

ANNUAL REPORT

2023-2024



South Gippsland **Hospital**

Adaptability Trust Excellence Accountability Mutual respect



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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 centre and home-based community 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 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 embraced 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.

Minister for Health:
The Hon. Mary-Anne Thomas
From 1 July 2023 to 30 June 2024

Minister for Ambulance Services
The Hon. Gabrielle Williams
From 1 July 2023 to 2 October 2023
The Hon. Mary-Anne Thomas
From 2 October 2023 to 30 June 2024

Minister for Mental Health
The Hon. Gabrielle Williams
From 1 July 2023 to 2 October 2023
The Hon. Ingrid Stitt
From 2 October 2023 to 30 June 2024

Minister for Disability, Ageing and Carers
The Hon. Lizzie Blandthorn
From 1 July 2023 to 2 October 2023

Minister for Disability/Minister for Children
The Hon. Lizzie Blandthorn
From 2 October 2023 to 30 June 2024

Minister for Ageing
The Hon. Ingrid Stitt
From 2 October 2023 to 30 June 2024

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 is located in the township of Foster at the gateway to Wilson's Promontory National Park.

Foster has a population of approximately 2000 people, and the official catchment area of the health service has approximately 7000 people.

The South Gippsland Hospital offers acute and community care from hospital-based, centre-based and home-based settings.

Acute Care

Maternity Care

Medical Imaging

Inpatient Care

Palliative Care

Pathology

Pre-Anaesthetic Clinic

Surgical Care (including Obstetrics and Gynecology, 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 2024.



Damon Stynes
Board Chair
Foster, Victoria
26 September 2024

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
- Social Work
- Social Support Group

Community Nursing

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

Clinics

- Nail 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, 2023-2024.

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:

It has been another successful year. Our health service was acknowledged as the Premier's Small Health Service of the Year in 2023, with sustained and improved performance in quality and clinical governance, workplace culture and patient satisfaction.

Our financial and operational performance in 2023-2024 met the benchmarks against which we are measured within the Statement of Priorities issued by the Department of Health.

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

The details of our performance in 2023-2024 can be found in this Annual Report. Highlights of the year are summarised below.

Organisational changes:

In a year that saw many changes to the configuration of the Board, we welcomed Dr Michelle Kermode, Associate Professor Noel Cranswick, and Ceinwen McCann in July 2023 after the departures of Prof Jim BATTERY, Sue Pilkington and Dr Priscilla Robinson a month earlier. Dr Kate Maxfield later joined in November 2023, following Ceinwen's departure to pursue postgraduate studies.

We also farewelled Board Members Ali Wastie after 2 years (July 2023) and Graeme Baxter after 9 years (June 2024). We thank them for their service to South Gippsland Hospital during their respective tenures.

Highlights of our work in 2023-2024:

Excellence in health service performance:

SGH has been recognised for its outstanding performance several times in 2023-2024.

In November 2023 we were delighted and very proud to be judged as the winner of the Victorian Premier's Award for 'Small Health Service of the Year' category. In March 2024 we received a letter from the Secretary of the Department of Health advising South Gippsland Hospital was identified as one of the five best performing organisations in the State in the area of workplace culture in 2023, as rated by our own workforce.

Additionally, the SGH Day Respite Service received the Gippsland Regional Populations Award, for creative ways of engaging with communities (especially helping vulnerable people).

High quality services delivered by valued people:

This was another year where our health care team continued to deliver high quality care within the hospital, homes, and in our Community Health and Banksia Centres.

In February 2024 an Aged Care Advisory Body was established to provide valuable feedback, ideas and suggestions regarding our aged care services and a Carers Support group was reestablished to provide resources, information and peer support for those in our community caring for loved ones.

In April 2024, SGH was accredited to the National Aged Care Quality Standards following assessment of our systems by the Australian Aged Care Quality and Safety Commission. Certification was achieved with zero non-conformances and zero recommendations for improvement. The assessors stated they considered SGH

Overview

Chair's & CEO's Combined Report

provided exemplary care for recipients of Home Care Packages, as well as the social support, day respite, community Allied Health, and community nursing services.

We were pleased in early 2024 to be informed that 87% 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 95% of staff would recommend a friend or relative to be treated as a patient here.

Our People Matter Survey and Victorian Health Experience Survey results were again consistently better than 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.

We all owe gratitude 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 and fundraising campaigns resulted again in focused capital investment and equipment upgrade programmes valued at approximately \$600,000 to support safe, sustainable, efficient and innovative health services. We were able to replace our electrical switchboards and generators, across all three buildings, as well as refresh the Community Health Centre amenities and some hospital equipment.

Service Activity:

SGH has continued to service the communities of Cornet Inlet by maintaining and growing services through 2023-2024. The following statistics are provided to get a sense of the volume of care provided.

Our Perioperative Services Unit has undertaken a record level of surgical lists (n=126) to provide over 800 procedures to our local community and in addition allowed us to support Latrobe Regional Health in managing their planned surgery list to provide an additional 67 procedures.

There were 829 admissions, excluding births, which totalled an additional 46 for the year. The maternity service also supported women to attend 324 antenatal clinic visits, and 409 domiciliary care visits, post birthing.

Our Urgent Care Centre has been attended more than ever, with 2,813 visits. Most were unplanned (n=2464), however some planned visits occurred due an effective partnership with the Foster Medical Centre General Practitioners (n=349). We have also established an effective partnership with Northern Health's Victorian Virtual Emergency Department (VVED) to support our Urgent Care Centre after hours. VVED is a state-wide virtual emergency department specialist video telehealth consultation service. It assists SGH in the management of non-urgent presentations after hours. This has been a valuable support to the on call General Practitioner and well received by both members of our community and its visitors.

Our Transition Care Program (bed based and home based) has continued to support elderly members in our community (n=23) with complex needs to remain at home, or transition to more supported care.

The Positive Ageing Program engaged 100 clients and has completed a full year of service delivery for the first time. The innovative model of Positive Ageing Advocacy through implementation of the Wagner Model of Chronic Illness Care improves self-efficacy by consumers partnering with a range of allied health disciplines to develop many unique and creative early intervention strategies for people living with chronic disease.

The Home Care Package program grew further to support an additional 20 clients from the 2022-2023 period, to reach 120 clients.

Overview

Chair's & CEO's Combined Report

There was a total of 19,143 Commonwealth Home Support Program (CHSP) service hours provided through community nursing, allied health, social support and Day Respite Service (DRS).

Allied Health Services continue to deliver a dynamic mix of individualised and group-based services. One of the more popular Exercise and Mobility Groups 'Moovers' established an outreach option over 2023-2024 to ensure a broader range of the Corner Inlet community could access this program.

In its second year, the partnership with the Royal Flying Doctor Service Community Transport program has become a key service that enables access to health-related services across the region. Close to 3,000 transports were provided to members of the community and 98,800km travelled in doing so.

District Nursing Service (DNS) demand resulted in an increase in service hours delivered to the community, including through the home-based Geriatric Evaluation and Management (GEM) program, which was established in partnership with Bass Coast Health and launched in December 2023. There was a total of 3,244 hours of care provided by the DNS.

Collaboration:

Our collaboration with our sub-regional and regional partners continued, 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 current strategy provides a clear path for advancing our vision for the future. It helps us make 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 can be found on page 12.

Our proven track record of exceptional performance and effective collaboration over a number of years stands SGH in good stead for the future.

We continue our work with our partners on a coordinated 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.

Overview

Chair's & CEO's Combined Report

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; Margaret Kuhne (Acting roles – Director of Nursing & Director Community Care), Martin Schack, Facilities Manager; Shianne Murray, Human Resources Manager; Jackie Goodman, Quality & Risk Manager; Melissa Moon, 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 partner service providers, particularly Ambulance Victoria, Royal Flying Doctor Service, Duesburys and Monash Health Pathology;
- The Commonwealth and State Department of Health;
- Our health precinct partners Foster Medical Centre, Prom Country Aged Care, South Gippsland Radiology and Manna Gum Community House;
- 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 \$37,870.91 worth of medical 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.

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.



A handwritten signature in blue ink, appearing to read 'David Pollard'.

Dr David Pollard
Chair, Board of Management
2023-2024



A handwritten signature in blue ink, appearing to read 'Paul Greenhalgh'.

Paul Greenhalgh
Chief Executive Officer
2023-2024

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 2024)

Dr David Pollard, Chair

B Econ (Hons) Dip Ed BD MA PhD

Appointed 2018

Graeme Baxter, Deputy Chair

MoE, Dip Bus, Dip Tourism
Appointed 2016

Dr Judith Bennett

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

Damon Stynes

BCom, BA, FTIA
Appointed 2021

Jamie Sutherland

BPD, BPC, GAICD, AAMC
Appointed 2018

Ass Prof Noel Cranswick

Associate Professor, PhD, MPH, MHSc (PHP)
Appointed 2023

Dr Michelle Kermode

BA MNS MPH PhD
Appointed 2023

Dr Kate Maxfield

MBBS (Hons), DipLibArts, PGDipDAD
Appointed 2023

Ceinwen McCann

BCom (HRM), BAppSc (HP)
Appointed July to December 2023

Audit and Risk Management Committee

(as at 30 June 2024)

Judith Bennett, Chair

David Pollard

Sue Pilkington

Grad Dip Occ Haz Mgt
CFSIA, FRMIA, ChOHSP, GAICD
(Independent Member)

Craig Panagiris

B Comm, FCA
(Independent Member)

Executive Management (as at 30 June 2024)

Chief Executive Officer

Paul Greenhalgh B Nsg, G Cert Health Promotion, Dip Bus Mgt
Appointed 2020

Director, Nursing (Acute Care)

Claire Kent Masters Int Health Mgmt, B Nsg, G Cert Critical Care (Emergency)
Appointed 2020

Director, Community Care

Samantha Park, BSc, MS (Prelim), Grad Dip Adolescent Health and Welfare
Appointed 2015

Chief Medical Officer

Dr Yohan Nathan FRACMA, MBBS, BBiomedSc, MPH & MHA
Appointed 2022

Manager, Quality & Risk

Jackie Goodman, BAppSc. OT, Grad Cert. Health Service Mgmt, Grad Dip. Quality Mgmt in Health Care
Appointed 2023

Manager, Human Resources

Shianne Murray
Appointed June 2012

Manager, Facilities

Martin Schack
Appointed 2019

Note:

Act Director, Community Care
August to October 2023

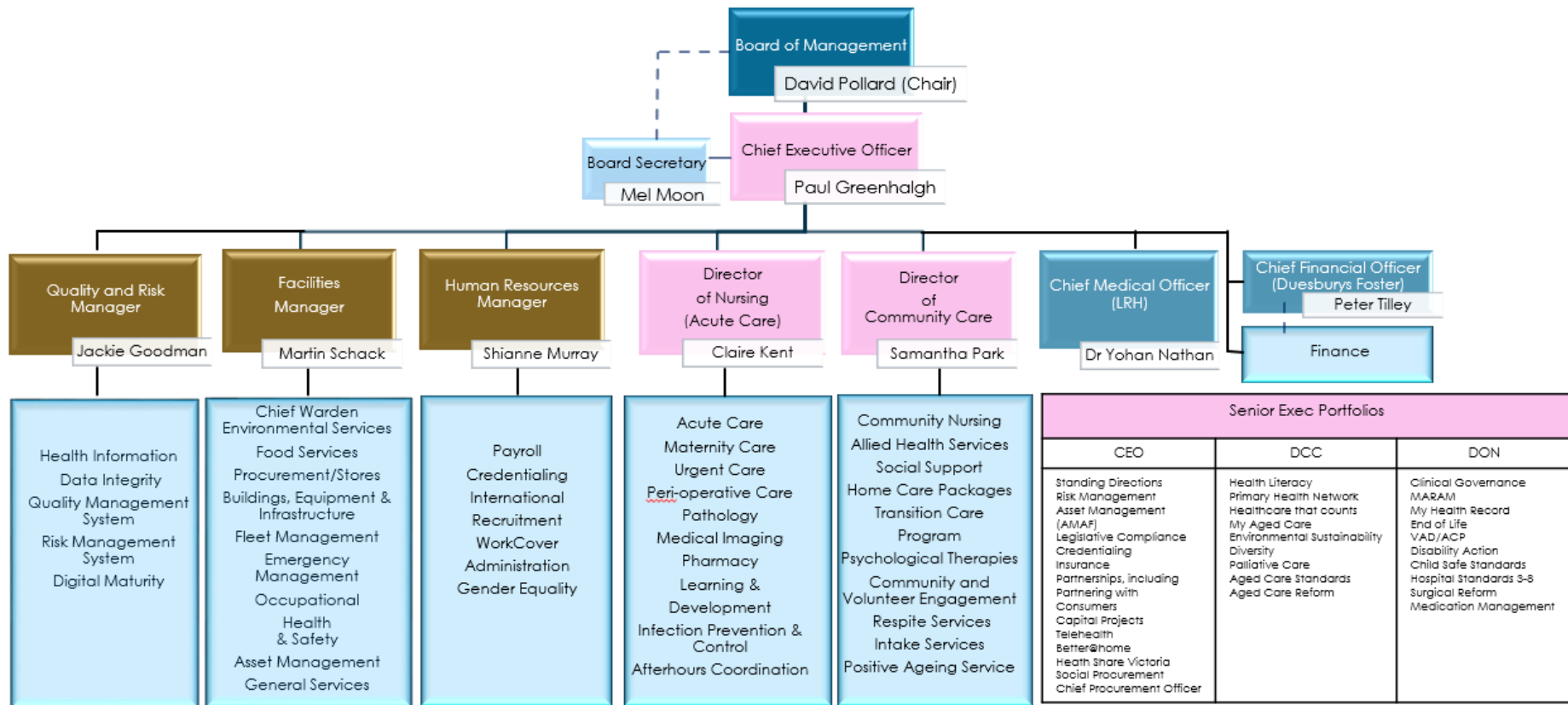
Act Director, Nursing
March 2024

Margaret Kuhne RN, BN, Grad Cert Health Service Mgmt, Grad Cert Infection Control

Governance and Management



Organisation Chart
June 2024



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)

Report of Operations

Statement of Priorities Outcomes

Part A – Strategic Priorities

EXCELLENCE IN CLINICAL GOVERNANCE	
We aim for the best patient experience and care outcomes by assuring safe practice, leadership of safety, an engaged and capable workforce, and continuing to improve and innovate care.	
GOAL	
MA4 Identify and develop clinical service models where face to face consultations can be substituted by virtual care wherever possible (using telehealth, remote monitoring), whilst ensuring strong clinical governance, safety surveillance and patient choice.	
Health Service Deliverables	Achievements/Outcome
MA4 Adopt the Department of Health 'Virtual Care Operational Framework' and formulate governance and procedures to align with those outlined within the Framework.	Achieved The Virtual Care Operational Framework has been adopted, with policy and procedure developed and implemented.
MA4 Ensure technology used for clinical engagement interactions remains secure through compliance with the Gippsland Health Alliance (GHA) policy and guidelines.	Achieved Cybersecurity policy and procedure were developed and implemented in consultation with the GHA.
GOAL	
MA5 Support people to access the most appropriate care for their chronic disease and/or associated risk factors.	
Health Service Deliverables	Achievements/Outcome
MA5 Training staff to promote skills that support people's understanding of how to access appropriate healthcare, management of their own health and make informed decisions about their own healthcare.	Achieved Numerous staff and consumer education sessions have been conducted on My Aged Care processes, SGH services, advance care planning, elder rights, advocacy, deteriorating clients, motivational interviewing and goal directed care planning.
MA5 Provide integrated multidisciplinary care that addresses physical, social, and mental health needs.	Achieved Several structures are in place to enable effective multidisciplinary care, including but not limited to case conferences, discharge planning meetings, complex care meetings, and information sharing policy and procedures.
GOAL	
MA11 Develop strong and effective systems to support early and accurate recognition and management of deterioration of paediatric patients.	
Health Service Deliverables	Achievements/Outcome
MA11 Partner with Safer Care Victoria (SCV) and relevant multidisciplinary groups to establish protocols and auditing processes to manage effective monitoring and escalation of deterioration in paediatric patients via ViCTOR charts.	Achieved Protocols are established and plans to commence auditing, noting that any clinical adverse event is subject to in depth clinical review process.

Statement of Priorities Outcomes

Part A – Strategic Priorities.....cont.

<p>MA11 Improve paediatric patient outcomes through implementation of the “ViCTOR track and trigger” observation chart and escalation system, whenever children have observations taken.</p>	<p>Achieved ViCTOR track and trigger charts are embedded into clinical practice, and relevant to the Urgent Care Centre (UCC) Model of Care.</p>
<p>MA11 Implement staff training on the “ViCTOR track and trigger” tool to enhance identification and prompt response to deteriorating paediatric patient conditions.</p>	<p>Achieved The healthcare team working in the Urgent Care Centre are orientated to the UCC Model of Care and associated requirements, including the use of ViCTOR track and trigger tools to enhance identification and prompt response to deteriorating pediatric patient conditions.</p>
<p>WORKING TO ACHIEVE LONG TERM FINANCIAL SUSTAINABILITY</p>	
<p>Ensure equitable and transparent use of available resources to achieve optimum outcomes.</p>	
<p>GOAL</p>	
<p>MB1 Co-operate with and support Department-led reforms that look towards reducing waste and improving efficiency to address financial sustainability, operational and safety performance, and system management.</p>	
<p>Health Service Deliverables</p>	<p>Achievements/Outcome</p>
<p>MB1 Collaborative partnerships: Collaborate with other health service providers, community organisations, the department and stakeholders to explore opportunities for shared services, joint procurement, and resource sharing to reduce costs and improve efficiency.</p>	<p>Achieved Effective subregional and regional partnerships, as well as less formal networks, that have resulted in various mutually beneficial arrangements, such as the hospitals pharmacy supply, pathology supply, allied health brokerage, Aboriginal health liaison role, accounting services, and laundry service. Active participation in the Gippsland Chief Procurement Officer Community of Practice and planning for regional solar panel procurement is well progressed and underway.</p>
<p>MB1 Develop and implement a Financial Improvement Plan.</p>	<p>Achieved Administration overheads reduced through the effective implementation of a financial improvement plan in FY24.</p>
<p>IMPROVING EQUITABLE ACCESS TO HEALTHCARE AND WELLBEING</p>	
<p>Ensure that Aboriginal people have access to a health, wellbeing and care system that is holistic, culturally safe, accessible, and empowering. Ensure that communities in rural and regional areas have equitable health outcomes irrespective of locality.</p>	
<p>GOAL</p>	
<p>MC1 Address service access issues and equity of health outcomes for rural and regional people including more support for primary, community, home-based and virtual care, and addiction services.</p>	
<p>Health Service Deliverables</p>	<p>Achievements/Outcome</p>
<p>MC1 Implement programs addressing barriers for rural and regional cohorts receiving care remotely, closer to, or in their homes.</p>	<p>Achieved Successful partnership with the Royal Flying Doctor Service (RFDS) to implement the RFDS Community Transport Program. South Gippsland Hospital provided space for fleet, reception and provided utilities gratis, as well as transitioned 11 volunteers to join the RFDS service which has proven to be very successful in ensuring consumers receive care close to home. Co-design and development of the Bass Coast Health led sub regional GEM@Home service.</p>

Statement of Priorities Outcomes

Part A – Strategic Priorities.....cont.

GOAL	
MC3 Enhance the provision of appropriate and culturally safe services, programs and clinical trials for and as determined by Aboriginal people, embedding the principles of self-determination.	
Health Service Deliverables	Achievements/Outcome
MC3 Partner with Aboriginal community-controlled health organisations, respected Aboriginal leaders and Elders, and Aboriginal communities to deliver healthcare improvements.	Achieved Strong relationship with Aunty Sonia, proud Bunurong woman and the Gippsland Southern Health Service Aboriginal Liaison worker assisting SGH with engagement and education of staff.
MC3 Promote a culturally safe welcoming environment with Aboriginal cultural symbols and spaces demonstrating, recognising, celebrating and respecting Aboriginal communities and culture.	Achieved The Aboriginal flag flies outside the hospital entrance. Staff undertake online and some face-to-face training, as well as all our reception areas have Aboriginal artwork, and a plaque on entry with an acknowledgment of the traditional custodians.
A STRONGER WORKFORCE	
There is increased supply of critical roles, which supports safe, high-quality care. Victoria is a world leader in employee experience, with a focus on future roles, capabilities and professional development. The workforce is regenerative and sustainable, bringing a diversity of skills and experience that reflect the people and communities it serves. As a result of a stronger workforce, Victorians receive the right care at the right time closer to home.	
GOAL	
MD1 Improve employee experience across four initial focus areas to assure safe, high-quality care: leadership, health and safety, flexibility, and career development and agility.	
Health Service Deliverables	Achievements/Outcome
MD1 Deliver programs to improve employee experience across four initial focus areas: leadership, safety and wellbeing, flexibility, and career development and agility.	Achieved SGH was top five in the state for workplace culture, and top two for patient safety, as determined by the 2023 People Matter Survey results. Workplace culture was measured across various domains, including but not limited to: public sector values, people outcomes, senior leadership, wellbeing, and organisation climate. The operational leadership team engaged in the Safer Care Victoria worker wellbeing program, and the GIPPSTAFE leadership program. All staff had access to annual Professional Development and Review (PDR) where opportunities are explored for support in current or future roles. Work-life is rated through this process and in addition, the workplace trainer for non-clinical staff was expanded to help staff progress their careers.
MD1 Implement and/or evaluate new/expanded programs that uplift workforce flexibility such as a flexibility policy for work arrangements.	Achieved The 2022-2025 Gender Equality Action Plan, is the cornerstone of this work. Through the reporting period, SGH reviewed and enhanced the flexible work arrangements (FWA), and now monitors the uptake for in scope services, by reporting through to the Executive Team. 13.5% of all staff are currently on a FWA.
MD1 Implement the South Gippsland Coast Local Area Partnership tier 1 workforce strategies, to strengthen the subregions' workforce capacity and capability.	Achieved Work was completed in various strategies, such as the South Gippsland Coast Partnering for Workforce Innovation Conference and the GEM@Home model of care. Other strategies have commenced yet have not been completed, such as subregion credentialling and Nurse Practitioners, largely due to the possible care reform developments.

Statement of Priorities Outcomes

Part A – Strategic Priorities.....cont.

MOVING FROM COMPETITION TO COLLABORATION	
Share knowledge, information and resources with partner health and wellbeing services and care providers. This will allow patients to experience one health, wellbeing and care system through connected digital health information, evidence and data flows, enabled by advanced interoperable platforms.	
GOAL	
ME2 Engage in integrated planning and service design approaches, whilst assuring consistent and strong clinical governance, with partners to join up the system to deliver seamless and sustainable care pathways and build sector collaboration.	
Health Service Deliverables	Achievement/Outcome
ME2 Reviewing specialist workforce requirements at a regional or sub-regional level and developing a shared workforce model, including coordinating efforts to attract and retain workforce at a regional or sub-regional level.	Partially Achieved Opportunities have been identified through the Future Together for South Gippsland Coast Partnership 'Stronger Together' paper, which articulates a pathway for shared workforce possibilities, however detailed specialist information has not been fully identified. Future work is required to develop this requirement.
ME2 Undertake a South Gippsland coast Local Area Partnership Situational Analysis of clinical services.	Achieved Open Advisory completed a situational analysis for the South Gippsland Coast Sub Regional Services as part of the agreed work plan. This work was developed to generate feedback on key issues that will drive service provision through the catchment. Whilst this information has been obtained, the challenge has been implementation in the context of the detail of the health services plan report, written by the Expert Advisory Committee
CARE CLOSE TO HOME	
Primary and community care is accessible and reduces avoidable escalation in acuity of health conditions. When appropriate, hospital care is delivered in the home, including through digital care and connection, to deliver virtual care, telehealth, and other advanced models of care.	
GOAL	
EB4 Improve health and wellbeing outcomes for people living in rural and regional areas by increasing access to care delivered remotely, closer to, or in their homes.	
Health Service Deliverables	Achievement/Outcome
EB4 Establish or further develop relationships between health services so that patients can be easily referred for care closer to, or in their homes.	Achieved The strong interagency relationships within the subregion and region still exists. The Gippsland Maternity Care Operating model was refreshed, and the surgical perfect list work was completed.
EB4 Implement or expand models that facilitate virtual and/or shared remote care delivery between health services so that people can receive care closer to their homes.	Achieved The sub regional GEM@home model was developed and implemented. The Victorian Virtual Emergency Department model of care was implemented afterhours in the Urgent Care Centre or Australasian Triage Scale Categories 3, 4, and 5.

Statement of Priorities Outcomes

Part A – Strategic Priorities.....cont.

A HEALTH SYSTEM THAT TAKES EFFECTIVE CLIMATE ACTION	
The health service is focused on taking effective action to achieve net zero emissions and adapt to climate change.	
GOAL	
EC1 Reduce clinical and operational practices that are wasteful and environmentally harmful to effectively contribute towards achieving net zero emissions across the health, wellbeing, and care system, including by delivering more energy efficient health services.	
Health Service Deliverables	Achievement/Outcome
EC1 Establish a South Gippsland Coast Local Area Partnership working group to develop and commence implementation of a sub-regional sustainability framework and plan, to include the focus on climate action.	Achieved Completed. The SGH board have endorsed the sub regional framework and development of a local action plan is underway.
EC1 Ensure SGH meets the FRD24 annual reporting requirement.	Achieved Executive sponsor has undertaken training and made best endeavors to be compliant.

Statement of Priorities Outcomes

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%	90%
Percentage of healthcare workers immunised for influenza	94%	98%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses Quarter 1	95%	98%
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%	2.1%
Percentage of singleton babies with severe foetal 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%	87%

Effective financial management

Key performance measure	Target	Result
Operating result (\$m)	(0.42)	(0.23)
Average number of days to paying trade creditors	60 days	29 days
Average number of days to receiving patient fee debtors	60 days	62 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.1
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

Funding type	Activity Result
Small Rural	
Small Rural Acute	30
Small Rural Primary Health & HACC	1,610

Attestations and Declarations

Financial Management Compliance Attestation – SD 5.1.4

I, DAMON STYNES, 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.



Damon Stynes
Board Chair from 1 July 2024
South Gippsland Hospital, Foster
26 September 2024

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
26 September 2024

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
26 September 2024

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 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
26 September 2024

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
26 September 2024

Workforce

Workforce data

Hospitals labor category	JUNE current month FTE		Average Monthly FTE	
	2023	2024	2023	2024
Nursing	46.1	44.37	48.34	50.07
Administration and Clerical	17.46	18.02	18.5	19.85
Medical Support	0.8	0.58	0.86	0.87
Hotel and Allied Services	11.1	12.44	11.42	12.83
Medical Officers	0	0	0	0
Hospital Medical Officers	0	0	0	0
Sessional Clinicians	0	0	0	0
Ancillary Staff (Allied Health)	22.55	26.58	21.29	27.43

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.

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	2021-2022	2022-2023	2023-2024
The number of reported hazards/incidents for the year per 100 FTE	23.1	8	13.5
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	1	1	0.9
The average cost per WorkCover claim for the year	\$10,825	\$13,588	\$3,934.71

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	2023-2024
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	10
Number of occupational violence incidents reported per 100 FTE	9
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0%

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 2023-2024.
- 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 2023-2024, SGH achieved the targets established under the Statement of Priorities. The hospital recorded a surplus of \$157,558 after capital items. The operating result is a deficit of \$228,622 before capital purpose income and depreciation. Capital purpose income of \$997,413, was received during the financial year with depreciation write-offs totaling \$674,562.

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

	2024 \$	2023 \$	2022 \$	2021 \$	2020 \$
OPERATING RESULT*					
Total revenue	16,232,758	15,305,283	14,186,293	10,905,428	11,477,604
Total expenses	16,138,529	15,465,305	13,482,076	10,892,830	10,438,879
Net result from transactions	94,229	-160,022	704,217	12,598	1,038,725
Total other economic flows	63,329	-15,558	9,041	2,357	3,081
Net result	157,558	-175,580	713,258	14,955	1,041,806
Total assets	27,639,475	14,515,187	13,179,240	12,555,678	11,885,796
Total liabilities	3,485,567	3,620,653	3,088,184	3,657,694	3,062,953
Net assets/Total equity	24,153,90	10,894,534	10,091,056	8,897,984	8,822,843

*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

2023-2024	\$
Operating result	-228,622
Capital purpose income	997,413
Specific income	0
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	40,856
State supply items consumed up to 30 June 2024	-40,856
Assets provided free of charge	0
Assets received free of charge	0
Expenditure for capital purpose	0
Depreciation and amortisation	-674,562
Impairment of non-financial assets	0
Finance costs (other)	0
Net result from transactions	94,229

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

Consultancies

Details of consultancies (under \$10,000) In 2023-2024, there were no consultancies where the total fees payable to the consultant was less than \$10,000.

Details of consultancies (valued at \$10,000 or greater) In 2023-2024, there was one consultancy where the total fees payable to the consultant was \$10,000 or greater. The total expenditure incurred during 2023-2024 in relation to these consultancies is \$13,280 (excl. GST). Details of these consultancies can be viewed below.

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2023-2024 (excluding GST)	Future expenditure (excluding GST)
Fryda and Dorne	Electrical safety	16 January 2023	31 March 2024	\$32,000	\$13,280	Nil

Information and Communication Technology (ICT)

The total ICT expenditure incurred during 2023-2024 is \$626,129 (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)
\$554,277	\$71,852	\$0	\$71,852

Asset Management Accountability Framework

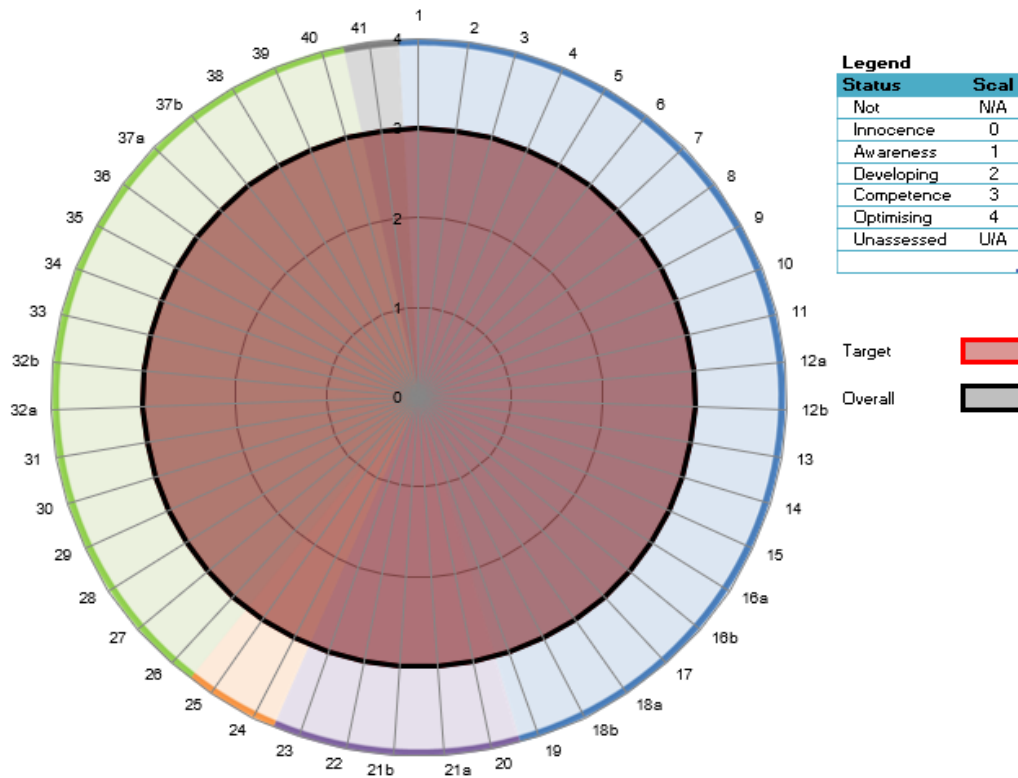
The following sections summarise the South Gippsland Hospital's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF).

The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the DTF website.

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

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

Asset Management Accountability Framework (Continued....)



Leadership and Accountability (requirements 1-19)
The agency has met its target maturity level in this category.

Planning (requirements 20-23)
The agency has met its target maturity level in this category.

Acquisition (requirements 24 & 25)
The agency has met its target maturity level in this category.

Operation (requirements 26-40)
The agency has met its target maturity level in this category.

Disposal (requirement 41)
The agency has met its target maturity level in this category.

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 CEO on an Application Form submitted to South Gippsland Hospital at 87 Station Road Foster, Victoria 3960.

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, e.g. 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) = \$32.70
- 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 (e.g. a copy of your driver's license or passport).

Summary of requestors for 2023-2024

During 2023-2024 South Gippsland Hospital received 16 applications. Of these requests, 3 were from law firms, 11 were from other health service providers or the Police, and 2 were from patients.

During 2023-2024 South Gippsland Hospital made 16 decisions and all applications were processed within the statutory time period.

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.

SGH has mechanisms in place to ensure that buildings conform with the building standards and major works with a value greater than \$50,000 are overseen by a Board Planning Sub Committee. There was one building permit issued. The Executive Committee reports to the Board Planning Sub-Committee on the mechanisms for inspection, scheduling, and carrying out of maintenance works on existing buildings as articulated in the SGH Asset Management Plan. There have been no emergency orders and building orders issued in relation to buildings.

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. This is detailed on our website and included in the SGH Fraud, Corruption and other losses Policy. There have been no disclosures notified to the Independent Broad-based Anti-Corruption Committee (IBAC) under section 21(2).

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 applies the principles of the Carers Recognition Act 2012 to the care and services we provide. The Carers Recognition Act 2012 recognises, promotes and values the role of carers. Staff are encouraged to consider and promote the care relationship principles, as outlined in the supporting document, the 'Victorian Charter Supporting People in Care Relationships'.

South Gippsland Hospital has taken all practical measures to comply with its obligations under the Act. These include:

- promoting the principles of the Act to people in care relationships who receive our services and to the wider community by providing links to state government resource materials on our website.
- ensuring our staff have an awareness and understanding of the care relationship principles set out in the Act at induction to the organisation, including discussion of the Act and the statement of principles.
- considering the care relationships principles set out in the Act when setting policies and providing services such as flexible working arrangements and leave provisions to ensure that these comply with the statement of principles in the Act.

Safe Patient Care Act 2015

South Gippsland Hospital has no matters to report in relation to its obligations under Section 40 of the *Safe Patient Care Act 2015*.

Other information and disclosures (continued)

Environmental Performance

South Gippsland Hospital is committed to engaging Social Procurement Suppliers and will review the requirements of the Social Framework in future years to consider the social impacts of purchases through their procurement processes

SOCIAL PROCUREMENT ACTIVITIES AND COMMITMENTS	
Reporting period:	2023–2024
Number of social benefit suppliers engaged during the reporting period:	3
Total amount spent with social benefit suppliers (direct spend) during the reporting period (\$ GST exclusive):	2,138

South Gippsland Hospital operates from one site in the township of Foster in the South Gippsland Shire. There is a main hospital building, a Community Health Centre and a Respite Centre at this location.

South Gippsland Hospital's commitment to Environmental Sustainability is reflected in the wide-ranging initiatives undertaken to minimise our service impacts on the environment.

Over 2023-24 this has included:

- Improved and increased waste management such as:
 - recycling of all cardboard and co-mingled products
 - implementation of Pharmacycle blister pack recycling - a complete end-to-end recycling of medicinal blister packs
 - registration as a charity with the Victoria Container Deposit Scheme
 - comprehensive environmentally-safe pharmaceutical waste collection
 - metal instrument scrap metal recycling
- Reuse and reduction of single use materials such as:
 - Kim Guard which has been sewn into reusable shopping or personal belonging bags
 - Blue theatre 'Huck' Towels being recycled for domestic use
 - Plastic kidney dish donations to local primary schools and kindergartens
 - Removal of plastic plates and implements from Hotel Services
- Energy efficient processes such as:
 - Water restrictors installed in all shower heads
 - The approval of an additional 30kW of solar panels to existing roof space
 - Implementation of the Victorian Virtual Emergency Department (VVED) reducing emissions from decreased transportation, energy, material use and waste for each telehealth consultation
 - Widespread use of native vegetation in surrounding garden
- Improved environmental reporting processes compliant with the Victorian Department of Health FRD24e reporting requirements (see following)

Development of a Sub-Regional Environmental Sustainability Framework – South Gippsland Hospital contributed to a comprehensive review, report and action plan, in partnership with the sub-regional health services Bass Coast Health, Kooweerup District Health Service and Gippsland Southern Health Service. The framework outlines 4 key focus area and 16 expected outcomes the four health services have collectively committed to achieve an ambitious target of Net Zero Emissions by 2045, in line with Victorian State Government expectation.

Other information and disclosures (continued)

FRD24 Report: South Gippsland Hospital (Jul-23 to Jun-24)				
N/A = not applicable as indicator is not relevant to the organisation's operations or not required for reporting purposes				
ELECTRICITY USE	Jul-23 to Jun-24	Jul-22 to Jun-23	Jul-21 to Jun-22	% Change previous to selected range
EL1 Total electricity consumption segmented by source [MWh]				
Purchased	478.94	369.60	354.99	29.58%
Self-generated	26.82	27.13	26.34	-1.15%
EL1 Total electricity consumption [MWh]	505.76	396.73	381.33	27.48%
EL2 On site-electricity generated [MWh] segmented by:				
Consumption behind-the-meter				
Solar Electricity	26.82	27.13	26.34	-1.15%
Total Consumption behind-the-meter [MWh]	26.82	27.13	26.34	-1.15%
Exports	nil			
EL2 Total On site-electricity generated [MWh]	26.82	27.13	26.34	-1.15%
EL3 On-site installed generation capacity [kW converted to MW] segmented by:				
Diesel Generator	0.16	0.16	0.16	0.00%
Solar System	0.03	0.03	0.03	0.00%
EL3 Total On-site installed generation capacity [MW]	0.19	0.19	0.19	0.00%
EL4 Total electricity offsets segmented by offset type [MWh]				
RPP (Renewable Power Percentage in the grid)	90.04	69.49	65.99	29.58%
EL4 Total electricity offsets [MWh]	90.04	69.49	65.99	29.58%

Other information and disclosures (continued)

	Jul-23 to Jun-24	Jul-22 to Jun-23	Jul-21 to Jun-22	% Change previous to selected range
STATIONARY ENERGY				
F1 Total fuels used in buildings and machinery segmented by fuel type [MJ]				
LPG	822,425.70	630,094.70	825,178.20	30.52%
F1 Total fuels used in buildings [MJ]	822,425.70	630,094.70	825,178.20	30.52%
F2 Greenhouse gas emissions from stationary fuel consumption segmented by fuel type [Tonnes CO2-e]				
LPG	49.84	38.18	50.01	30.52%
F2 Greenhouse gas emissions from stationary fuel consumption [Tonnes CO2-e]	49.84	38.18	50.01	30.52%
TRANSPORTATION ENERGY				
T1 Total energy used in transportation (vehicle fleet) within the Entity, segmented by fuel type [MJ]				
Executive fleet - E10	224,023.60			
Petrol (E10)	224,023.60			
Executive fleet - Diesel	283,517.00			
Diesel	283,517.00			
Total energy used in transportation (vehicle fleet) [MJ]	507,540.60			
T3 Greenhouse gas emissions from transportation (vehicle fleet) segmented by fuel type [tonnes CO2-e]				
Executive fleet - E10	13.64			
Petrol (E10)	13.64			
Executive fleet - Diesel	19.96			
Diesel	19.96			
Total Greenhouse gas emissions from transportation (vehicle fleet) [tonnes CO2-e]	33.61			
T4 Total distance travelled by commercial air travel (passenger km travelled for business purposes by entity staff on commercial or charter aircraft)				
Total distance travelled by commercial air travel	nil			

Other information and disclosures (continued)

T(opt1) Total vehicle travel associated with entity operations [1,000 km]				
Total vehicle travel associated with entity operations [1,000 km]	N/A			
T(opt2) Greenhouse gas emissions from vehicle fleet [tonnes CO2-e per 1,000 km]				
tonnes CO2-e per 1,000 km	N/A			

	Jul-23 to Jun-24	Jul-22 to Jun-23	Jul-21 to Jun-22	% Change previous to selected range
TOTAL ENERGY USE				
E1 Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]				
Total energy usage from stationary fuels (F1) [MJ]	822,425.70	630,094.70	825,178.20	30.52%
Total energy usage from transport (T1) [MJ]	507,540.60			
Total energy usage from fuels, including stationary fuels (F1) and transport fuels (T1) [MJ]	1,329,966.30	630,094.70	825,178.20	111.07%
E2 Total energy usage from electricity [MJ]				
Total energy usage from electricity [MJ]	1,820,721.47	1,428,222.90	1,372,791.06	27.48%
E3 Total energy usage segmented by renewable and non-renewable sources [MJ]				
Renewable	443,083.85	347,803.45	332,393.49	27.39%
Non-renewable (E1 + E2 - E3 Renewable)	2,804,138.21	1,808,171.25	1,960,394.17	55.08%
E4 Units of Stationary Energy used normalised: (F1+E2)/normaliser				
Energy per unit of LOS [MJ/LOS]	727.94	603.08	572.54	20.70%
Energy per unit of bed-day (LOS+Aged Care OBD) [MJ/OBD]	727.94	603.08	572.54	20.70%
Energy per unit of Separations [MJ/Separations]	2,983.24	2,232.45	2,099.30	33.63%
Energy per unit of floor space [MJ/m2]	1,149.69	895.31	956.05	28.41%

Other information and disclosures (continued)

SUSTAINABLE BUILDINGS AND INFRASTRUCTURE	Jul-23 to Jun-24	Jul-22 to Jun-23	Jul-21 to Jun-22	
B1 Discuss how environmentally sustainable design (ESD) is incorporated into newly completed entity-owned buildings	Nil newly completed entity-owned buildings during this time period			
B2 Discuss how new entity leases meet the requirement to preference higher-rated office buildings and those with a Green Lease Schedule				
B3 NABERS Energy (National Australian Built Environment Rating system) ratings of newly completed/occupied Entity-owned office buildings and substantial tenancy fit-outs (itemised)				
B4 Environmental performance ratings (e.g. NABERS, Green Star, or ISCAIS rating scheme) of newly completed Entity-owned non-office building or infrastructure projects or upgrades with a value over \$1 million				
B5 Environmental performance ratings achieved for Entity-owned assets portfolio segmented by rating scheme and building, facility, or infrastructure type, where these ratings have been conducted				
Rating scheme - NABERS Energy (valid until December 2024)	3.5 star			
Rating scheme - NABERS Water (valid until December 2024)	5 star			
SUSTAINABLE PROCUREMENT				
				% Change previous to selected range
WATER USE	Jul-23 to Jun-24	Jul-22 to Jun-23	Jul-21 to Jun-22	
W1 Total units of metered water consumed by water source (kl)				
Potable water [kL]	4,370.48	2,349.60	2,393.39	86.01%
Total units of water consumed [kl]	4,370.48	2,349.60	2,393.39	86.01%

Other information and disclosures (continued)

W2 Units of metered water consumed normalised by FTE, headcount, floor area, or other entity or sector specific quantity				
Water per unit of LOS [kL/LOS]	1.20	0.69	0.62	74.84%
Water per unit of bed-day (LOS+Aged Care OBD) [kL/OBD]	1.20	0.69	0.62	74.84%
Water per unit of Separations [kL/Separations]	4.93	2.55	2.29	93.57%
Water per unit of floor space [kL/m2]	1.90	1.02	1.04	86.01%
WASTE AND RECYCLING	Jul-23 to Jun-24	Jul-22 to Jun-23	Jul-21 to Jun-22	
WR1 Total units of waste disposed of by waste stream and disposal method [kg]				
Landfill (total)				
General waste - bins	10,419.00			
General waste - skips	16,704.00			
Offsite treatment				
Clinical waste - incinerated	1,743.35			
Clinical waste - sharps	27.52			
Clinical waste - treated	52.48			
Recycling/recovery (disposal)				
Cardboard	8,844.00			
Commingled	3,569.28			
Total units of waste disposed [kg]	41,359.63			
WR1 Total units of waste disposed of by waste stream and disposal method [%]				
Landfill (total)				
General waste	65.58%			

Other information and disclosures (continued)

Offsite treatment				
Clinical waste - incinerated	4.22%			
Clinical waste - sharps	0.07%			
Clinical waste - treated	0.13%			
Recycling/recovery (disposal)				
Cardboard	21.38%			
Commingled	8.63%			
WR2 Percentage of office sites covered by dedicated collection services for each waste stream				
Printer cartridges	not available			
Batteries	not available			
e-waste	not available			
Soft plastics	not available			
WR3 Total units of waste disposed normalised by FTE, headcount, floor area, or other entity or sector specific quantity, by disposal method				
Total waste to landfill per patient treated [(kg general waste)/PPT]	6.00			
Total waste to offsite treatment per patient treated [(kg offsite treatment)/PPT]	0.40			
Total waste recycled and reused per patient treated [(kg recycled and reused)/PPT]	2.75			
WR4 Recycling rate [%]				
Weight of recyclable and organic materials [kg]	12,413.28			
Weight of total waste [kg]	41,359.63			
Recycling rate [%]	30.01%			
WR5 Greenhouse gas emissions associated with waste disposal [tonnes CO2-e]				
tonnes CO2-e	36.90			

Other information and disclosures (continued)

GREENHOUSE GAS EMISSIONS	Jul-23 to Jun-24	Jul-22 to Jun-23	Jul-21 to Jun-22	% Change previous to selected range
G1 Total scope one (direct) greenhouse gas emissions [tonnes CO2e]				
Carbon Dioxide	82.92	37.93	49.68	118.60%
Methane	0.18	0.13	0.17	39.14%
Nitrous Oxide	0.35	0.13	0.17	178.13%
Total	83.44	38.18	50.01	118.53%
Scope 1 GHG emissions from stationary fuel (F2 Scope 1) [tonnes CO2-e]	49.84	38.18	50.01	30.52%
Scope 1 GHG emissions from vehicle fleet (T3 Scope 1) [tonnes CO2-e]	33.61			
Medical/Refrigerant gases				
Nitrous oxide	1.79			
Total scope one (direct) greenhouse gas emissions [tonnes CO2e]	85.23	38.18	50.01	123.21%
G2 Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]				
Electricity	315.01	253.90	259.23	24.07%
Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]	315.01	253.90	259.23	24.07%
G3 Total scope three (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal (tonnes CO2e)				
Commercial air travel	0.00			
Waste emissions (WR5)	36.90			
Indirect emissions from Stationary Energy	55.50	45.44	31.29	22.14%
Indirect emissions from Transport Energy	8.37			
Paper emissions	not available			
Any other Scope 3 emissions	7.33	3.98	4.50	84.26%
Total scope three greenhouse gas emissions [tonnes CO2e]	108.11	49.42	35.79	118.75%

Other information and disclosures (continued)

G(Opt) Net greenhouse gas emissions (tonnes CO2e)				
Gross greenhouse gas emissions (G1 + G2 + G3) [tonnes CO2e]	508.35	341.50	345.03	48.86%
Any Reduction Measures Offsets purchased (EL4-related)	nil			
Any Offsets purchased	nil			
Net greenhouse gas emissions [tonnes CO2e]	508.35	341.50	345.03	48.86%
NORMALISATION FACTORS	Jul-23 to Jun-24	Jul-22 to Jun-23	Jul-21 to Jun-22	% Change previous to selected range
1000km (Corporate)				
1000km (non-emergency)				
Aged Care OBD				
ED Departures	0.00	0.00	0.00	
FTE	100.00	96.00	82.00	4.17%
LOS	3,631.00	3,413.00	3,839.00	6.39%
OBD	3,631.00	3,413.00	3,839.00	6.39%
PPT	4,517.00	4,335.00	4,886.00	4.20%
Separations	886.00	922.00	1,047.00	-3.90%
TotalAreaM2	2,299.00	2,299.00	2,299.00	0.00%

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 2006*

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):

- A statement that declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officer as nominee or held beneficially in a statutory authority or subsidiary;
- Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the entity;
- Details of any major external reviews carried out on the entity;
- Details of major research and development activities undertaken by the entity;
- 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 entity to develop community awareness of the entity 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 entity and details of time lost through industrial accidents and disputes;
- A list of major committees sponsored by the entity, the purposes of each committee and the extent to which those purposes have been achieved; and
- Details of all consultancies and contractors including:
 - (i) consultants/contractors engaged;
 - (ii) services provided; and
 - (iii) expenditure committed for each engagement.

Local Jobs First Act 2003

In 2023-2024 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.

The South Gippsland Hospital 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 South Gippsland Hospital 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. As at 30 June 2024, 24 actions have been completed, 10 are in progress and 2 are not started/overdue.

South Gippsland Hospital 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.

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FRD 22	Occupational Health and Safety	22
Financial information		
FRD 22	Summary of the financial results for the year	23
FRD 22	Significant changes in financial position during the year	23
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Legislation	Requirement	Page Reference
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Independent Auditor's Report

To the Board of South Gippsland Hospital

Opinion	<p>I have audited the financial report of South Gippsland Hospital (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2024 • 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 material accounting policy information • board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2024 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other information	<p>The Board of the health service is responsible for the Other Information, which comprises the information in the health service's annual report for the year ended 30 June 2024, but does not include the financial report and my auditor's report thereon.</p> <p>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.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
18 October 2024

Dominika Ryan
as delegate for the Auditor-General of Victoria

Financial Statements for the year ended 30 June 2024

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 2024 and the financial position of South Gippsland Hospital at 30 June 2024.

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 Thursday 26 September 2024.



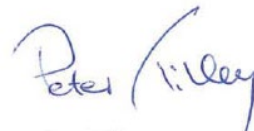
Damon Stynes
Board Chair

Foster
26 September 2024



Paul Greenhalgh
Accountable Officer

Foster
26 September 2024



Peter Tilley
Chief Finance &
Accounting Officer

Foster
26 September 2024



South Gippsland Hospital for the financial year ended 30 June 2024

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**South Gippsland Hospital
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2024**

		2024	2024
	Note	\$	\$
Revenue and income from transactions			
Operating activities	2.1	14,959,033	14,458,556
Non-operating activities	2.1	131,988	70,952
Share of revenue from joint operations	8.7	1,141,737	775,775
Total revenue and income from transactions		16,232,758	15,305,283
Expenses from transactions			
Employee expenses	3.1	(12,199,849)	(11,578,972)
Supplies and consumables	3.1	(870,391)	(967,709)
Finance costs	3.1	(4,234)	(5,183)
Depreciation and amortisation	4.3	(674,562)	(570,142)
Other administrative expenses	3.1	(984,747)	(974,596)
Other operating expenses	3.1	(596,520)	(582,519)
Other non-operating expenses	3.1	(2,366)	2,567
Share of expenses from joint operations	8.7	(805,860)	(788,751)
Total Expenses from transactions		(16,138,529)	(15,465,305)
Net result from transactions - net operating balance		94,229	(160,022)
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	37,645	(779)
Other gain/(loss) from other economic flows	3.2	25,684	(14,779)
Total other economic flows included in net result		63,329	(15,558)
Net result for the year		157,558	(175,580)
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus		13,101,816	979,058
Total other comprehensive income		13,101,816	979,058
Comprehensive result for the year		13,259,374	803,478

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

**South Gippsland Hospital
Balance Sheet
As at 30 June 2024**

		2024	2023
	Note	\$	\$
Current assets			
Cash and cash equivalents	6.2	1,843,637	2,452,701
Receivables	5.1	868,686	717,372
Contract assets	5.2	34,336	110,418
Inventories	4.4	103,654	83,760
Share of assets in joint operations	8.7	683,607	547,096
Total current assets		3,533,920	3,911,347
Non-current assets			
Receivables	5.1	917,837	854,660
Property, plant and equipment	4.1(a)	22,982,878	9,592,048
Right of use assets	4.2(a)	187,718	128,816
Share of assets in joint operations	8.7	17,122	28,316
Total non-current assets		24,105,555	10,603,840
Total assets		27,639,475	14,515,187
Current liabilities			
Payables	5.3	697,961	737,162
Contract liabilities	5.4	49,004	54,650
Borrowings	6.1	67,847	99,536
Employee benefits	3.3	2,178,408	2,159,993
Other liabilities	5.5	487	1,547
Share of liabilities in joint operations	8.7	80,360	285,737
Total current liabilities		3,074,067	3,338,625
Non-current liabilities			
Borrowings	6.1	116,274	27,732
Employee benefits	3.3	288,366	242,253
Share of liabilities in joint operations	8.7	6,860	12,043
Total non-current liabilities		411,500	282,028
Total liabilities		3,485,567	3,620,653
Net assets		24,153,908	10,894,534
Equity			
Property, plant and equipment revaluation surplus	SCE	18,167,482	5,065,666
Contributed capital	SCE	3,086,756	3,086,756
Accumulated surplus/(deficit)	SCE	2,899,670	2,742,112
Total equity		24,153,908	10,894,534

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

South Gippsland Hospital
Cash Flow Statement
For the Financial Year Ended 30 June 2024

	2024	2023
Note	\$	\$
Cash Flows from operating activities		
Operating grants from State Government	8,442,434	9,350,806
Operating grants from Commonwealth Government	1,206,596	1,064,624
Capital grants from State Government	668,063	272,523
Patient fees received	561,402	395,012
Donations and bequests received	48,261	-
GST received from ATO	312,784	150,194
Interest and investment income received	131,988	70,952
Other receipts	3,505,877	2,683,304
Total receipts	14,877,405	13,987,415
Payments to employees	(11,960,558)	(11,212,940)
Payments to contractors and consultants	(67,913)	(54,217)
Payments for supplies and consumables	(875,897)	(866,019)
Payments for repairs and maintenance	(59,284)	(73,345)
Finance costs	(4,234)	(5,183)
GST paid to ATO	(322,222)	(256,302)
Other payments	(1,505,045)	(1,594,402)
Total payments	(14,795,153)	(14,062,408)
Net cash flows from/(used in) operating activities	8.1 82,252	(74,993)
Cash Flows from investing activities		
Purchase of non-financial assets	(927,836)	(247,803)
Proceeds from sale of financial assets	63,895	-
Capital donations and bequests received	236,664	128,918
Net cash flows from/(used in) investing activities	(627,277)	(118,885)
Cash flows from financing activities		
Repayment of borrowings	(120,892)	(33,451)
Receipt of borrowings	56,853	-
Net cash flows from/(used in) financing activities	(64,039)	(33,451)
Net increase/(decrease) in cash and cash equivalents held	(609,064)	(227,329)
Cash and cash equivalents at beginning of year	2,452,701	2,680,030
Cash and cash equivalents at end of year	6.2 1,843,637	2,452,701

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 2024**

	Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Surplus/(Deficit)	Total
	\$	\$	\$	\$
Balance at 1 July 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
Net result for the year	-	-	157,558	157,558
Other comprehensive income for the year	13,101,816	-	-	13,101,816
Balance at 30 June 2024	18,167,482	3,086,756	2,899,670	24,153,908

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

**South Gippsland Hospital
Notes to the Financial Statements
For the financial year ended 30 June 2024**

Note 1: Basis of preparation

Structure

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- 1.2 Abbreviations and terminology used in the financial statements
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- 1.4 Material accounting estimates and judgements
- 1.5 Accounting standards issued but not yet effective
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Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

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 2024. 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.

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 26th September 2024.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

Note 1.2 Abbreviations and terminology used in the financial statements

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

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
NWAW	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office

Note 1.3 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 1.4 Material 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 material 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 4.2: Right-of-use assets
- Note 4.3: Depreciation
- Note 4.5: Impairment of assets
- Note 5.1: Receivables
- Note 5.2: Contract assets
- Note 5.3: Payables
- Note 5.4: Contract liabilities
- Note 6.1(a): Lease liabilities
- Note 7.4: Fair value determination

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

Note 1.5 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
<i>AASB 2022-5: Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
<i>AASB 2022-9: Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i>	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
<i>AASB 2022-10: Amendments to Australian Accounting standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i>	Reporting periods beginning on or after 1 January 2024.	Impact is still to be reviewed.

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 1.6 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, contingent assets and liabilities are presented on a gross basis.

Note 1.7 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 June 2024

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

Material judgements and estimates

This section contains the following material judgements and estimates:

Material judgements and estimates	Description
Identifying performance obligations	The Health Service applies material 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 criterion 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 criterion is not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	The Health Service applies material 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 material 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 material 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 2024

Note 2.1 Revenue and income from transactions

Note	2024 \$	2023 \$
Operating activities		
Revenue from contracts with customers		
	184,737	135,627
	1,136,160	1,064,624
	606,648	441,812
	80,540	67,964
	2,219,430	1,540,014
	451,825	453,530
2.1(a)	4,679,340	3,703,571
Other sources of income		
	8,339,025	9,498,759
	760,749	179,837
	-	11,000
	236,664	117,918
2.1(b)	89,117	169,198
	854,138	778,273
	10,279,693	10,754,985
Total revenue and income from operating activities	14,959,033	14,458,556
Non-operating activities		
Income from other sources		
	131,988	70,952
Total other sources of income	131,988	70,952
Total income from non-operating activities	131,988	70,952
Total revenue and income from transactions	15,091,021	14,529,508

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

	2024 \$	2023 \$
The Health Service disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	4,598,800	3,635,607
Over time	80,540	67,964
Total revenue from contracts with customers	4,679,340	3,703,571

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

Note 2.1 Revenue and income from transactions

How we recognise revenue and income from operating activities

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 when the service is delivered.
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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

Note 2.1(b) Fair value of assets and services received free of charge or for nominal consideration

	2024	2023
	\$	\$
Cash donations and gifts	48,261	55,132
Personal protective equipment and other consumables	40,856	114,066
Total fair value of assets and services received free of charge or for nominal consideration	89,117	169,198

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

Under the State Supply Arrangement, Health Share Victoria supplies personal protective equipment to the Health Service for nil consideration.

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 2024

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 costs associated with the provision of services are disclosed.

Structure

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

Material judgements and estimates

This section contains the following material judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	<p>The Health Service applies material judgment when classifying its employee benefit liabilities.</p> <p>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.</p> <p>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.</p>
Measuring employee benefit liabilities	<p>The Health Service applies material judgment when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.</p> <p>Expected future payments incorporate:</p> <ul style="list-style-type: none"> * an inflation rate of 4.45%, 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 12.28% and 81.08% * discounting at the rate of 4.368%, as determined with reference to market yields on government bonds at the end of the reporting period. <p>All other entitlements are measured at their nominal value.</p>

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 3.1 Expenses from transactions

	2024	2023
Note	\$	\$
Salaries and wages	9,437,639	8,867,233
On-costs	2,431,893	2,414,924
External contract staff	85,025	119,333
Fee for service medical officer expenses	50,953	63,693
Workcover premium	194,339	113,789
Total employee expenses	12,199,849	11,578,972
Drug supplies	78,159	77,495
Medical and surgical supplies (including Prostheses)	293,695	341,772
Diagnostic and radiology supplies	61,266	54,257
Other supplies and consumables	437,271	494,185
Total supplies and consumables	870,391	967,709
Finance costs	4,234	5,183
Total finance costs	4,234	5,183
IT expenses	554,277	523,617
Other administrative expenses	430,470	450,979
Total other administrative expenses	984,747	974,596
Fuel, light, power and water	140,294	130,111
Repairs and maintenance	59,284	73,345
Maintenance contracts	93,748	73,729
Medical indemnity insurance	119,921	112,177
Expenditure for capital purposes	11,328	11,603
Other operating expenses	171,945	181,554
Total other operating expenses	596,520	582,519
Total operating expenses	14,655,741	14,108,979
Depreciation and amortisation	4.3 674,562	570,142
Total depreciation and amortisation	674,562	570,142
Bad and doubtful debt expense	2,366	(2,567)
Total other non-operating expenses	2,366	(2,567)
Total non-operating expenses	676,928	567,575
Total expenses from transactions	15,332,669	14,676,554

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

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 in determining the operating result for the year, by recording them as revenue and recording a corresponding 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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

Note 3.2 Other economic flows

	2024	2023
	\$	\$
Net gain/(loss) on disposal of property plant and equipment	37,645	(779)
Total net gain/(loss) on non financial assets	37,645	(779)
Net gain/(loss) arising from revaluation of long service liability	25,684	(14,779)
Total other gains/(losses) from other economic flows	25,684	(14,779)
Total gains/(losses) from other economic flows	63,329	(15,558)

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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 3.3 Employee benefits and related on-costs

	2024	2023
	\$	\$
Current employee benefits and related on-costs		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	9,882	11,047
	9,882	11,047
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	438,030	420,125
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	432,177	411,567
	870,207	831,692
<i>Long service leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	173,902	176,968
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	879,425	894,390
	1,053,327	1,071,358
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled within 12 months ⁱ	78,039	74,313
Unconditional and expected to be settled after 12 months ⁱⁱ	166,953	171,583
	244,992	245,896
Total current employee benefits and related on-costs	2,178,408	2,159,993
Non-current employee benefits and related on-costs		
Conditional long service leave	256,138	213,359
Provisions related to employee benefit on-costs	32,228	28,894
Total non-current employee benefits and related on-costs	288,366	242,253
Total employee benefits and related on-costs	2,466,774	2,402,246

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

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

	2024	2023
	\$	\$
Current employee benefits and related on-costs		
Unconditional accrued days off	9,882	11,047
Unconditional annual leave entitlements	983,508	934,822
Unconditional long service leave entitlements	1,185,018	1,214,124
Total current employee benefits and related on-costs	2,178,408	2,159,993
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	288,366	242,253
Total non-current employee benefits and related on-costs	288,366	242,253
Total employee benefits and related on-costs	2,466,774	2,402,246
Attributable to:		
Employee benefits	2,189,554	2,127,456
Provision for related on-costs	277,220	274,790
Total employee benefits and related on-costs	2,466,774	2,402,246

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

	2024	2023
	\$	\$
Carrying amount at start of year	274,790	200,286
Additional provisions recognised	45,379	179,124
Amounts incurred during the year	(42,949)	(104,620)
Carrying amount at end of year	277,220	274,790

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 sick leave 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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

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

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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

Note 3.4 Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2024	2023	2024	2023
	\$	\$	\$	\$
Defined contribution plans:				
Aware Super (formally First State Super)	503,987	508,433	35,448	38,353
Hesta	274,969	260,222	10,099	20,744
Other	451,721	386,574	47,706	29,829
Total	1,230,677	1,155,229	93,253	88,926

How we recognise superannuation

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

Defined contribution superannuation plans

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

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

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

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 Depreciation
- 4.4 Inventories
- 4.5 Impairment of assets

Material judgements and estimates

This section contains the following material judgements and estimates:

Material 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 material 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: <ul style="list-style-type: none"> * If an asset's value has declined more than expected based on normal use * If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset * If an asset is obsolete or damaged * If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life * If the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, the health service applies material judgement and estimate to determine the recoverable amount of the asset.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

Note 4.1 Property, plant and equipment

Note 4.1(a) Gross carrying amount and accumulated depreciation

	2024	2023
	\$	\$
Land at fair value - Freehold	960,000	960,000
Total land at fair value	960,000	960,000
Buildings at fair value	19,731,722	6,926,156
Works in progress at cost	11,494	-
Total buildings at fair value	19,743,216	6,926,156
Total land and buildings	20,703,216	7,886,156
Plant and equipment at fair value	697,335	186,985
Less accumulated depreciation	(186,165)	(181,575)
Plant and equipment works in progress at cost	30,213	15,929
Total plant and equipment at fair value	541,383	21,339
Motor vehicles at fair value	46,607	74,554
Less accumulated depreciation	(38,681)	(56,596)
Total motor vehicles at fair value	7,926	17,958
Medical equipment at fair value	2,234,667	1,960,450
Less accumulated depreciation	(1,391,330)	(1,225,808)
Total medical equipment at fair value	843,337	734,642
Other equipment at fair value	745,315	675,769
Less accumulated depreciation	(419,991)	(364,114)
Total other equipment at fair value	325,324	311,655
Furniture and fittings at fair value	1,044,004	1,008,247
Less accumulated depreciation	(482,312)	(387,949)
Total furniture and fittings at fair value	561,692	620,298
Total plant, equipment, furniture, fittings and vehicles at fair value	2,279,662	1,705,892
Total property, plant and equipment	22,982,878	9,592,048

**Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024**

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 2022	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	-	(255,211)	(3,119)	(139,886)	(92,195)	(38,720)	(9,319)	(538,450)
Balance at 30 June 2023	960,000	6,926,156	21,339	734,642	620,298	311,655	17,958	9,592,048
Additions	-	14,196	530,805	274,217	35,757	72,861	-	927,836
Disposals	-	-	-	-	-	(3,260)	(3,499)	(6,759)
Revaluation increments/(decrements)	-	13,101,816	-	-	-	-	-	13,101,816
Depreciation	-	(298,952)	(10,761)	(165,522)	(94,363)	(55,932)	(6,533)	(632,063)
Balance at 30 June 2024	960,000	19,743,216	541,383	843,337	561,692	325,324	7,926	22,982,878

Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook to re-value all of the Health Service's land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined with reference to the amount at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date, under current conditions. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2024.

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.

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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

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 2024. The valuation, which complies with Australian Valuation Standards, was determined with reference to the amount for which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date, under current market conditions.

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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

Note 4.2 Right-of-use assets

Note 4.2(a) Gross carrying amount and accumulated depreciation

	2024	2023
	\$	\$
Right of use vehicles at fair value	328,544	248,096
Less accumulated depreciation	(140,826)	(119,280)
Total right of use vehicles at fair value	187,718	128,816
Total right of use vehicles at fair value	187,718	128,816
Total right of use assets	187,718	128,816

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

	Right-of-use -	Total
Note	\$	\$
Balance at 1 July 2022	127,006	127,006
Additions	33,502	33,502
Depreciation	4.3 (31,692)	(31,692)
Balance at 30 June 2023	128,816	128,816
Additions	120,892	120,892
Disposals	(19,491)	(19,491)
Depreciation	4.3 (42,499)	(42,499)
Balance at 30 June 2024	187,718	187,718

How we recognise right-of-use assets

When a contract is entered into, the Health Service assesses if the contract contains or is 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 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 presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 4.3 Depreciation

	2024	2023
	\$	\$
Depreciation		
Property, plant and equipment		
Buildings	298,952	255,211
Plant and equipment	10,761	3,119
Motor vehicles	6,533	9,319
Medical equipment	165,522	139,886
Other equipment	55,932	38,720
Furniture and fittings	94,363	92,195
Total depreciation - property, plant and equipment	632,063	538,450
Right-of-use assets		
Right-of-use motor vehicles (VicFleet)	42,499	31,692
Total depreciation - right-of-use assets	42,499	31,692
Total depreciation	674,562	570,142

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.

	2024	2023
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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 4.4 Inventories

	2024	2023
	\$	\$
Medical and surgical consumables at cost	64,133	53,234
Pharmacy supplies at cost	24,503	18,926
Catering supplies at cost	9,090	7,021
Engineering stores at cost	5,928	4,579
Total inventories	103,654	83,760

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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

Note 4.5 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 2024 (30 June 2023: Nil).

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

Note 5: Other assets and liabilities

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

Structure

- 5.1 Receivables
- 5.2 Contract assets
- 5.3 Payables
- 5.4 Contract liabilities
- 5.5 Other liabilities

Material judgements and estimates

This section contains the following material judgements and estimates:

Material 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 material 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 material 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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 5.1 Receivables

	2024	2023
Note	\$	\$
Current receivables		
Contractual		
Inter hospital debtors	154,896	145,971
Trade receivables	524,639	435,533
Patient fees	123,653	81,825
Allowance for impairment losses	(3,079)	(1,678)
Accrued revenue	40,118	36,700
Total contractual receivables	840,227	698,351
Statutory		
GST receivable	28,459	19,021
Total statutory receivables	28,459	19,021
Total current receivables	868,686	717,372
Non-current receivables		
Contractual		
Long service leave - Department of Health	917,837	854,660
Total contractual receivables	917,837	854,660
Total non-current receivables	917,837	854,660
Total receivables	1,786,523	1,572,032
<i>(i) Financial assets classified as receivables (Note 7.1(a))</i>		
Total receivables	1,786,523	1,572,032
GST receivable	(28,459)	(19,021)
Provision for impairment	3,079	1,678
Total financial assets classified as receivables	1,761,143	1,554,689

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

	2024	2023
	\$	\$
Balance at the beginning of the year	1,678	4,246
Increase in allowance	1,401	-
Reversal of allowance written off during the year as uncollectable	-	(2,568)
Balance at the end of the year	3,079	1,678

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

Note 5.1 Receivables

How we recognise receivables

Receivables consist of:

- **Contractual receivables**, including debtors that relate to goods and services. These receivables are classified as financial instruments and are categorised as 'financial assets at amortised cost'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service hold 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**, including 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 the nominal amounts 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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 5.2 Contract assets

	<u>2024</u>	<u>2023</u>
Note	\$	\$
Current		
Contract assets	34,336	110,418
Total contract assets	5.2(a) <u><u>34,336</u></u>	<u><u>110,418</u></u>

Note 5.2(a) Movements in contract assets

	<u>2024</u>	<u>2023</u>
	\$	\$
Balance at the beginning of the year	110,418	64,106
Add: Additional costs incurred that are recoverable from the customer	34,336	110,418
Less: Transfer to revenue recognition	(110,418)	(64,106)
Total contract assets	<u><u>34,336</u></u>	<u><u>110,418</u></u>

How we recognise contract assets

Contract assets relate to the Health Service's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 5.3 Payables

	2024	2023
Note	\$	\$
Current payables		
Contractual		
Trade creditors	105,879	123,235
Accrued salaries and wages	249,187	178,162
Accrued expenses	68,568	83,023
Deferred capital grant income	-	92,686
5.3(a) Superannuation	116,027	88,926
Inter hospital creditors	10,118	4,797
Amounts payable to governments and agencies	148,182	166,333
Total contractual payables	697,961	737,162
Total current payables	697,961	737,162
Total payables	697,961	737,162
<i>(i) Financial liabilities classified as payables (Note 7.1(a))</i>		
Total payables	697,961	737,162
Deferred grant income	-	(92,686)
Total financial liabilities classified as payables	7.1(a) 697,961	644,476

How we recognise payables

Payables consist of:

- **Contractual payables**, including payables that relate to the purchase of 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**, including 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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

Note 5.3(a) Movement in deferred capital grant income

	2024	2023
	\$	\$
Opening balance of deferred capital grant income	92,686	-
Grant consideration for capital works that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the of the year	-	92,686
Grant consideration for capital works received during the year	-	-
Deferred capital grant income recognised as income due to completion of capital works	(92,686)	-
Closing balance of deferred capital grant income	-	92,686

How we recognise deferred capital grant income

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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

Note 5.4 Contract liabilities

	2024	2023
Note	\$	\$
Current		
Contract liabilities	49,004	54,650
Total contract liabilities	5.4(a) 49,004	54,650

Note 5.4(a) Movement in contract liabilities

	2024	2023
	\$	\$
Opening balance of contract liabilities	54,650	21,227
Add: payments received for performance obligations yet to be completed during the period	49,004	54,650
Less: revenue recognised in the reporting period for the completion of a performance obligation	(54,650)	(21,227)
Total contract liabilities	49,004	54,650

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of services provided.

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.

Maturity analysis of payables

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

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 5.5 Other liabilities

	2024	2023
Note	\$	\$
Current monies held in trust		
Monies held in trust*:HCP monies held in trust	487	1,547
Total current monies held in trust	487	1,547
Total other liabilities	487	1,547
* Represented by:		
- Cash assets	6.2 487	1,547
	487	1,547

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 2024

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

material judgements and estimates

This section contains the following material judgements and estimates:

material judgements and estimates	Description
Determining if a contract is or contains a lease	The Health Service applies material judgement to determine if a contract is or contains a lease by considering if the health service: <ul style="list-style-type: none"> * has the right-to-use an identified asset * has the right to obtain substantially all economic benefits from the use of the leased asset and * can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	The Health Service applies material 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 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: <ul style="list-style-type: none"> * If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. * If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. * The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 6.1 Borrowings

	<u>2024</u>	<u>2023</u>
Note	\$	\$
Current borrowings		
Lease liability ⁱ	67,847	99,536
Total current borrowings	<u>67,847</u>	<u>99,536</u>
Non-current borrowings		
Lease liability ⁱ	116,274	27,732
Total non-current borrowings	<u>116,274</u>	<u>27,732</u>
Total borrowings	<u><u>184,121</u></u>	<u><u>127,268</u></u>

ⁱ Secured by the assets leased.

How we recognise borrowings

Borrowings refer to funds raised through lease liabilities.

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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 6.1(a) Lease liabilities

The Health Service's lease liabilities are summarised below:

	2024	2023
	\$	\$
Total undiscounted lease liabilities	190,572	128,221
Less unexpired finance expenses	(6,451)	(953)
Net lease liabilities	184,121	127,268

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

	2024	2023
	\$	\$
Not longer than one year	70,760	99,954
Longer than one year but not longer than five years	119,812	28,267
Minimum future lease liability	190,572	128,221
Less unexpired finance expenses	(6,451)	(953)
Present value of lease liability	184,121	127,268

*** Represented by:**

- Current liabilities	67,847	99,536
- Non-current liabilities	116,274	27,732
	184,121	127,268

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 payment	Type of leases captured
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

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%.

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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 6.2 Cash and cash equivalents

Note	2024 \$	2023 \$
Cash on hand (excluding monies held in trust)	300	300
Cash at bank (excluding monies held in trust)	6,851	219,177
Cash at bank - CBS (excluding monies held in trust)	1,835,999	2,231,677
Total cash held for operations	1,843,150	2,451,154
Cash on hand (monies held in trust)	487	1,547
Total cash held as monies in trust	487	1,547
Total cash and cash equivalents (excluding joint operations)	7.1(a) 1,843,637	2,452,701

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).

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment purposes and 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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 6.3 Commitments for expenditure

As at 30 June 2024 there are no commitments for expenditure (2023:nil).

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 6.4 Non-cash financing and investing activities

	2024	2023
	\$	\$
Assumption of liabilities		
Acquisition of plant and equipment by means of Leases VicFleet	120,892	33,502
Total non-cash financing and investing activities	120,892	33,502

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

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

Material judgements and estimates

This section contains the following material judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>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.</p> <p>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.</p> <p>The Health Service uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> - 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. <p>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 material judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> - 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 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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

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

		Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
	Note	\$	\$	\$
30 June 2024				
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	1,843,637	-	1,843,637
Receivables and contract assets	5.1	1,761,143	-	1,761,143
Total Financial Assetsⁱ		3,604,780	-	3,604,780
Financial Liabilities				
Payables	5.3	-	697,961	697,961
Borrowings	6.1	-	184,121	184,121
Other Financial Liabilities - Patient monies held in trust	5.5	-	487	487
Total Financial Liabilitiesⁱ		-	882,569	882,569
30 June 2023				
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 Assetsⁱ		4,007,390	-	4,007,390
Financial Liabilities				
Payables	5.3	-	644,476	644,476
Borrowings	6.1	-	127,268	127,268
Other Financial Liabilities - Patient monies held in trust	5.5	-	1,547	1,547
Total Financial Liabilitiesⁱ		-	773,291	773,291

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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

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 and interest rate 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 2023-24.

Impairment of financial assets under AASB 9

The Health Service records the allowance for expected credit losses for the relevant financial instruments by applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, the impairment assessment includes the health service's contractual receivables.

The credit loss allowance is classified as an other economic flows in the net result.

**Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024**

Note 7.2(a) Expected credit losses

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:

	Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total
30 June 2024						
Expected loss rate	0.4%	0.0%	0.0%	0.0%	0.0%	0.2%
Gross carrying amount of contractual receivables	808,789	0	10,796	23,723	917,836	1,761,143
Loss allowance	(3,079)	-	-	-	-	(3,079)
30 June 2023						
Expected loss rate	0.3%	0.0%	0.0%	0.0%	0.0%	0.1%
Gross carrying amount of contractual receivables	666,340	0	30,316	2,021	856,012	1,554,689
Loss allowance	(1,678)	-	-	-	-	(1,678)

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.

Statutory receivables are considered to have low credit risk, considering 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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

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, 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.

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	Nominal	Less than 1	3 months -		
		Amount	Amount	Month	1-3 Months	1 Year	1-5 Years
		\$	\$	\$	\$	\$	\$
30 June 2024	Note						
Financial Liabilities at amortised cost							
Payables	5.3	697,961	697,961	689,824	8,761	(624)	-
Borrowings	6.1	184,121	184,121	47,254	4,274	19,232	113,361
Other Financial Liabilities - Patient monies held in trust	5.5	487	487	487	-	-	-
Total Financial Liabilities		882,569	882,569	737,565	13,035	18,608	113,361
		Maturity Dates					
		Carrying	Nominal	Less than 1	3 months -		
		Amount	Amount	Month	1-3 Months	1 Year	1-5 Years
		\$	\$	\$	\$	\$	\$
30 June 2023	Note						
Financial Liabilities at amortised cost							
Payables	5.3	644,476	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	5.5	1,547	1,547	1,547	-	-	-
Total Financial Liabilities		773,291	717,523	652,390	33,875	3,942	27,316

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. 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 management 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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 7.3 Contingent assets and contingent liabilities

At balance date, the Board are not aware of any contingent assets or liabilities. (2023: Nil)

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

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

	Note	Consolidated carrying amount	Fair value measurement at end of reporting period using:		
		30 June 2024	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		19,743,216	-	-	19,743,216
Total buildings at fair value	4.1(a)	19,743,216	-	-	19,743,216
Plant and equipment	4.1(a)	541,383	-	-	541,383
Motor vehicles	4.1(a)	7,926	-	-	7,926
Medical equipment	4.1(a)	843,337	-	-	843,337
Computer equipment	4.1(a)	325,324	-	-	325,324
Furniture and fittings	4.1(a)	561,692	-	-	561,692
Total plant, equipment, furniture, fittings and vehicles at fair value		2,279,662	-	-	2,279,662
Right of use plant vehicles (VicFleet)	4.2(a)	187,718	-	-	187,718
Total right-of-use assets at fair value		187,718	-	-	187,718
Total non-financial physical assets at fair value		23,170,596	-	-	23,170,596

ⁱ Classified in accordance with the fair value hierarchy.

	Note	Consolidated carrying amount	Fair value measurement at end of reporting period using:		
		30 June 2023	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
Computer 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.

How we measure fair value of non-financial physical assets

The fair value measurement of non-financial physical assets considers 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 consider 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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

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 considered 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.

Specialised land and specialised buildings

Specialised land 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.

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

An independent valuation of the Health Service's specialised land was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2024.

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 current 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 current replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2024.

**Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024**

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
		\$	\$	\$	\$	\$	\$	\$	\$
Consolidated									
Balance at 1 July 2022		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)	-	-	-	44,060	-	-
<i>Gains/(Losses) recognised in net result</i>									
- Depreciation and amortisation		-	(255,211)	(3,119)	(139,886)	(92,195)	(38,720)	(9,319)	(31,692)
<i>Items recognised in other comprehensive income</i>									
- Revaluation		-	979,058	-	-	-	-	-	-
Balance at 30 June 2023	7.4(a)	960,000	6,926,156	21,339	734,642	620,298	311,655	17,958	128,816
Additions/(Disposals)		-	14,196	530,805	274,217	35,757	69,601	(3,499)	101,401
<i>Gains/(Losses) recognised in net result</i>									
- Depreciation and Amortisation		-	(298,952)	(10,761)	(165,522)	(94,363)	(55,932)	(6,533)	(42,499)
<i>Items recognised in other comprehensive income</i>									
- Revaluation		-	13,101,816	-	-	-	-	-	-
Balance at 30 June 2024	7.4(a)	960,000	19,743,216	541,383	843,337	561,692	325,324	7,926	187,718

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⁾
Specialised buildings - Station Road, Foster	Current replacement cost approach	- Cost per square metre - Useful life
Furniture and fittings	Current replacement cost approach	- Cost per unit - Useful life
Other equipment	Current replacement cost approach	- 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 2024

Note 8: Other disclosures

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

Structure

- 8.1 Reconciliation of net result for the year to net cash flows from operating activities
- 8.2 Responsible persons disclosures
- 8.3 Remuneration of executives
- 8.4 Related parties
- 8.5 Remuneration of auditors
- 8.6 Events occurring after the balance sheet date
- 8.7 Joint arrangements
- 8.8 Equity
- 8.9 Economic dependency

Notes to the Financial Statements**South Gippsland Hospital for the financial year ended 30 June 2024****Note 8.1 Reconciliation of net result for the year to net cash flows from operating activities**

	2024	2023
Note	\$	\$
Net result for the year	157,558	(175,580)
Non-cash movements:		
(Gain)/Loss on sale or disposal of non-financial assets	(37,645)	779
Depreciation of non-current assets	4.3 674,562	570,142
Capital donations received	(236,664)	(128,918)
Movements in Assets and Liabilities:		
(Increase)/Decrease in receivables and contract assets	(138,409)	(534,385)
(Increase)/Decrease in GHA net assets	(335,877)	12,976
(Increase)/Decrease in inventories	(19,894)	(12,248)
Increase/(Decrease) in payables and contract liabilities	(44,847)	(104,494)
Increase/(Decrease) in other liabilities	(1,060)	(83,401)
Increase/(Decrease) in employee benefits	64,528	380,136
Net cash inflow from operating activities	82,252	(74,993)

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

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.

	Period
The Honourable Mary-Anne Thomas MP:	
Minister for Health	1 Jul 2023 - 30 Jun 2024
Minister for Health Infrastructure	1 Jul 2023 - 30 Jun 2024
Minister for Ambulance Services	2 Oct 2023 - 30 Jun 2024
Minister for Medical Research	1 Jul 2023 - 2 Oct 2023
The Honourable Ingrid Stitt MP:	
Minister for Mental Health	2 Oct 2023 - 30 Jun 2024
Minister for Ageing	2 Oct 2023 - 30 Jun 2024
Minister for Multicultural Affairs	2 Oct 2023 - 30 Jun 2024
The Honourable Gabrielle Williams MP:	
Minister for Mental Health	1 Jul 2023 - 2 Oct 2023
Minister for Ambulance Services	1 Jul 2023 - 2 Oct 2023
The Honourable Lizzy Blandthorn MP:	
Minister for Children	2 Oct 2023 - 30 Jun 2024
Minister for Disability, Ageing and Carers	1 Jul 2023 - 2 Oct 2023

Governing Boards

Mr David Pollard (appointed 2018) (Chair of the Board)	1 Jul 2023 - 30 Jun 2024
Mr. Graeme Baxter (appointed 2016)	1 Jul 2023 - 30 Jun 2024
Mr. Jamie Sutherland (appointed 2018)	1 Jul 2023 - 30 Jun 2024
Ms. Judith Bennett (appointed 2019)	1 Jul 2023 - 30 Jun 2024
Mr. Damon Stynes (appointed 2021)	1 Jul 2023 - 30 Jun 2024
Ms. Ali Wastie (appointed 2021)	1 Jul 2023 - 30 Jun 2024
Dr. Priscilla Robinson (appointed 2014)	1 Jul 2023 - 1 Jul 2023
Ms. Susan Pilkington (appointed 2014)	1 Jul 2023 - 1 Jul 2023
Mr. Noel Cranswick (appointed 2023)	1 Jul 2023 - 30 Jun 2024
Dr. Michelle Kermode (appointed 2023)	1 Jul 2023 - 30 Jun 2024
Ms. Cienwen McCann (appointed 2023)	1 Jul 2023 - 12 Dec 2023
Ms. Kate Maxfield (appointed 2023)	30 Nov 2023 - 30 Jun 2024

Accountable Officers

Mr. Paul Greenhalgh (Chief Executive Officer)	1 Jul 2023 - 30 Jun 2024
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Remuneration of Responsible Persons

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

Income Band	2024	2023
	No	No
\$0,000 - \$9,999	12	11
\$160,000 - \$169,999	-	1
\$210,000 - \$219,999	1	-
Total Numbers	13	12
	2024	2023
	\$	\$
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	247,208	225,902

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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 8.3 Remuneration of executives

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

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.4)	Total Remuneration	
	2024 \$	2023 \$
Short-term benefits	300,061	248,352
Post-employment benefits	38,176	43,071
Other long-term benefits	(21,035)	(13,489)
Total remunerationⁱ	317,202	277,934
Total number of executives	2	2
Total annualised employee equivalent ⁱⁱ	1.8	1.8

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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

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 Executive Officer and the Executive Directors of the Health Services and its controlled entities are deemed to be KMPs.

Entity	KMPs	Position Title
South Gippsland Hospital	Mr David Pollard	Chair of the Board
South Gippsland Hospital	Mr. Graeme Baxter	Board Member
South Gippsland Hospital	Mr. Jamie Sutherland	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	Dr. Priscilla Robinson	Board Member
South Gippsland Hospital	Ms. Susan Pilkington	Board Member
South Gippsland Hospital	Mr. Noel Cranswick	Board Member
South Gippsland Hospital	Dr. Michelle Kermode	Board Member
South Gippsland Hospital	Ms. Cienwen McCann	Board Member
South Gippsland Hospital	Ms. Kate Maxfield	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.

	2024	2023
	\$	\$
Compensation - KMPs		
Short-term Employee Benefits ⁱ	510,432	444,061
Post-employment Benefits	61,249	65,451
Other Long-term Benefits	(7,271)	(5,676)
Totalⁱⁱ	564,410	503,836

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 \$9,383,888 (2023: \$9,748,334), Commonwealth Grants Home Care and Community Care (HACC) of \$1,136,160 (2023: 1,064,624) and indirect contributions of \$63,177 (2023: \$250,693).

The Health Service received funding from the Latrobe Regional Hospital of \$451,825 (2023: \$453,530) 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.

Notes to the Financial Statements

South Gippsland Hospital for the financial year ended 30 June 2024

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 2024 (2023: 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 2024 (2023: none).

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 8.5: Remuneration of auditors

	<u>2024</u>	<u>2023</u>
	\$	\$
Victorian Auditor-General's Office		
Audit of the financial statements	22,400	21,500
Total remuneration of auditors	<u><u>22,400</u></u>	<u><u>21,500</u></u>

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest	
		2024	2023
		%	%
Gippsland Health Alliance	Information Technology	3.54	3.75

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

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

	2024	2023
	\$	\$
Current assets		
Cash and cash equivalents	483,694	368,079
Receivables	41,475	49,819
Other current assets	158,438	129,198
Total current assets	683,607	547,096
Non-current assets		
Other non-current assets	17,122	28,316
Total non-current assets	17,122	28,316
Total assets	700,729	575,412
Current liabilities		
Other current liabilities	73,457	277,882
Right of use lease liabilities	6,903	7,855
Total current liabilities	80,360	285,737
Non-current liabilities		
Right of use lease liabilities	6,860	12,043
Total non-current liabilities	6,860	12,043
Total liabilities	87,220	297,780
Net assets	613,509	277,632
Equity		
Accumulated surplus	613,509	277,632
Total equity	613,509	277,632

The Health Services interest in revenues and expenses resulting from joint arrangements are detailed below. The amounts are included in the financial statements under their respective categories:

	2024	2023
	\$	\$
Revenue and income from transactions		
GHA revenue	1,141,737	775,775
Total revenue and income from transactions	1,141,737	775,775
Expenses from transactions		
Operating expenses	(792,893)	(772,764)
Depreciation	(12,967)	(15,987)
Total expenses from transactions	(805,860)	(788,751)
Net result from transactions	335,877	(12,976)
Comprehensive result for the year	335,877	(12,976)

* 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 jointly controlled operations at balance date.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

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.

Notes to the Financial Statements
South Gippsland Hospital for the financial year ended 30 June 2024

Note 8.9 Economic dependency

The Health Service is a public health service governed and managed in accordance with the Health Services Act 1988 and its results form part of the Victorian General Government consolidated financial position. The Health Service provides essential services and is predominately dependent on the continued financial support of the State Government, particularly the Department of Health, and the Commonwealth funding via the National Health Reform Agreement (NHRA). The State of Victoria plans to continue Health Service operations and on that basis, the financial statements have been prepared on a going concern basis.