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the HealthShare Victoria and Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the 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 Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2023 (2022: none).

Note 8.5: Remuneration of Auditors

	2023 $	2022 $
Victorian Auditor-General's Office		
Audit of the financial statements	21,500	22,550
Total remuneration of auditors	**21,500**	**22,550**

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest 2023 %	Ownership Interest 2022 %
Gippsland Health Alliance	Information Technology	3.75	3.82

The Health Services interest in the above joint arrangements are detailed below. The amounts are included in the financial statements under their respective categories:

	2023 $	2022 $
Current assets		
Cash and cash equivalents	368,079	120,127
Receivables	49,819	94,200
Other current assets	129,198	102,796
Total current assets	**547,096**	**317,123**
Non-current assets		
Other non-current assets	28,316	41,506
Total non-current assets	**28,316**	**41,506**
Total assets	**575,412**	**358,629**
Current liabilities		
Other current liabilities	277,882	42,336
Right of use lease liabilities	7,855	8,466
Total current liabilities	**285,737**	**50,802**
Non-current liabilities		
Right of use lease liabilities	12,043	17,219
Total non-current liabilities	**12,043**	**17,219**
Total liabilities	**297,780**	**68,021**
Net assets	**277,632**	**290,608**
Equity		
Accumulated surplus	277,632	290,608
Total equity	**277,632**	**290,608**

	2023 $	2022 $
Revenue and income from transactions		
GHA revenue	775,775	823,177
Total revenue and income from transactions	**775,775**	**823,177**
Expenses from transactions		
Operating expenses	(772,764)	(867,270)
Depreciation	(15,987)	(15,918)
Total expenses from transactions	**(788,751)**	**(883,188)**
Net result from transactions	**(12,976)**	**(60,011)**
Comprehensive result for the year	**(12,976)**	**(60,011)**

* Figures obtained from the audited GHA Joint Venture annual reports.

Contingent liabilities and capital commitments
There are no known contingent liabilities or capital commitments held by the joint arrangements at balance date.

Note 8.8 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 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.

Note 8.9 Economic dependency

The Health Service is dependent on the DH for the majority of its revenue used to operate the health service. At the date of this report, the Board of Directors believes the DH will continue to support the Health Service.