



Gippsland Southern Health Service

2021-22 Annual Report

Incorporating:
Leongatha Hospital
Korumburra Hospital
Korumburra Community Health Centre

Gippsland Southern Health Service - Report of Operations

Responsible Bodies declaration

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



Athina Georgiou
CHAIR, BOARD OF DIRECTORS
LEONGATHA, 24 November 2022

Year In Review

CEO's Report

Our vision

That the South Gippsland community has access to the care and services that responds to its needs

Our mission

We are building a healthier community in South Gippsland together

Our values: Excellence, Inclusive, Collaboration, Accountability, Respect, Empathy

On behalf of the Board of Directors and dedicated staff of Gippsland Southern Health Service (GSHS) we are pleased to present this year's annual report. Our achievements include the ongoing support of State Government initiatives for management of the COVID-19 pandemic as well as the completion of our new Strategic Plan.

During the year the organisation kept in place the required COVID-19 management protocols. This was of course a challenge as Victoria transitioned between lockdowns and various stages of restrictions. In July 2021 & again in January 2022, the organisation had to quickly deploy additional resources for COVID-19 testing following the identification of positive COVID-19 tests in the South Gippsland Shire. It was a fantastic effort by our staff to work over this period at short notice to help support the community in its time of need. Thanks also go to the South Gippsland Hospital and Bass Coast Health for assisting with staffing and the set up and operation of the COVID-19 testing procedures over these periods. In July 2021, with assistance from the Gippsland Public Health Unit we opened a vaccination clinic in the Leongatha Integrated Primary Care Centre located on the Leongatha hospital campus grounds. The vaccination hub operated from July 2021 until May 2022 and in that time provided 10,789 vaccinations.

The consequences of the COVID-19 pandemic also had financial implications. The operating result for the year was surplus amounting to \$117,000 compared to Break-even Statement of Priorities target. It was

always going to be a challenge to manage the budget particularly given the on-going impact of the pandemic. There was increased use of personal protective equipment largely funded by Government through the State supply chain, medical consumables, additional staffing and associated costs for resourcing the testing and vaccination clinics. The costs were significant amounting to \$1,535,699 in 2021-22. The Department of Health was very supportive to cover all of the COVID-19 costs incurred during the financial year. A financial management improvement plan remains in place so that the organisation can identify potential improvements with the aim of ensuring financial sustainability into the future.

Activity within the two hospitals increased significantly over the previous year. Inpatient admissions increased by 12 or less than 1% over the previous year to a total of 4,245 admissions. The number of theatre cases increased by 190 or around 9% greater than the previous year to a total of 2,135 cases. The number of births decreased by 27 or around 13% to 183 and the number of presentations to our Urgent Care centres grew by 519 or around 13% to a total of 4,438. This figure does not include the number of COVID-19 swabs that were undertaken which numbered 3,362 for the year.

Our community-based programs and aged care services continue to play significant roles in the support of our community and we saw further growth in the delivery of services to NDIS clients and Home Care Package recipients.

During the year the organisation enlisted the services of Calm Consulting to develop its Strategic Plan for the 2021 to 2025 period. Calm Consulting has engaged with the organisation's stakeholders including the Board, management, staff & consumers to produce a strategic plan. Our new strategy will provide some focus on our key objectives to help drive positive outcomes for the community in relation to our provision of health services.

The organisation received an Aboriginal Cultural safety grant and has utilised those funds to install Aboriginal artwork and Flags in the entrances of the Leongatha and Korumburra campuses to provide a welcoming environment for Aboriginal and Torres Strait Islander people who access our services. We have also had developed a Cultural Awareness training package which was rolled out throughout the organisation from January 2022. It is pleasing to note that over 80% of staff have completed the training at 30 June 2022.

We take this opportunity to acknowledge our highly skilled staff, our volunteers and contractors for their commitment and professionalism. We also thank the Board and Executive for their leadership throughout the year. At the end of the year, we farewelled Kimberley Flannigan for their valued input to the Board over the past 3 years.

We commend this annual report as an overview of the achievements of Gippsland Southern Health Service for the 2021-22 financial year.

Mark Johnson
Chief Executive Officer (CEO) to 9/9/22

Purpose and functions

Gippsland Southern Health Service was established in 1992 as a result of the amalgamation of the Korumburra District and Woorayl District Memorial Hospitals. The organisation provides a comprehensive range of Health Services to the community within the South Gippsland Shire. The health-related activities that the organisation provides includes:

- District Hospital Services

- Aged Care Services
- Day Care facilities for the maintenance of the physical and psychological wellbeing of patients.
- Community Health Services and Health Promotion Programs throughout the Sub Region.
- Liaison and co-operation with other Health Service providers in establishing a planned and co-ordinated approach to the provision of Health Services.
- Diagnostic Services.
- Encouragement for Visiting Medical Specialists to attend the facilities.
- Assistance with the training of Nurses and Allied Health Professionals through clinical placements and provision of ongoing education for all categories of Staff.
- Community Nursing Services in the form of District Nursing, Assessment Services and Allied Health Services, in liaison with the Gippsland Regional Aged Assessment Service and Gippsland Psychiatric Services.
- Purchase resources and acquire property as may assist the attainment of the objectives referred to above.
- Research activities and Quality Improvement Programs which may enhance care and treatment.
- Resources to facilitate any activity for the economic, social and recreational wellbeing of residents.

Establishment & Responsible Ministers

Gippsland Southern Health Service is established under the Health Services Act 1988 (Vic). The responsible Minister is the Minister for Health:

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

	Period
Minister for Health	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
Minister for Ambulance Services	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
Minister for Mental Health	
The Honourable James Merlino	1 Jul 2021 - 27 Jun 2022
The Honourable Gabrielle Williams	27 Jun 2022 - 30 Jun 2022
Minister for Disability, Ageing and Carers	
The Honourable Luke Donnellan	1 Jul 2021 - 11 Oct 2021
The Honourable James Merlino	11 Oct 2021 - 06 Dec 2021
The Honourable Anthony Carbines	06 Dec 2021 - 27 Jun 2022
The Honourable Colin Brooks	27 Jun 2022 - 30 Jun 2022
Minister for Child Protection and Family Services	
The Honourable Luke Donnellan	1 Jul 2021 - 11 Oct 2021
The Honourable Richard Wynn	11 Oct 2021 - 06 Dec 2021
The Honourable Anthony Carbines	06 Dec 2021 - 27 Jun 2022
The Honourable Colin Brooks	27 Jun 2022 - 30 Jun 2022

Significant Changes in Key Initiatives and Expectations for the future

The Health Service key initiatives are principally driven by the Statement of Priorities that is developed based on Department of Health guidelines. Achievement against those priorities are disclosed separately in this report.

The expectations for the future is for the achievement of objectives detailed within the organisation's updated strategic plan. Each year we will review our performance against the strategic goals outlined in the document and adjust our plan when we need to, ensuring we cater to changes in our external environment and continue to meet the healthcare needs of our community. We are developing metrics of success to provide quantitative and qualitative evidence to measure our performance against each strategic pillar. And finally, we will respond to the needs of our community, staff and care partners by improving our connectedness, remaining informed, and continuing to improve our organisation to build a healthier community in South Gippsland, together.

Disclosure Index

The Annual Report of Gippsland Southern Health Service is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

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Our Services

Acute

- Chemotherapy
- Dermatology
- Ear Nose and Throat
- General Medicine
- General Surgery
- Gynaecology
- Infection Prevention & Control
- Midwifery / Obstetrics including Antenatal & Maternity Enhancement Services
- Operating Theatres
- Ophthalmology
- Orthopaedic Surgery
- Paediatrics
- Palliative Care
- Pharmacy
- Pre-admission Clinic
- Rheumatology
- Specialist Services
- Urology

Community Services

- Alcohol & Drug Service
- Allied Health
- Diabetes Education
- District Nursing Service
- Community Allied Health Team
- Community Health Nursing
- Continence Nurse Advisor
- Health Promotion Programs
- Healthy Ageing & Preventing Injury (HAPI)
- Palliative Care
- Planned Activity Groups
- Post-Acute Care
- Respite Care
- Social Work
- Volunteer Coordination
- Specialist Community Nursing
 - Stomal, Diabetes, Continence

Community Services (cont'd)

- Home Care Packages
- NDIS

Residential Care

- Alchera House, Korumburra
- Hillside Lodge, Korumburra
- Koorooman House, Leongatha

Outpatient Care

- Cardiac Rehabilitation
- Community Psychiatry
- Dental Care
- Dietitian
- Domiciliary Midwifery
- Occupational Therapy
- Physiotherapy
- Podiatry
- Social Work
- Speech Pathology

Diagnostic Services

- Audiology
- Medical Imaging
- Pathology

Staff Services

- Education & Staff Development
- Staff Health
- Employee Assistance Program

Senior Office Holders – administrative structure

Chief Executive Officer: Mark Johnson (*retired 09 September 2022*)

Interim Chief Executive Officer: Chris Trotman (*commenced 12 September 2022*)

Director of Nursing Leongatha: Vivienne Low

Director of Primary Healthcare: Jerome Krish

Director of Nursing Korumburra: Tracey Edmonds

Manager Finance: Peter Van Hamond (*retired 10 July 2022*)

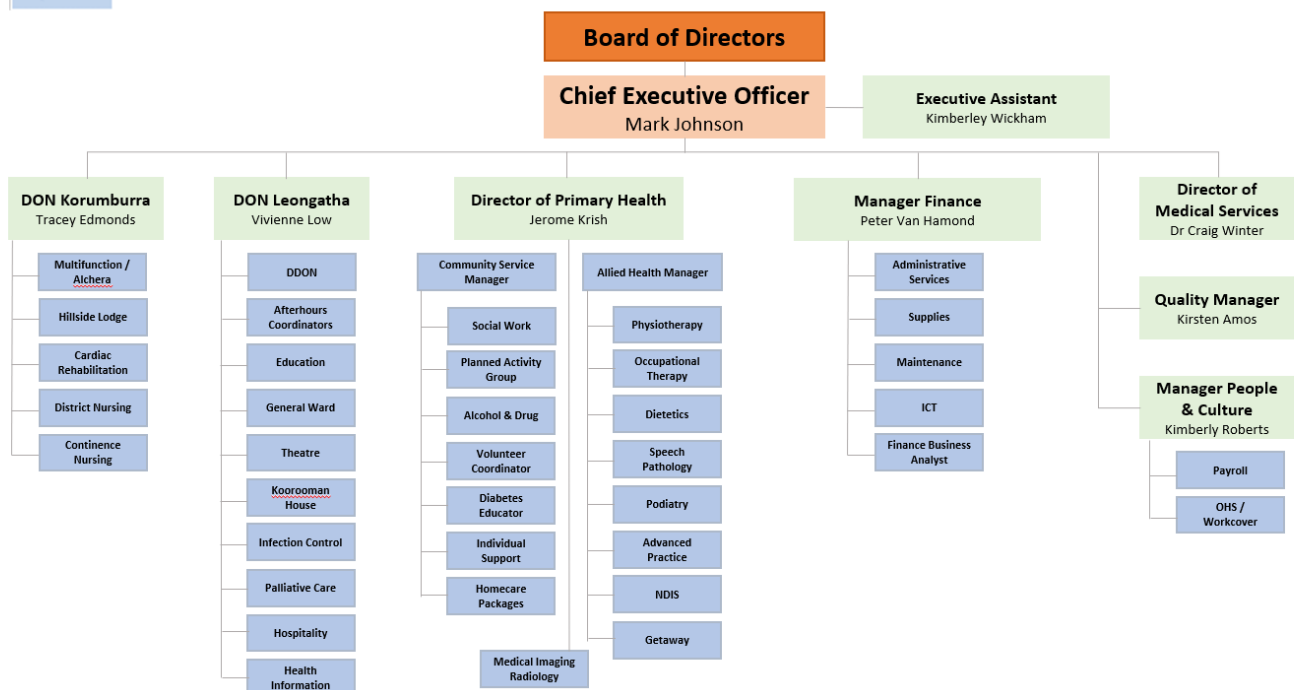
Director – Finance & Corporate Services (*commenced 01 August 2022*)

(Refer to organisation chart below for responsibilities)

Organisation Chart (as at 30 June 2022)



Gippsland Southern Healthcare Services LEADERSHIP STRUCTURE



Board Committee Representation

Board Membership: Athina Georgiou (Chair), Gwen Scheffer (Vice Chair), Sue Fleming (Vice Chair, resigned 07 June 2022), Duncan Smith (Treasurer), Jill Walsh, Kimberley Flanagan, Chris McLoughlin, Bart Ruyter, Rajan Sawant, Daniel Muchow, Shamilla Ramessur Chandran (Resigned 07 June 2022).

GSHS Sub-Committee Membership

Audit & Finance Committee: Duncan Smith (Chair), Dean Cashin (Independent member), Tim Bolge (independent member), Rajan Sawant, Daniel Muchow, Bart Ruyter

Clinical Governance & Quality Improvement Committee: Athina Georgiou, Chris McLoughlin, Bart Ruyter

Medical Advisory Committee: Athina Georgiou, Chris McLoughlin, Gwen Scheffer

Corporate Governance Committee: Kimberley Flanagan, Chris McLoughlin, Gwen Scheffer

Building Act 1993

Gippsland Southern Health Service fully complies with the building and maintenance provisions of the Building Act 1993. All sites are subject to a Fire Safety Audit and Risk Assessment according to revised standards as directed by the Department of Health.

Local Jobs First Act 2003

The Local Jobs First Act 2003 introduced in August 2018 brings together the Victorian Industry Participation Policy (VIPP) and Major Project Skills Guarantee (MPSG) policy which were previously administered separately.

Departments and public sector bodies are required to apply the Local Jobs first policy in all projects valued at \$3 million or more in Metropolitan Melbourne or for state-wide projects, or \$1 million or more for projects in regional Victoria. MPSG applies to all construction projects valued at \$20 million or more. The Health Service did not commence or complete any contracts during 2020-21 that require disclosure under the Local Jobs First Act 2003.

Gender Equality Act 2020

Gippsland Southern Health Service is in the process of implementing the requirements outlined under the Gender Equality Act 2020. The organisation commenced the development of its Gender Equality Action Plan and is in the early stages of implementing recommendations outlined in the plan. The plan will be supported by a workplace gender audit, policy and impact assessments to help achieve the objects of the Act outlined below.

Objects of the Act:

- promote, encourage and facilitate the achievement of gender equality and improvement in the status of women
- support the identification and elimination of systemic causes of gender inequality in policy, programs and delivery of services in workplaces and communities
- recognise that gender inequality may be compounded by other forms of disadvantage or discrimination that a person may experience on the basis of Aboriginality, age, disability, ethnicity, gender identity, race, religion, sexual orientation and other attributes
- redress disadvantage, address stigma, stereotyping, prejudice and violence, and accommodate persons of different genders by way of structural change
- enhance economic and social participation by persons of different genders
- further promote the right to equality set out in the Charter of Human Rights and Responsibilities and the Convention on the Elimination of All Forms of Discrimination against Women

National competition policy

The National Competition Policy was introduced in 1995 in relation to the following four related areas of reform: electricity, gas, water resource policy and road transport. The State Government of Victoria subsequently released its Competitive Neutrality Policy in 2000 via the Department of Treasury and Finance. The Health Service conforms with the core intent of the National Competition Policy and to the extent applicable to the Competitive Neutrality Policy of Victoria. The four key priorities in the Victorian Government Policy is restoring democracy, improving services to all Victorians, growing the whole of Victoria and responsible financial management.

Application and Operation of Public Interest Disclosures Act 2012

The Public Interest Disclosures Act 2012 provides for the disclosure of improper conduct by public bodies and public officials and the protection for those who come forward with a disclosure. It also provides for the investigation of disclosures that meet legislative definition of a protected disclosure. The Health Service has an established policy that complies with the Public Interest Disclosures Act 2012. There were no complaints made under the Act against Gippsland Southern Health Service or its staff for 2021-22.

Additional information on Request

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

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

Carers Recognition Act 2012

As a care support organisation, Gippsland Southern Health Service:

- Takes all practicable measures to ensure that its employees and agents have an awareness and understanding of the care relationship principles
- Takes all reasonable measures to ensure that persons who are in care relationships and who are receiving services in relation to the care relationship from Gippsland Southern Health Service have an awareness and understanding of the care relationship principles
- Takes all practicable measures to ensure that Gippsland Southern Health Service and its employees and agents reflect the care relationship principles in developing, providing or evaluating support and assistance for persons in care relationships.

Freedom of Information Act

Requests under the Freedom of Information (FOI) Act 1982 were dealt with according to the Act by the organisation's nominated officer.

Freedom of Information requests should be in writing and addressed to:

Chief Executive Officer
Private Bag 13
LEONGATHA VIC 3953

Requests will be subject to charges based on Section 22 of the FOI Act 1982 and the Freedom of Information (Access Charges) Regulations 2014.

Further information can be found on the Office of the Victorian Information Commissioner (OVIC) website www.ovic.gov.au

Attestations

Data Integrity

I, Chris Trotman, Interim CEO, from 12 September 2022, certify that Gippsland Southern Health Service has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Gippsland Southern Health Service has critically reviewed these controls and processes during the year.



Chris Trotman
Chief Executive Officer
Leongatha
24 October 2022

Conflict of Interest

I, Chris Trotman, Interim CEO, from 12 September 2022, certify that Gippsland Southern Health Service has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Gippsland Southern Health Service and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.



Chris Trotman
Chief Executive Officer
Leongatha
24th October 2022

Financial Management Compliance attestation

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



Athina Georgiou
Board Chair
Leongatha
24th October 2022

Integrity, fraud and corruption

I, Chris Trotman, , Interim CEO, from 12 September 2022, certify that Gippsland Southern Health Service has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Gippsland Southern Health Service during the year.



Chris Trotman
Chief Executive
Officer Leongatha
24 October 2022

Other Reporting requirements

Safe Patient Care Act 2015

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

Operating Results – summary

	2022	2021	2020	2019	2018
	\$'000	\$'000	\$'000	\$'000	\$'000
OPERATING RESULT	117	-	(1,055)	(1,120)	565
Total Revenue	48,683	45,660	41,093	38,781	37,234
Total Expenses	51,283	49,215	46,074	42,041	38,107
Net Result from Transactions	(2,600)	(3,555)	(4,981)	(3,260)	(873)
Total other economic flows	83	33	(16)	(15)	1
Net Result	(2,517)	(3,522)	(4,997)	(3,275)	(872)
Total Assets	100,593	98,523	99,742	103,321	85,098
Total Liabilities	19,153	22,197	20,995	19,577	17,758
Net Assets/Total Equity	81,440	76,326	78,747	83,744	67,340

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

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

	2022	2021
	\$'000	\$'000
Net Operating Result *	117	-
Capital Purpose income	1,213	886
Specific Income	305	
COVID-19 State Supply Arrangements		
- Assets received free of charge or for nil consideration under the State Supply	482	197
- State supply items consumed up to 30 June	(337)	(226)
Assets received free of charge		-
Expenditure for capital purposes	(137)	(108)
Depreciation	(4,243)	(4,304)
Finance costs (other)		-
Net Result from transactions	(2,600)	(3,555)

* The Net operating result is the result which the health service is monitored against in its Statement of Priorities

Financial Summary

Gippsland Southern Health Service recorded a marginal operating result of \$ 0.117 m. This is the measure that the Government uses to gauge an organisation's financial performance. The Statement of Priorities target was Break-Even.

Financial Summary (cont'd)

The organisation experienced an 6.6% increase in income from operating activities compared to an increase in expenditure of 4.7% excluding depreciation. The improved financial position can be attributed to State Department of Health's rationale of taking all sources of funding to provide sufficient revenue to cover expenditure in FY22 though not specific to sources. The Health Service is appreciative of this financial support from the State Department of Health during these unprecedented times. The COVID-19 pandemic continued to impact Health Service activity. As a consequence, the organisation did not achieve its activity targets. However, the target concessions & additional funding received from the State helped offset these operational setbacks.

The balance sheet remains in a strong position with \$21m of current assets and \$19m of current liabilities including provisions. Total current assets reduced by \$3.1m due principally to a reduction in money held in trust (e.g., refundable accommodation deposits) in receivables and cash & cash equivalents. A reduction in the value of property, plant & equipment incorporates depreciation expenses of \$4.2m which was offset by an increase in the value of land following a managerial revaluation of \$7.6m. The organisation's overall balance sheet position is sound with current assets exceeding current liabilities by \$2.3m.

The budgetary objectives for 2021-22 were met as the organisation received a funding stability grant from the Department of Health. However, the organisation is mindful that without the funding stability grant, the results would have been in deficit. As a consequence, the organisation will maintain a financial management improvement plan that sets out various strategies to improve its financial results going forward. There were no events subsequent to balance date that may have a significant effect on the operational objectives of the organisation in subsequent years.

Staffing Profile

Labour Category	June		Average Monthly	
	Current Month FTE		FTE	
	2022	2021	2022	2021
Nursing	131.95	140.76	133.51	140.96
Admin	42.69	32.80	40.05	32.95
Medical S	14.50	43.14	38.92	41.45
H&A	79.11	47.34	51.64	46.46
Medical O	0.11	0.11	0.11	0.11
HMO	0.00	0.00	0.00	0.00
Ancillary	33.11	35.08	34.80	35.94
	301.47	299.24	299.03	297.87

Employment & Conduct Principles

The organisation has applied the appropriate employment & conduct principles and employees have been correctly classified in workforce data collections.

Details of individual consultancies

Details of consultancies (under \$ 10,000)

In 2021-22, there were nine consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2021-22 in relation to these consultancies is \$57,530 (excl GST).

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

In 2021-22, there were two consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2021-22 in relation to these consultancies is \$69,168 (excl GST).

Consultancies over \$10,000

Consultant	Purpose of consultancy	Start Date	End Date	Total approved project fee (excluding GST)	Expenditure 2021/22 (excluding GST)	Future expenditure (excluding GST)
Studer Group	Evidence Based Learning	1/07/2021	30/06/2022	\$ 90,468	\$ 44,468	\$ 46,000
90 Miles (previously Calm Consulting Group)	Strategic plan development	1/07/2021	30/06/2022	\$ 24,700	\$ 24,700	\$ -

Information and Communication Technology (ICT) expenditure

ICT expenditure - represents an entity's costs in providing business-enabling ICT services and consists of the following cost elements:

- Operating and capital expenditure (including depreciation);
 - ICT services – internally and externally sourced;
 - Cost in providing ICT services (including personnel & facilities) across the agency, whether funded through a central ICT budget or through other budgets; and
 - Cost in providing ICT services to other organisations
- a. Non-Business as Usual (Non-BAU) expenditure – is a subset of ICT expenditure that relates to extending or enhancing current ICT capabilities and are usually run as projects.
 - b. Business As Usual (BAU) expenditure – includes all remaining ICT expenditure other than non-BAU ICT expenditure and typically relates to ongoing activities to operate and maintain the current ICT capability.

Details of Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2021-22 is \$2,821,127 (excluding GST) with the details shown below.

Business As Usual (BAU) ICT Expenditure	Non-Business As Usual (non-BAU) ICT Expenditure		
	Total = Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational Expenditure (excluding GST) (a)	Capital Expenditure (excluding GST) (b)
Total (excluding GST)	\$2,091,278	\$729,849	\$638,849
			\$91,000

Occupational Violence

Occupational Violence Statistics	2021-22
Workcover accepted claims with an occupational violence cause per 100 FTE	0.36
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.01
Number of occupational violence incidents	66
Number of occupational violence incidents per 100 FTE	12.00
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	16.67%

The following definitions apply:

- Occupational violence - any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- Incident - an event or circumstance that could have resulted in, or did result in, harm to an employee.
- Accepted Workcover claims - Accepted Workcover claims that were lodged in 2020-21.
- Lost time - is defined as greater than one day.
- Injury, illness or condition - This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Occupational Health and Safety (OH&S)

The Health Service remains committed to providing a safe and healthy workplace. The organisation facilitates a safe workplace by conducting regular OH&S committee meetings, staff training, hazard identification and incident reporting.

Occupational Health & Safety Statistics	2021-22	2020-21	2019-20
No. of reported hazards/incidents for the year per 100 FTE	26.36	11.33	68.05
No. of 'lost time' standard claims for the year per 100 FTE	0.73	1.3	4.49
The average cost per WorkCover claim for the	\$16,747.37	\$42,940.00	\$83,419.00

Reporting against the Statement of Priorities

Part A: Strategic Priorities

In 2021-2022 the board and health service will focus on the following immediate and ongoing priorities as outlined in the Statement of Priorities, as well continue on the work undertaken in 2021-2021:

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

Progress: Gippsland Southern Health Service (GSHS) has actively participated in the development and implementation of pandemic plans at the regional, sub-regional and local levels. GSHS established a COVID-19 vaccination hub in the Leongatha Integrated Primary Care Centre located on the Leongatha hospital site on 2nd July 2021 and provided over 10,000 individual vaccinations to the community. The vaccination hub was decommissioned in January 2022.

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

Progress: GSHS has been an active partner in the Gippsland Health Service Partnership participating in the development of the regional response to COVID-19, the development of the regional Telehealth strategy, implementation of the Better at Home Project, and Elective Surgery Reform project.

- Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track. Work collaboratively with your Health Service Partnership to:
 - o implement the *Better at Home* initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.
 - o improve elective surgery performance and ensure that patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority.

Progress: GSHS has worked with the Gippsland Health Service Partnership to increase access to home-based services in Gippsland, leveraging technologies and developing service models supporting innovative models of care. Members of the District Nursing Service have participated in the delivery of the Covid-moderate pathway monitoring patients in their own homes with moderate COVID-19 symptoms. GSHS has developed initiatives to improve elective surgery performance and has received funds from the Department of Health to purchase additional medical equipment for use in the theatre that will improve the efficient operations of the Theatre complex and enable increased theatre throughput.

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

Progress: GSHS is actively working with the Gippsland Health Service Partnership to improve access across the Gippsland region to mental health services in line with the recommendations of the Royal Commission into Victoria's Mental Health System. Development of a model of care for region wide mental health is underway, as is, work to support the use of telehealth for mental health consultations across the region.

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

Progress: GSHS has completed the development of an Aboriginal Cultural Safety Plan and submitted a copy to the Department of Health for approval. Recruitment of a Hospital Koori Liaison officer is in progress. The role will incorporate the functions of Disability liaison, LGBTQI liaison and liaison with other marginalised groups.

Part B: Performance Priorities

High Quality and Safe Care		
Key Performance indicator	Target	2021-22 Result
Infection prevention and control		
Compliance with Hand Hygiene Australia program^	85%	96%
Percentage of healthcare workers immunised for influenza	92%	78%
Patient experience		
Victorian Healthcare Experience Survey - percentage of positive patient experience Q1	95%	100%
Victorian Healthcare Experience Survey - percentage of positive patient experience Q2	95%	100%
Victorian Healthcare Experience Survey - percentage of positive patient experience Q3	95%	100%
Maternity and newborn		
Rate of singleton term infants without birth anomalies with AGPAR score <7 at 5 minutes	< 1.4%	2.80%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	< 28.6%	0%
Strong Governance, Leadership and Culture		
Key Performance indicator	Target	2021-22 Result
Organisational culture		
People Matter Survey - percentage of staff with an overall positive response to safety culture questions	62%	68%
Timely access to care		
Key Performance indicator	Target	2021-22 Result
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	80%
Percentage of routine patients referred by a GP or external specialist who attended a first appointment within 365 days	90%	97%
Effective Financial Management		
Key Performance indicator	Target	2021-22 Result
Finance		
Operating result (\$m)	\$ 0.00	\$0.12m
Average number of days to paying trade creditors	60 days	36 Days
Average number of days to receiving patient fee debtors	60 days	41 Days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.32
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month.	14 days	85 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance < \$250,000	Not Achieved

Part C: State funding

Funding Type	Activity Result
Consolidated Activity Funding	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	3,132
Acute Admitted	
National Bowel Cancer Screening Program NWAU	30
Acute admitted DVA	18
Acute admitted TAC	2
Sub Acute/Non-Acute, Admitted& Non-admitted	
Subacute NWAU - DVA	0
Aged Care	
Residential Aged Care	26,305
HACC	5,699
Mental Health and Drug Services	
Drug Services	461
Primary Health	
Community Health/Primary Care Programs	1,973

Energy consumption

Total energy consumption by energy type (GJ)	2019/20	2020/21	2021/22
Electricity	6295	6119	6300
Natural gas and LPG	7652	6922	6745
Total	13947	13041	13045

Normalised energy consumption	2019/20	2020/21	2020/21
Energy per unit of floor space (GJ/m ²)	1.07	1	1
Energy per unit of activity (GJ/activity)	0.34	0.34	0.37

Note:

Total Floor space for GSHS is 13,003 m² (Leongatha 9,169 m² and Korumburra 3,834 m²)

Bed Days have been used as the unit of activity.

2019/20 - Bed Days (40,548) comprise 9,736 In-patient bed days and 30,812 Residential Aged Care bed days.

2020/21 - Bed Days (38,701) comprise 9,684 In-patient bed days and 29,017 Residential Aged Care bed days.

2021/22 - Bed Days (35,648) comprise 9,343 In-patient bed days and 26,305 Residential Aged Care bed days.

Greenhouse gas emissions

Total greenhouse gas emissions (tonnes CO ₂ e)	2019/20	2020/21	2021/22
Scope 1	392	354	345
Scope 2	2063	2006	2065
Total	2455	2360	2410

Note: Carbon conversion factors are sourced from Department of Environment 2014 publication

Normalised greenhouse gas emissions	2019/20	2020/21	2021/22
Emissions per unit of floor space (kgCO ₂ e/m ²)	189	181	185
Emissions per unit of activity (kgCO ₂ e/activity)	61	61	68

Water consumption

Total water consumption by water type (kL)	2019/20	2020/21	2021/22
Potable water	8320	10416	11674
Recycled water	0	0	0
Total	8320	10416	11674

Normalised water consumption	2019/20	2020/21	2021/22
Water per unit of floor space (kL/m ²)	0.64	0.80	0.90
Water per unit of activity (kL/activity)	0.21	0.27	0.33

Water recycling	2019/20	2020/21	2021/22
Recycling rate (percentage)	N/A	N/A	N/A

Waste generation

Total waste generation by type (Tonnes)	2019/20	2020/21	2021/22
Clinical waste	4	4	6
General waste	281	251	288
Recycled waste	56	49	60
Total	341	304	354

Normalised waste generation	2019/20	2020/21	2021/22
Waste per activity (kg/activity)	8.42	7.85	9.93

Waste recycling	2019/20	2020/21	2021/22
Recycling rate (percentage)	17	16	17

Independent Auditor's Report

To the Board of Gippsland Southern Health Service

Opinion	<p>I have audited the financial report of Gippsland Southern Health Service (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2022 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
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>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 and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
22 December 2022

Dominika Ryan
as delegate for the Auditor-General of Victoria

Financial Statements

Financial Year ended 30 June 2022

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

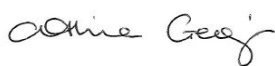
The attached financial statements for Gippsland Southern Health Service have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and the financial position of Gippsland Southern Health Service at 30 June 2022.

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

We authorise the attached financial statements for issue on 24 November 2022.

Board member



Athina Georgiou

Chair

Leongatha
24/11/2022

Accountable Officer



Chris Trotman

Interim Chief Executive Officer

Leongatha
24/11/2022

Chief Finance & Accounting Officer



Jason O'Reilly

Acting Chief Finance and Accounting Officer

Leongatha
24/11/2022

**Gippsland Southern Health Service
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2022**

	Total 2022 \$'000	Total 2021 \$'000
Revenue and income from transactions		
Operating activities	2.1 48,648	45,625
Non-operating activities	2.1 35	35
Total revenue and income from transactions	48,683	45,660
Expenses from transactions		
Employee expenses	3.1 (37,218)	(35,734)
Supplies and consumables	3.1 (3,670)	(3,564)
Finance costs	3.1 (5)	-
Depreciation and amortisation	3.1 (4,243)	(4,304)
Other administrative expenses	3.1 (3,955)	(3,533)
Other operating expenses	3.1 (2,191)	(2,056)
Other non-operating expenses	3.1 (1)	(24)
Total Expenses from transactions	(51,283)	(49,215)
Net result from transactions - net operating balance	(2,600)	(3,555)
Other economic flows included in net result		
Net gain/(loss) on sale of non-financial assets	3.2 16	5
Other gain/(loss) from other economic flows	3.2 67	28
Total other economic flows included in net result	83	33
Net result for the year	(2,517)	(3,522)
Other comprehensive income		
Items that will not be reclassified to net result		
Changes in property, plant and equipment revaluation surplus	4.3 7,631	1,101
Total other comprehensive income	7,631	1,101
Comprehensive result for the year	5,114	(2,421)

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

Gippsland Southern Health Service
Balance Sheet
As at 30 June 2022

	Total 2022 \$'000	Total 2021 \$'000
Current assets		
Cash and cash equivalents	6.2 18,617	21,943
Receivables and contract assets	5.1 1,827	1,511
Inventories	4.5 203	142
Other assets	275	488
Total current assets	20,922	24,084
Non-current assets		
Receivables and contract assets	5.1 1,410	1,363
Property, plant and equipment	4.1 (a) 78,126	73,021
Right of use assets	4.2 (a) 135	55
Total non-current assets	79,671	74,439
Total assets	100,593	98,523
Current liabilities		
Payables and contract liabilities	5.2 2,530	2,852
Borrowings	6.1 30	14
Employee benefits	3.3 7,902	7,376
Other liabilities	5.3 8,150	11,202
Total current liabilities	18,612	21,444
Non-current liabilities		
Borrowings	6.1 104	39
Employee benefits	3.3 437	714
Total non-current liabilities	541	753
Total liabilities	19,153	22,197
Net assets	81,440	76,326
Equity		
Property, plant and equipment revaluation surplus	4.3 49,219	41,588
Restricted specific purpose reserve	SCE 113	113
Contributed capital	SCE 24,787	24,787
Accumulated surplus	SCE 7,321	9,838
Total equity	81,440	76,326

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

Gippsland Southern Health Service
Statement of Changes in Equity
For the Financial Year Ended 30 June 2022

Total	Note	Property, Plant and Equipment Revaluation Surplus \$'000	Restricted Specific Purpose Reserve \$'000	Contributed Capital \$'000	Accumulated Surplus \$'000	Total \$'000
Balance at 30 June 2020		40,487	113	24,787	13,360	78,747
Net result for the year		-	-	-	(3,522)	(3,522)
Other comprehensive income for the year		1,101	-	-	-	1,101
Balance at 30 June 2021		41,588	113	24,787	9,838	76,326
Net result for the year		-	-	-	(2,517)	(2,517)
Other comprehensive income for the year		7,631	-	-	-	7,631
Balance at 30 June 2022		49,219	113	24,787	7,321	81,440

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

Gippsland Southern Health Service
Cash Flow Statement
For the Financial Year Ended 30 June 2022

Note	Total 2022 \$'000	Total 2021 \$'000
Cash Flows from operating activities		
Operating grants from government	40,276	37,605
Capital grants from government - State	463	518
Patient fees received	3,270	3,197
GST received from ATO	543	543
Interest and investment income received	35	35
Commercial Income Received	1,291	-
Other receipts	1,786	2,822
Total receipts	47,664	44,720
Employee expenses	(36,817)	(34,988)
Payments for supplies and consumables	(3,976)	(3,754)
Payments for medical indemnity insurance	(444)	(458)
Payments for repairs and maintenance	(1,160)	(686)
Finance Costs	(5)	-
Payment for share of rural health alliance	(3,134)	(2,137)
Other payments	(1,513)	(2,261)
Total payments	(47,049)	(44,284)
Net cash flows from/(used in) operating activities	8.1 615	436
Cash Flows from investing activities		
Purchase of property, plant and equipment	(1,603)	(698)
Capital donations and bequests received	640	257
Other capital receipts	77	-
Proceeds from disposal of property, plant and equipment	16	160
Net cash flows from/(used in) investing activities	(870)	(281)
Cash flows from financing activities		
Repayment of borrowings	(8)	-
Receipt of accommodation deposits	3,187	5,868
Repayment of accommodation deposits	(6,250)	(5,708)
Net cash flows from /(used in) financing activities	(3,071)	160
Net increase/(decrease) in cash and cash equivalents held	(3,326)	315
Cash and cash equivalents at beginning of year	21,943	21,628
Cash and cash equivalents at end of year	6.2 18,617	21,943

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

Gippsland Southern Health Service
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Note 1: Basis of preparation

Structure

- 1.1 Basis of preparation of the financial statements*
- 1.2 Impact of COVID-19 pandemic*
- 1.3 Abbreviations and terminology used in the financial statements*
- 1.4 Joint arrangements*
- 1.5 Key accounting estimates and judgements*
- 1.6 Accounting standards issued but not yet effective*
- 1.7 Goods and Services Tax (GST)*
- 1.8 Reporting entity*

Gippsland Southern Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Gippsland Southern Health Service for the year ended 30 June 2022. The report provides users with information about Gippsland Southern 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*.

Comparative information for 2021 has been modified where alignment with the current year allocations is required to report consistently from year to year.

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.

Gippsland Southern Health Service is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

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

The financial statements have been prepared on a going concern basis (refer to Note 8.9 Economic Dependency).

The financial statements are in Australian dollars.

Gippsland Southern Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

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

The annual financial statements were authorised for issue by the Board of Gippsland Southern Health Service on 24th August, 2022.

Note 1.2 Impact of COVID-19 pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On 2 August 2020 a state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 however the state of emergency has been extended until 12 October 2022.

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

In response to the ongoing COVID-19 pandemic, Gippsland Southern Health Service has:

- introduced restrictions on non-essential visitors
- utilised telehealth services
- deferred elective surgery and reduced activity in a number of programs
- performed COVID-19 testing
- established and operated vaccine clinics
- changed infection control practices
- implemented work from home arrangements where appropriate
- implemented FIT testing of personal protective equipment (PPE)

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

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

Gippsland Southern Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Note 1.3 Abbreviations and terminology used in the financial statements

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

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

Note 1.4 Joint arrangements

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

Gippsland Southern Health Service has the following joint arrangements:

- Gippsland Health Alliance (GHA)

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

Note 1.5 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

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

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

Gippsland Southern Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Note 1.6 Accounting standards issued but not yet effective

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

Standard	Adoption Date	Impact
AASB 17: <i>Insurance Contracts</i>	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

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

Note 1.7 Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

Gippsland Southern Health Service

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Note 1.8 Reporting Entity

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

Its principal address is:

Koonwarra Road

Leongatha

Victoria 3953

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

Note 2: Funding delivery of our services

Gippsland Southern Health Service's overall objective is to provide quality health service and to be a leading regional healthcare provider delivering timely, accessible, integrated and responsive services to the Gippsland community. Gippsland Southern Health Service is predominantly funded by grant funding for the provision of outputs. Gippsland Southern 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

2.3 Other income

Telling the COVID-19 story

Revenue recognised to fund the delivery of our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

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

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

- increased staffing costs to service vaccination hubs
- pathology testing costs due to COVID-19 tests
- increased personal protective equipment costs
- costs related to the expansion of emergency services

Funding provided included:

- COVID-19 operational funding
- Local Public Health (LPHU) funding
- Vaccination program funding
- COVID-19 Rapid Response Testing Blitz funding

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 2.1 Revenue and income from transactions

	Total 2022 \$'000	Total 2021 \$'000
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	19,854	20,501
Government grants (Commonwealth) - Operating	9,575	9,941
Patient and resident fees	3,184	3,294
Commercial activities ¹	1,291	1,209
Total revenue from contracts with customers	33,904	34,945
	Note 2.1 (a)	
Other sources of income		
Government grants (State) - Operating	10,985	7,603
Government grants (State) - Capital	463	518
Other capital purpose income	77	76
Capital donations	640	257
Assets received free of charge or for nominal consideration	482	197
Other revenue from operating activities (including non-capital donations)	2,097	2,029
Total other sources of income	14,744	10,680
	Note 2.2	
Total revenue and income from operating activities	48,648	45,625
Non-operating activities		
Income from other sources		
Capital interest	33	35
Other interest	2	-
Total other sources of income	35	35
Total income from non-operating activities	35	35
Total revenue and income from transactions	48,683	45,660

1. Commercial activities represent business activities which Gippsland Southern Health Service enter into to support their operations.

Note 2.1 Revenue and income from transactions (continued)

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

	Total 2022 \$'000	Total 2021 \$'000
Gippsland Southern Health Service disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	32,613	33,736
Over time	1,291	1,209
Total revenue from contracts with customers	33,904	34,945

How we recognise revenue and income from transactions

Government operating grants

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

When both these conditions are satisfied, the health service:

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

If a contract liability is recognised, Gippsland Southern 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 *Income for not-for-profit entities*.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for Gippsland Southern Health Service's goods or services. Gippsland Southern 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.

Note 2.1 Revenue and income from transactions (continued)

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	<p>NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p> <p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</p>
Commonwealth Residential Aged Care Grants	<p>The organisation receives Commonwealth grants for residential aged care clients based on their daily occupation within each facility. These performance obligations have been selected as they align with the Commonwealth Government Aged Care Act 1997. Judgement over performance obligations is evident from occupancy reports maintained in aged care software with monthly submissions provided to the Commonwealth.</p>
Home Care Package Grants	<p>The organisation receives Commonwealth grants for home care package clients with revenue recognised as funds are expended. These performance obligations have been selected as they align with the Commonwealth Government Aged Care Act 1997. The Health Service exercises judgement over whether performance obligations are met. This is measured by reference to financial reports detailing expenditure and available funds for each home care package client</p>
Commonwealth Home Support Program (CHSP) Grants	<p>The organisation contracts with the Commonwealth for the provision of home support to clients over 65 years of age. The contract specifies the services and targets which the organisation measures against in terms of its performance obligations. Measurement is based on service and target outputs derived from the organisation's reporting software.</p>
National Disability Insurance Scheme (NDIS)	<p>The organisation receives funding from the Commonwealth NDIS to support costs associated with disability services provided to eligible clients. The NDIS has pricing arrangements in place that enables the organisation to claim funding based on services provided to its client base. Measurement is based on service outputs derived from the organisation's reporting software.</p>

Capital grants

Where Gippsland Southern 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 Gippsland Southern 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.

Note 2.1 Revenue and income from transactions (continued)

Commercial activities

Revenue from commercial activities includes items such as diagnostic imaging, catering, cafeteria and rental income. Commercial revenue is recognised at a point in time, upon provision of the goods or service to the customer.

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

	Total 2022 \$'000	Total 2021 \$'000
Plant and equipment	105	-
Personal protective equipment	377	197
Total fair value of assets and services received free of charge or for nominal consideration	482	197

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 Gippsland Southern Health Service usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

Personal protective equipment

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

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

Contributions

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

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

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

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

Voluntary Services

Gippsland Southern Health Service receives volunteer services from members of the community to support our residents in aged care and patients within the hospital setting.

Gippsland Southern Health Service recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased had they not been donated. No value has been recorded in the financial statements in the current financial year (2021: \$Nil).

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

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Gippsland Southern Health Service which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health Hospital Circular.

Note 2.3 Other income

	Total 2021 \$'000	Total 2020 \$'000
Gippsland Health Alliance (GHA) Revenue	1,608	1,389
Recoveries for Salaries & Wages and Services	346	417
Other Income	108	223
Interest	35	-
Total other income	2,097	2,029

How we recognise other income

Interest Income

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

Note 3: The cost of delivering our services

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

Structure

3.1 Expenses from transactions

3.2 Other economic flows

3.3 Employee benefits in the balance sheet

3.4 Superannuation

Telling the COVID-19 story

Expenses incurred to deliver our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

Additional costs were incurred to deliver the following additional services:

- implement COVID safe practices throughout Gippsland Southern Health Service including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge
- assist with COVID-19 outbreak management contributing to an increase in employee costs
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs and consumables, and
- implement work from home arrangements resulting in increased ICT infrastructure costs and additional equipment purchases

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	<p>Gippsland Southern Health Service applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Gippsland Southern 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 Gippsland Southern 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>Gippsland Southern Health Service applies significant 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 anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period.</p> <p>All other entitlements are measured at their nominal value.</p>

Note 3.1 Expenses from transactions

Note	Total 2022 \$'000	Total 2021 \$'000
Salaries and wages	26,511	25,950
On-costs	6,381	6,090
Agency expenses	1,015	739
Fee for service medical officer expenses	2,418	2,306
Workcover premium	893	649
Total employee expenses	37,218	35,734
Drug supplies	277	277
Medical and surgical supplies (including Protheses)	1,722	1,708
Diagnostic and radiology supplies	281	289
Other supplies and consumables	1,390	1,290
Total supplies and consumables	3,670	3,564
Finance costs	5	-
Total finance costs	5	-
Other administrative expenses	3,955	3,533
Total other administrative expenses	3,955	3,533
Fuel, light, power and water	587	570
Repairs and maintenance	813	686
Maintenance contracts	241	234
Medical indemnity insurance	444	458
Expenditure for capital purposes	106	108
Total other operating expenses	2,191	2,056
Total operating expense	47,039	44,887
Depreciation and amortisation	4,243	4,304
Total depreciation and amortisation	4,243	4,304
Bad and doubtful debt expense	1	24
Total other non-operating expenses	1	24
Total non-operating expense	4,244	4,328
Total expenses from transactions	51,283	49,215

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:

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

Non-operating expenses

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

Note 3.2 Other economic flows included in net result

	Total 2022 \$'000	Total 2021 \$'000
Net gain/(loss) on disposal of property plant and equipment	16	5
Total net gain/(loss) on non-financial assets	16	5
Net gain/(loss) arising from revaluation of long service liability	67	28
Total other gains/(losses) from other economic flows	67	28
Total gains/(losses) from other economic flows	83	33

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.

Net gain/(loss) on non-financial assets

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

- revaluation gains/(losses) of non-financial physical assets (Refer to Note 4.1 Property plant and equipment)
- net gain/(loss) on disposal of non-financial assets
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Note 3.3 Employee benefits in the balance sheet

	Total 2022 \$'000	Total 2021 \$'000
Current employee benefits and related on-costs		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	75	58
	75	58
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	2,538	2,467
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	409	417
	2,947	2,884
<i>Long service leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	464	431
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	3,446	3,203
	3,910	3,634
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled within 12 months ⁱ	431	384
Unconditional and expected to be settled after 12 months ⁱⁱ	539	416
	970	800
Total current employee benefits and related on-costs	7,902	7,376
Non-current provisions and related on-costs		
Conditional long service leave ⁱⁱ	377	642
Provisions related to employee benefit on-costs ⁱⁱ	60	72
Total non-current employee benefits and related on-costs	437	714
Total employee benefits and related on-costs	8,339	8,090

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

Note 3.3 (a) Employee benefits and related on-costs

	Total 2022 \$'000	Total 2021 \$'000
Current employee benefits and related on-costs		
Unconditional accrued days off	75	66
Unconditional annual leave entitlements	3,370	3,267
Unconditional long service leave entitlements	4,457	4,043
Total current employee benefits and related on-costs	7,902	7,376
Conditional long service leave entitlements	437	714
Total non-current employee benefits and related on-costs	437	714
Total employee benefits and related on-costs	8,339	8,090
Attributable to:		
Employee benefits	7,309	7,218
Provision for related on-costs	1,030	872
Total employee benefits and related on-costs	8,339	8,090

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

	Total 2022 \$'000	Total 2021 \$'000
Carrying amount at start of year	872	791
Additional provisions recognised	539	455
Revaluation impact of changes in discount rate	7	3
Amounts incurred during the year	(389)	(377)
Carrying amount at end of year	1,030	872

How we recognise employee benefits

Employee benefit recognition

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

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

Annual leave and accrued days off

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

Note 3.3 (a) Employee benefits and related on-costs (continued)

Long service leave

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Gippsland Southern 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 Gippsland Southern Health Service expects to wholly settle within 12 months or
- Present value – if Gippsland Southern Health Service does not expect to wholly settle within 12 months.

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

Termination benefits

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

Provision for on-costs related to employee benefits

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

Note 3.4 Superannuation

	Paid contribution for the year		Contribution Outstanding at Year-end	
	Total	Total	Total	Total
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Defined benefit plans:ⁱ				
Aware Super	4	13	-	-
Defined contribution plans:				
Aware Super	1,498	1,534	111	210
Hesta	923	767	79	104
Other	451	352	48	-
Total	2,876	2,666	238	314

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

How we recognise superannuation

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

Defined benefit superannuation plans

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Gippsland Southern Health Service to the superannuation plans in respect of the services of current Gippsland Southern Health Service's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

Gippsland Southern Health Service does not recognise any unfunded defined benefit liability in respect of the plans because the health service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Gippsland Southern Health Service.

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

Defined contribution superannuation plans

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

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

Note 4: Key assets to support service delivery

Gippsland Southern 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 Gippsland Southern Health Service to be utilised for delivery of those outputs.

Structure

4.1 Property, plant & equipment

4.2 Right-of-use assets

4.3 Revaluation surplus

4.4 Depreciation and amortisation

4.5 Inventories

4.6 Impairment of assets

Telling the COVID-19 story

Assets used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	Gippsland Southern 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	<p>The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.</p> <p>Gippsland Southern Health Service applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>
Identifying indicators of impairment	<p>At the end of each year, Gippsland Southern 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.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> ▪ If an asset's value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

Note 4.1 Property, plant and equipment

Note 4.1 (a) Gross carrying amount and accumulated depreciation

	Total 2022 \$'000	Total 2021 \$'000
Land at fair value - Freehold	6,935	5,721
Total land at fair value	6,935	5,721
Buildings at fair value	66,152	70,018
Less accumulated depreciation	-	(6,827)
Total buildings at fair value	66,152	63,191
Site improvements at fair value	446	538
Less accumulated depreciation	-	(90)
Total leasehold improvements at fair value	446	448
Total buildings and improvements	66,598	63,639
Total land and buildings	73,533	69,360
Plant and equipment at fair value	3,060	3,014
Less accumulated depreciation	(1,907)	(1,775)
Total plant and equipment at fair value	1,153	1,239
Motor vehicles at fair value	959	1,150
Less accumulated depreciation	(924)	(1,027)
Total motor vehicles at fair value	35	123
Computer equipment at fair value	946	877
Less accumulated depreciation	(745)	(655)
Total computer equipment at fair value	201	222
Furniture and fittings at fair value	273	272
Less accumulated depreciation	(174)	(159)
Total furniture and fittings at fair value	99	113
Total plant and equipment	1,488	1,697
Medical equipment at fair value	7,683	6,855
Less accumulated depreciation	(5,282)	(4,891)
Total medical equipment at fair value	2,401	1,964
Total plant, equipment, furniture, fittings and vehicles at fair value	3,889	3,661
Work in Progress - At Cost	704	-
Total Work in Progress	704	-
Total property, plant and equipment	78,126	73,021

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

	Note	Land \$'000	Buildings \$'000	Land Improvements \$'000	Works in Progress \$'000	Plant & equipment \$'000	Medical Equipment \$'000	Total \$'000
Balance at 1 July 2020		4,620	66,605	493	143	1,392	2,231	75,484
Additions		-	-	-	-	550	202	752
Disposals		-	-	-	-	(6)	(6)	(12)
Revaluation increments/(decrements)		1,101	-	-	-	-	-	1,101
Net transfers between classes		-	-	-	(143)	143	-	-
Depreciation	4.4	-	(3,414)	(45)	-	(382)	(463)	(4,304)
Balance at 30 June 2021	4.1 (a)	5,721	63,191	448	-	1,697	1,964	73,021
Additions		-	-	-	704	176	828	1,708
Revaluation increments/(decrements)		1,214	6,374	43	-	-	-	7,631
Net Transfers between classes		-	-	-	-	-	-	-
Depreciation	4.4	-	(3,413)	(45)	-	(385)	(391)	(4,234)
Balance at 30 June 2022	4.1 (a)	6,935	66,152	446	704	1,488	2,401	78,126

Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Gippsland Southern Health Services land to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2022.

The fair value of buildings has been adjusted by a managerial revaluation in 2022. The indexed values were compared to individual assets written down book values as at 30 June 2022 to determine the change in their fair values. The Department of Health approved a managerial revaluation of buildings asset class of \$6.374m.

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

How we recognise property, plant and equipment

Property, plant and equipment are tangible items that are used by Gippsland Southern 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 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.

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

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

Revaluation (Continued)

An independent valuation of Gippsland Southern Health Service's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2022 indicated an overall:

- increase in fair value of land of 55% (\$2,315 m).
- increase in fair value of buildings of 10.67% (\$6,374 m).
- increase in fair value of land improvements of 10.66% (\$0.43 m).

As the cumulative movement was greater than 10% for buildings and land improvements since the last revaluation a managerial revaluation adjustment was required as at 30 June 2022.

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

Revaluation increases (increments) arise when an asset's fair value exceeds its carrying amount. In comparison, revaluation decreases (decrements) arise when an asset's fair value is less than its carrying amount. Revaluation increments and revaluation decrements relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation increments are recognised in 'Other Comprehensive Income' and are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, in which case the increment is recognised as income in the net result.

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of property, plant and equipment. Otherwise, the decrement is recognised as an expense in the net result.

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

Note 4.2 Right-of-use assets

Note 4.2(a) Gross carrying amount and accumulated depreciation

	Total 2022 \$'000	Total 2021 \$'000
Right of use plant, equipment, furniture, fittings and vehicles at fair value	144	55
Less accumulated depreciation	(9)	-
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	135	55
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	135	55
Total right of use assets	135	55

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

	Note	Right-of-use - PE, FF&V \$'000	Total \$'000
Balance at 1 July 2020		35	35
Additions		20	20
Depreciation	4.4	-	-
Balance at 30 June 2021	4.2(a)	55	55
Additions		89	89
Depreciation	4.4	(9)	(9)
Balance at 30 June 2022	4.2(a)	135	135

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased plant, equipment, furniture, fittings and vehicles	1 to 4 years

Initial recognition

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

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

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

Subsequent measurement

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

Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

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

Note 4.3 Revaluation Surplus

	Total 2022 \$'000	Total 2021 \$'000
Balance at the beginning of the reporting period	41,588	40,487
Revaluation increment		
- Land	4.1 (b) 1,214	1,101
- Buildings	4.1 (b) 6,374	-
- Land Improvements	4.1 (b) 43	-
Total revaluation increment	7,631	1,101
Balance at the end of the Reporting Period*	49,219	41,588
* Represented by:		
- Land	5,334	4,120
- Buildings	42,278	35,904
- Land Improvements	1,607	1,564
	49,219	41,588

Note 4.4 Depreciation

	Total 2022 \$'000	Total 2021 \$'000
Depreciation		
Buildings	3,413	3,413
Site Improvements	45	45
Plant and equipment	151	126
Motor vehicles	88	115
Medical equipment	391	463
Computer equipment	131	127
Furniture and fittings	15	15
Total depreciation - property, plant and equipment	4,234	4,304
Right-of-use assets		
Right of use - plant, equipment, furniture, fittings and motor vehicles	9	-
Total depreciation - right-of-use assets	9	-
Total Depreciation	4,243	4,304
Total depreciation and amortisation	4,243	4,304

How we recognise depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding land) 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.

Note 4.4 Depreciation (continued)

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

	2022	2021
Buildings		
- Structure shell building fabric	15 to 50 years	15 to 50 years
- Site engineering services and central plant	15 to 21 years	15 to 21 years
Central Plant		
- Fit Out	10 to 25 years	10 to 25 years
- Trunk reticulated building system	11 to 30 years	11 to 30 years
Plant and equipment	3 to 18 years	3 to 18 years
Medical equipment	2 to 15 years	2 to 15 years
Computers and communication	2 to 10 years	2 to 10 years
Furniture and fitting	5 to 20 years	5 to 20 years
Motor Vehicles	4 to 5 years	4 to 5 years

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

Note 4.5 Inventories

	Total 2022 \$'000	Total 2021 \$'000
Medical and surgical consumables at cost	99	60
Pharmacy supplies at cost	76	73
General stores at cost	28	9
Total inventories	203	142

How we recognise inventories

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

Note 4.6: Impairment of assets

How we recognise impairment

At the end of each reporting period, Gippsland Southern Health Service reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired.

The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on Gippsland Southern 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, Gippsland Southern 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, Gippsland Southern Health Service estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Gippsland Southern Health Service did not record any impairment losses for the year ended 30 June 2022.

Note 5: Other assets and liabilities

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

Structure

5.1 Receivables and contract assets

5.2 Payables and contract liabilities

5.3 Other liabilities

Telling the COVID-19 story

The measurement of other assets and liabilities were impacted during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Gippsland Southern 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 Gippsland Southern 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. Gippsland Southern Health Service applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.
Measuring contract liabilities	Gippsland Southern Health Service applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5.1 Receivables and contract assets

Notes	Total 2022 \$'000	Total 2021 \$'000
Current receivables and contract assets		
Contractual		
Inter hospital debtors	24	54
Trade receivables	443	251
Patient fees	432	518
Allowance for impairment losses - Patient Fees	(38)	(37)
Accrued revenue	391	662
Amounts receivable from governments and agencies	431	-
Total contractual receivables	1,683	1,448
Statutory		
GST receivable	144	63
Total statutory receivables	144	63
Total current receivables and contract assets	1,827	1,511
Non-current receivables and contract assets		
Contractual		
Long service leave - Department of Health	1,410	1,363
Total contractual receivables	1,410	1,363
Total non-current receivables and contract assets	1,410	1,363
Total receivables and contract assets	3,237	2,874
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>		
Total receivables and contract assets	3,237	2,874
Provision for impairment	38	37
GST receivable	(144)	(63)
Total financial assets	3,131	2,848

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

	Total 2022 \$'000	Total 2021 \$'000
Balance at the beginning of the year	37	37
Increase in allowance	2	24
Amounts written off during the year	(1)	(24)
Reversal of allowance written off during the year as uncollectable	-	-
Balance at the end of the year	38	37

How we recognise receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables** includes Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

Gippsland Southern 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 Gippsland Southern Health Service's contractual impairment losses.

Note 5.2 Payables and contract liabilities

Note	Total 2022 \$'000	Total 2021 \$'000
Current payables and contract liabilities		
Contractual		
Trade creditors	489	226
Accrued salaries and wages	504	419
Accrued expenses	510	730
Department of Health	-	91
Amounts payable to governments and agencies	1,027	1,386
Total contractual payables	2,530	2,852
Total current payables and contract liabilities	2,530	2,852
Total payables and contract liabilities	2,530	2,852
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))</i>		
Total payables and contract liabilities	2,530	2,852
Total financial liabilities	7.1(a) 2,530	2,852

How we recognise payables and contract liabilities

Payables consist of:

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

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

Note 5.3 Other liabilities

	Total 2022 \$'000	Total 2021 \$'000
Current monies held in trust		
Refundable accommodation deposits	8,128	11,191
GHA Other current liabilities	22	11
Total current monies held in trust	8,150	11,202
Total other liabilities	8,150	11,202
* Represented by:		
- Cash assets	6.2 8,128	11,191
	8,128	11,191

How we recognise other liabilities

Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

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

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

Note 6: How we finance our operations

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

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

Structure

6.1 Borrowings

6.2 Cash and cash equivalents

6.3 Commitments for expenditure

Telling the COVID-19 story

The level of cash and borrowings required to finance our operations were impacted during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	<p>Gippsland Southern Health Service applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <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	<p>Gippsland Southern Health Service applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>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.</p> <p>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.</p>
Discount rate applied to future lease payments	<p>Gippsland Southern 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, Gippsland Southern Health Service uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p>
Assessing the lease term	<p>The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Gippsland Southern Health Service is reasonably certain to exercise such options.</p> <p>Gippsland Southern Health Service determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> ▪ If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1 Borrowings

	Total 2022 \$'000	Total 2021 \$'000
Current borrowings		
Lease liability ⁽ⁱ⁾	30	14
Total current borrowings	30	14
Non-current borrowings		
Lease liability ⁽ⁱ⁾	104	39
Total non-current borrowings	104	39
Total borrowings	134	53

ⁱ Secured by the assets leased.

ⁱⁱ These are secured loans which bear no interest.

How we recognise borrowings

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

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Gippsland Southern Health Service has categorised its liability as financial liabilities at 'amortised cost'.

Subsequent measurement

Subsequent to initial recognition, interest bearing borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over the period of the borrowing using the effective interest method. Non-interest bearing borrowings are measured at 'fair value through profit or loss'.

Maturity analysis

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

Defaults and breaches

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

Note 6.1 (a) Lease liabilities

Gippsland Southern Health Service's lease liabilities are summarised below:

	Total 2022 \$'000	Total 2021 \$'000
Total undiscounted lease liabilities	140	55
Less unexpired finance expenses	(6)	(2)
Net lease liabilities	134	53

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

	Total 2022 \$'000	Total 2021 \$'000
Not longer than one year	33	15
Longer than one year but not longer than five years	107	40
Minimum future lease liability	140	55
Less unexpired finance expenses	(6)	(2)
Present value of lease liability	134	53
* Represented by:		
- Current liabilities	30	14
- Non-current liabilities	104	39
	134	53

How we recognise lease liabilities

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

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

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

Type of asset leased	Lease term
Leased plant, equipment, furniture, fittings and vehicles	1 to 4 years

Note 6.1 (a) Lease liabilities

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 Gippsland Southern 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.

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

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

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

Subsequent measurement

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

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

Note 6.2 Cash and Cash Equivalents

	Total 2022 \$'000	Total 2021 \$'000
Cash on hand (excluding monies held in trust)	1	1
Cash at bank (excluding monies held in trust)	2,352	951
Cash at bank - CBS (excluding monies held in trust)	8,136	9,800
Total cash held for operations	10,489	10,752
Cash at bank - CBS (monies held in trust)	8,128	11,191
Total cash held as monies in trust	8,128	11,191
Total cash and cash equivalents	18,617	21,943

7.1 (a)

How we recognise cash and cash equivalents

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

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

Note 6.3 Commitments for expenditure

	Total 2022 \$'000	Total 2021 \$'000
Capital expenditure commitments		
Less than one year	240	-
Total capital expenditure commitments	240	-
Operating Expenditure Commitments - Maintenance Service Contracts		
Less than one year	525	1,213
Longer than one year but not longer than five years	471	551
Five years or more	352	-
Total non-cancellable short term and low value lease commitments	1,348	1,764
Total commitments for expenditure (exclusive of GST)	1,588	1,764
Less GST recoverable from Australian Tax Office	(144)	(160)
Total commitments for expenditure (exclusive of GST)	1,444	1,604

Future lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

How we disclose our commitments

Our commitments relate to expenditure and short term and low value leases.

Expenditure commitments

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

Note 7: Risks, contingencies and valuation uncertainties

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

Structure

7.1 Financial instruments

7.2 Financial risk management objectives and policies

7.3 Contingent assets and contingent liabilities

7.4 Fair value determination

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<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, Gippsland Southern 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>

Key judgements and estimates (continued)

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Gippsland Southern 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 Gippsland Southern Health Service's [specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets] are 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 Gippsland Southern 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. Gippsland Southern 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.</p> <p>Subsequently, the health service applies significant 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. Gippsland Southern 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. Gippsland Southern Health Service categorises non-specialised land and right-of-use concessionary land in this level. ▪ Level 3, where inputs are unobservable. Gippsland Southern Health Service categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.

Note 7.1: Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Gippsland Southern 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

Total		Financial Assets at	Financial Liabilities	
30 June 2022		Amortised Cost	at Amortised Cost	Total
	Note	\$'000	\$'000	\$'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	18,617	-	18,617
Receivables and contract assets	5.1	3,131	-	3,131
Total Financial Assetsⁱ		21,748	-	21,748
Financial Liabilities				
Payables	5.2	-	2,530	2,530
Borrowings	6.1	-	134	134
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	8,128	8,128
Other Financial Liabilities - Other monies held in trust	5.3	-	22	22
Total Financial Liabilitiesⁱ		-	10,814	10,814

Note 7.1 (a) Categorisation of financial instruments

Total		Financial Assets at	Financial Liabilities	
30 June 2021	Note	Amortised Cost	at Amortised Cost	Total
		\$'000	\$'000	\$'000
Contractual Financial Assets				
Cash and cash equivalents	6.2	21,943	-	21,943
Receivables and contract assets	5.1	2,848	-	2,848
Total Financial Assetsⁱ		24,791	-	24,791
Financial Liabilities				
Payables	5.2	-	2,852	2,852
Borrowings	6.1	-	53	53
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	11,191	11,191
Other Financial Liabilities - Other monies held in trust	5.3	-	11	11
Total Financial Liabilitiesⁱ		-	14,107	14,107

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

How we categorise financial instruments

Categories of financial assets

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

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

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

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

Note 7.1 (a) Categorisation of financial instruments

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 Gippsland Southern 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.

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

- cash and deposits
- receivables (excluding statutory receivables)

Note 7.1 (a) Categorisation of financial instruments

Financial assets at fair value through net result

Gippsland Southern Health Service initially designates a financial instrument as measured at fair value through net result if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an “accounting mismatch”) that would otherwise arise from measuring assets or recognising the gains and losses on them, on a different basis
- it is in accordance with the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial asset can be managed and evaluated consistently on a fair value basis or
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through net result is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Gippsland Southern Health Service recognises listed equity securities as mandatorily measured at fair value through net result and has designated all managed investment schemes as well as certain 5-year government bonds as fair value through net result.

Categories of financial liabilities

Financial liabilities are recognised when Gippsland Southern 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 fair value through net result

A financial liability is measured at fair value through net result if the financial liability is:

- held for trading or
- initially designated as at fair value through net result.

Changes in fair value are recognised in the net results as other economic flows, unless the changes in fair value relate to changes in Gippsland Southern Health Service’s own credit risk. In this case, the portion of the change attributable to changes in Gippsland Southern Health Service’s own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised.

Note 7.1 (a) Categorisation of financial instruments

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.

Gippsland Southern 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).

Derivative financial instruments

A derivative financial instrument is classified as a held for trading financial asset or financial liability. They are initially recognised at fair value on the date on which a derivative contract is entered.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition, are recognised in the consolidated comprehensive operating statement as an other economic flow included in the net result.

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Gippsland Southern 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 Gippsland Southern 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.

Note 7.1 (a) Categorisation of financial instruments

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
- Gippsland Southern 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
- Gippsland Southern 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 Gippsland Southern Health Service has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Gippsland Southern 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, Gippsland Southern Health Service's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

As a whole, Gippsland Southern 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.

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

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

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

In addition, Gippsland Southern 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, Gippsland Southern 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 Gippsland Southern 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 Gippsland Southern 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 Gippsland Southern Health Service's credit risk profile in 2021-21.

Note 7.2 (a) Credit risk

Impairment of financial assets under AASB 9

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

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

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contractual receivables at amortised cost

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

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

Note 7.2 (a) Contractual receivables at amortised cost

		Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
30 June 2022							
Expected loss rate		0.0%	0.0%	5.0%	30.0%	1.5%	
Gross carrying amount of contractual receivables	5.1	1,510	104	20	50	1,447	3,131
Loss allowance		-	-	(1)	(15)	(22)	(38)
30 June 2021							
Expected loss rate		0.0%	0.0%	5.0%	30.0%	1.4%	
Gross carrying amount of contractual receivables	5.1	1,318	52	28	51	1,399	2,848
Loss allowance		-	-	(1)	(15)	(20)	(36)

Note 7.2 (a) Contractual receivables at amortised cost

Statutory receivables and debt investments at amortised cost

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

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

Note 7.2 (b) Liquidity risk

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

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

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

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

Note 7.2 (b) Payables and borrowings maturity analysis

		Maturity Dates						
		Carrying	Nominal	Less than 1	3 months - 1			
		Amount	Amount	Month	1-3 Months	Year	1-5 Years	Over 5 years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total								
30 June 2022	Note							
Payables	5.2	2,530	2,530	2,530	-	-	-	-
Borrowings	6.1	134	134	-	-	30	104	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	8,128	8,128	8,128	-	-	-	-
Other Financial Liabilities - Patient monies held in trust	5.3	22	22	22	-	-	-	-
Total Financial Liabilities		10,814	10,814	10,680	-	30	104	-

		Maturity Dates						
		Carrying	Nominal	Less than 1	3 months - 1			
		Amount	Amount	Month	1-3 Months	Year	1-5 Years	Over 5 years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total								
30 June 2021	Note							
Financial Liabilities at amortised cost								
Payables	5.2	2,852	2,852	2,852	-	-	-	-
Borrowings	6.1	53	53	-	-	14	39	-
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	11,191	11,191	-	-	11,191	-	-
Other Financial Liabilities - Patient monies held in trust	5.3	11	11	11	-	-	-	-
Total Financial Liabilities		14,107	14,107	2,863	-	11,205	39	-

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

Note 7.3: Contingent assets and contingent liabilities

At balance date, the Board are not aware of any contingent assets or liabilities.

How we measure and disclose contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service or
- present obligations that arise from past events but are not recognised because:
 - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

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
- Lease liabilities

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

Valuation hierarchy

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

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

Gippsland Southern 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.

Gippsland Southern 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 Gippsland Southern Health Service's independent valuation agency for property, plant and equipment.

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

	Note	Total carrying amount 30 June 2022 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Non-specialised land		1,524	-	1,524	-
Specialised land		5,411	-	-	5,411
Total land at fair value	4.1 (a)	6,935	-	1,524	5,411
Non-specialised buildings		1,295	-	1,295	-
Specialised buildings		64,857	-	-	64,857
Total buildings at fair value	4.1 (a)	66,152	-	1,295	64,857
Plant and equipment at fair value	4.1 (a)	1,153	-	-	1,153
Motor vehicles at fair value	4.1 (a)	35	-	-	35
Medical equipment at Fair Value	4.1 (a)	2,401	-	-	2,401
Computer equipment at fair value	4.1 (a)	201	-	-	201
Furniture and fittings at fair value	4.1 (a)	99	-	-	99
Land Improvements at fair value	4.1 (a)	446	-	-	446
Total plant, equipment, furniture, fittings and vehicles at fair value		4,335	-	-	4,335
Right of use assets at fair value	4.2 (a)	135	-	-	135
Total right-of-use assets at fair value		135	-	-	135
Total non-financial physical assets at fair value		77,557	-	2,819	74,738

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

		Total carrying amount 30 June 2021 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Non-specialised land		1,524	-	1,524	-
Specialised land		4,197	-	-	4,197
Total land at fair value	4.1 (a)	5,721	-	1,524	4,197
Non-specialised buildings		1,295	-	1,295	-
Specialised buildings		61,896	-	-	61,896
Total buildings at fair value	4.1 (a)	63,191	-	1,295	61,896
Plant, equipment and vehicles at fair value	4.1 (a)	1,239	-	-	1,239
Motor vehicles at fair value	4.1 (a)	123	-	123	-
Medical equipment at Fair Value	4.1 (a)	1,964	-	-	1,964
Computer equipment at fair value	4.1 (a)	222	-	-	222
Furniture and fittings at fair value	4.1 (a)	113	-	-	113
Land Improvements at fair value	4.1 (a)	448	-	-	448
Total plant, equipment, furniture, fittings and vehicles at fair value		4,109	-	123	3,986
Right of use assets at fair value	4.2 (a)	55	-	-	55
Total right-of-use assets at fair value		55	-	-	55
Total non-financial physical assets at fair value		73,076	-	2,942	70,134

ⁱ Classified in accordance with the fair value hierarchy.

How we measure fair value of non-financial physical assets

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

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

In accordance with AASB 13 *Fair Value Measurement* paragraph 29, Gippsland Southern Health Service has assumed the current use of a non-financial physical asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

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

Non-specialised land & non-specialised buildings

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

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

Specialised land and specialised buildings

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

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

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

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

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

An independent valuation of Gippsland Southern Health Service's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2022.

Vehicles

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

Furniture, fittings, plant and equipment

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

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

7.4 (b): Reconciliation of level 3 fair value measurement

Total	Note	Land \$'000	Buildings \$'000	Plant, equipment, furniture, fittings and vehicles \$'000	Right-of-use plant, equipment, furniture, fittings and vehicles \$'000
Balance at 1 July 2020		3,380	65,270	3,879	35
Additions/(Disposals)		-	-	883	20
- Depreciation and amortisation		-	(3,374)	(776)	-
Items recognised in other comprehensive income					
- Revaluation		817	-	-	-
Balance at 30 June 2021	7.4 (a)	4,197	61,896	3,986	55
Additions/(Disposals)		-	-	1,004	89
Net Transfers between classes		-	-	123	-
- Depreciation and Amortisation		-	(3,413)	(821)	(9)
Items recognised in other comprehensive income					
- Revaluation		1,214	6,374	43	-
Balance at 30 June 2022	7.4 (a)	5,411	64,857	4,335	135

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

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Market approach	N/A
Specialised land (Crown/freehold)	Market approach	Community Service Obligations Adjustments ⁽ⁱ⁾
Non-specialised buildings	Market approach	N/A
Specialised buildings	Current replacement cost approach	- Cost per square metre - Useful life
Dwellings	Market approach Current replacement cost approach	N/A - Cost per square - Useful life
Vehicles	Market approach Current replacement cost approach	N/A - Cost per unit - Useful life
Plant and equipment	Current replacement cost approach	- Cost per unit - Useful life

(i) Community service obligation (CSO) adjustments were 20% for Hospital land and 15% for land held in Leongatha that adjoins residential property.

Note 8: Other disclosures

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

Structure

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

8.2 Responsible persons disclosure

8.3 Remuneration of executives

8.4 Related parties

8.5 Remuneration of auditors

8.6 Events occurring after the balance sheet date

8.7 Jointly controlled operations

8.8 Equity

8.9 Economic dependency

Telling the COVID-19 story

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

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

	Total 2022 \$'000	Total 2021 \$'000
Net result for the year	(2,517)	(3,522)
Non-cash movements:		
(Gain)/Loss on sale or disposal of non-financial assets	3.4 (16)	(5)
Depreciation and amortisation of non-current assets	4.4 4,243	4,304
Cash inflow from financing activities	(717)	-
Assets and services received free of charge	2.2 (105)	(454)
Bad and doubtful debt expense	3.1 1	-
(Gain)/Loss on revaluation of long service leave liability	3.4 (67)	-
Movements in Assets and Liabilities:		
(Increase)/Decrease in receivables and contract assets	(364)	(719)
(Increase)/Decrease in inventories	(61)	(26)
(Increase)/Decrease in other assets	213	(164)
Increase/(Decrease) in payables and contract liabilities	(322)	580
Increase/(Decrease) in employee benefits	316	442
Increase/(Decrease) in other liabilities	11	-
Net cash inflow from operating activities	615	436

Note 8.2 Responsible persons

In accordance with the Ministerial Directions issued by the Minister for Finance under the *Financial Management Act 1994*, the following disclosures are made regarding responsible persons for the reporting period.

	Period
Minister for Health	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
Minister for Ambulance Services	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
Minister for Mental Health	
The Honourable James Merlino	1 Jul 2021 - 27 Jun 2022
The Honourable Gabrielle Williams	27 Jun 2022 - 30 Jun 2022
Minister for Disability, Ageing and Carers	
The Honourable Luke Donnellan	1 Jul 2021 - 11 Oct 2021
The Honourable James Merlino	11 Oct 2021 - 06 Dec 2021
The Honourable Anthony Carbines	06 Dec 2021 - 27 Jun 2022
The Honourable Colin Brooks	27 Jun 2022 - 30 Jun 2022
Minister for Child Protection and Family Services	
The Honourable Luke Donnellan	1 Jul 2021 - 11 Oct 2021
The Honourable Richard Wynn	11 Oct 2021 - 06 Dec 2021
The Honourable Anthony Carbines	06 Dec 2021 - 27 Jun 2022
The Honourable Colin Brooks	27 Jun 2022 - 30 Jun 2022
Governing Boards	
Ms A. Georgiou	1 Jul 2021 - 30 Jun 2022
Ms S. Fleming	1 Jul 2021 - 07 Jun 2022
Mr D. Smith	1 Jul 2021 - 30 Jun 2022
Ms J. Walsh	1 Jul 2021 - 30 Jun 2022
Mr B. Ruyter	1 Jul 2021 - 30 Jun 2022
Ms C. Ramessur	1 Jul 2021 - 07 Jun 2022
Ms K. Flanagan	1 Jul 2021 - 30 Jun 2022
Mr D. Muchow	1 Jul 2021 - 30 Jun 2022
Mr R. Sawant	1 Jul 2021 - 30 Jun 2022
Ms C. Mcloughlin	1 Jul 2021 - 30 Jun 2022
Ms G. Scheffer	1 Jul 2021 - 30 Jun 2022
Accountable Officers	
Mark Johnson (Chief Executive Officer)	1 Jul 2021 - 30 Jun 2022

Note 8.2 Responsible persons (continued)

Remuneration of Responsible Persons

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

Income Band

\$0,000 - \$9,999

\$330,000 - \$339,999

Total Numbers

Total 2022 No	Total 2021 No
11	11
1	1
12	12

Total 2022 \$'000	Total 2021 \$'000
\$362	\$374

Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:

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

Note 8.3 Remuneration of executives

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	
	2022 \$'000	2021 \$'000
Short-term benefits	517	524
Post-employment benefits	53	49
Other long-term benefits	13	19
Total remunerationⁱ	583	592
Total number of executives	5	5
Total annualised employee equivalent ⁱⁱ	5.0	4.0

ⁱ The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Gippsland Southern 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 paid or payable on a discrete basis when employment has ceased.

Other Long-term Benefits

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

Termination Benefits

Termination of employment payments, such as severance packages.

Other factors

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

Note 8.4: Related Parties

The Gippsland Southern 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 Gippsland Southern Health Service and its controlled entities, directly or indirectly.

Key management personnel

The Board of Directors, Chief Executive Officer and the Executive Directors of Gippsland Southern Health Services are deemed to be KMPs.

Entity	KMPs	Position Title
Gippsland Southern Health Service	Ms A. Georgiou	Chair of the Board
Gippsland Southern Health Service	Ms S. Fleming	Board Member
Gippsland Southern Health Service	Mr D. Smith	Board Member
Gippsland Southern Health Service	Ms J. Walsh	Board Member
Gippsland Southern Health Service	Mr B. Ruyter	Board Member
Gippsland Southern Health Service	Ms C. Ramessur	Board Member
Gippsland Southern Health Service	Ms K. Flanagan	Board Member
Gippsland Southern Health Service	Mr D. Muchow	Board Member
Gippsland Southern Health Service	Mr R. Sawant	Board Member
Gippsland Southern Health Service	Ms C. Mcloughlin	Board Member
Gippsland Southern Health Service	Ms G. Scheffer	Board Member
Gippsland Southern Health Service	Mr M. Johnson	Chief Executive Officer
Gippsland Southern Health Service	Mr P. Van Hamond	Manager Finance
Gippsland Southern Health Service	Ms V. Low	Executive Director of Nursing
Gippsland Southern Health Service	Mr S. Doyle	Assistant Director of Nursing
Gippsland Southern Health Service	Mr J. Krish	Director of Primary Healthcare

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.

	Total 2022 \$'000	Total 2021 \$'000
Compensation - KMPs		
Short-term Employee Benefits ⁱ	827	841
Post-employment Benefits	76	74
Other Long-term Benefits	41	51
Total ⁱⁱ	944	966

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.

Note 8.4: Related Parties (continued)

Significant transactions with government related entities

Gippsland Southern Health Service received funding from the Department of Health of \$31.16 m (2021: \$28.6 m) and indirect contributions of \$0.14 m (2021: \$.38 m). Balances outstanding as at 30 June 2022 are \$0.43 m (2021 \$0.45m)

Expenses incurred by Gippsland Southern 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.

The Standing Directions of the Assistant Treasurer require the Gippsland Southern 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 Gippsland Southern 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 2022 (2021: none).

There were no related party transactions required to be disclosed for the Gippsland Southern Health Service Board of Directors, Chief Executive Officer and Executive Directors in 2022 (2021: none).

Note 8.5: Remuneration of Auditors

Victorian Auditor-General's Office
Audit of the financial statements
Total remuneration of auditors

Total 2022 \$'000	Total 2021 \$'000
40	42
40	42

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest	
		2022 %	2021 %
Gippsland Health Alliance	Provision of Information Technology Services	7.5	7.7

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

	2022 \$'000	2021 \$'000
Current assets		
Cash and cash equivalents	236	384
Receivables	185	63
Prepaid expenses	202	332
Total current assets	623	779
Non-current assets		
Property, plant and equipment	82	97
Total non-current assets	82	97
Total assets	705	876
Current liabilities		
Payables	61	100
Borrowings	17	14
Other Current Liabilities	22	11
Total current liabilities	100	125
Non-current liabilities		
Borrowings	34	39
Total non-current liabilities	34	39
Total liabilities	134	164
Net assets	571	712
Equity		
Accumulated surplus	571	712
Total equity	571	712

Note 8.7 Joint arrangements

Gippsland Southern Health Services interest in revenues and expenses resulting from joint arrangements are detailed below:

	2022	2021
	\$'000	\$'000
Revenue		
Revenue from Operations	1,605	1,368
Interest Income	3	3
Total revenue	1,608	1,371
Expenses		
Other Expenses from Continuing Operations	1,703	1,397
Depreciation	31	26
Total expenses	1,734	1,423
Net result	(126)	(52)

Contingent liabilities and capital commitments

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

Note 8.8: Equity

Contributed capital

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Gippsland Southern Health Service.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

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

Financial assets at fair value through comprehensive income revaluation reserve

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

Specific restricted purpose reserves

The specific restricted purpose reserve is established where Gippsland Southern Health Service has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

Note 8.9: Economic dependency

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