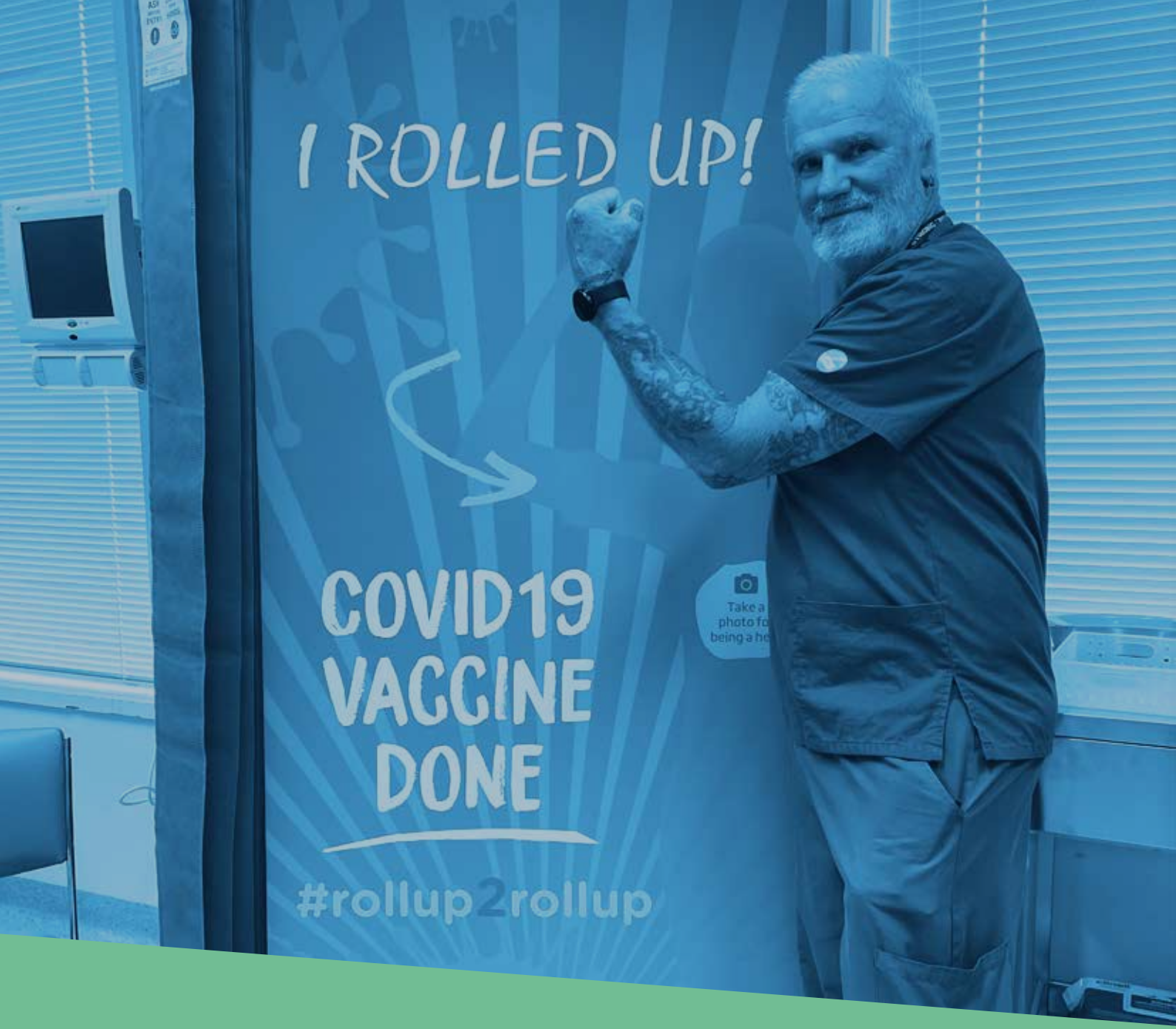
Annual Report 2020/21

LATROBE REGIONAL HOSPITAL

Latrobe Regional Hospital



About this report

This Annual Report outlines Latrobe Regional Hospital's activities and performance from 1 July 2020 to 30 June 2021 and provides detailed financial statements.

Information relating to Financial Reporting Direction (FRD) 15E: Executive Officer Disclosures in the Report of Operations is available on request to the relevant Minister, Members of Parliament or the public.

This report is also available online at www.lrh.com.au

The responsible Minister is the Minister for Health:

Jenny Mikakos MP
(1 July 2020 to 26 September 2020)

The Hon Martin Foley MP
(26 September 2020 to 30 June 2021)

The Minister for Mental Health is:

The Hon Martin Foley MP
(1 July 2020 to 29 September 2020)

The Hon James Merlino MP
(29 September 2020 to 30 June 2021)

Latrobe Regional Hospital is located on the traditional lands of the Braiakaulung clan of the Gunai Kurnai Nation.

Our cover captures Traralgon resident Elizabeth Estcourt and her surgical team after the first stent procedure at LRH's cardiac catheterisation laboratory.

This page: Andrew Simmons from our Emergency Department was the first frontline healthcare worker in Gippsland to be vaccinated against COVID-19

Contents

Our story

Latrobe Regional Hospital (LRH) is located 150km east of Melbourne at Traralgon West.

We are a public health service established under the *Health Services Act 1988* (Vic). This followed the merger of public hospitals in Traralgon and Moe and a nursing home in Morwell in 1991.

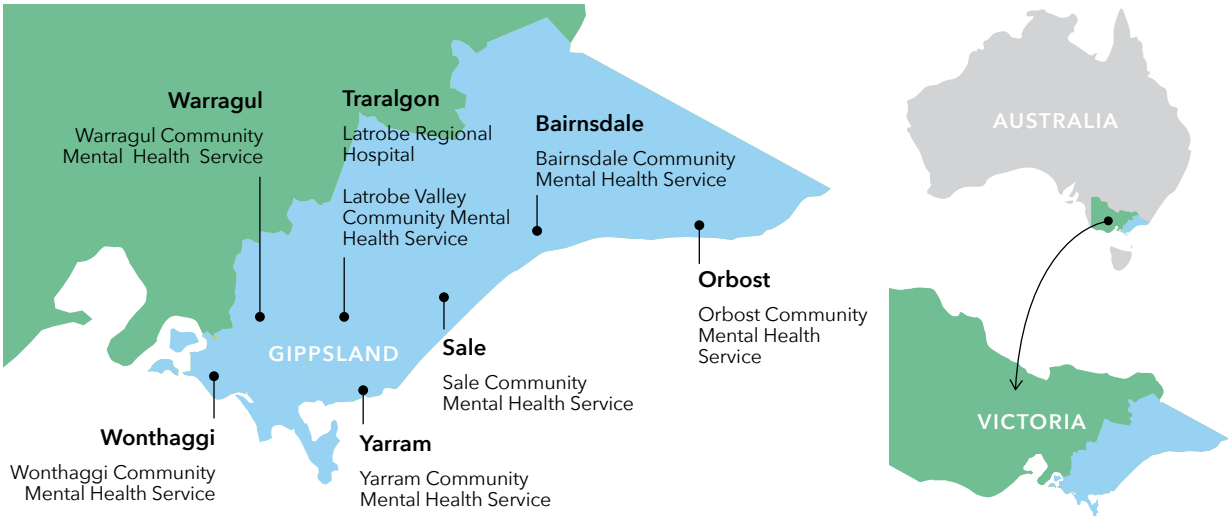
We provide public hospital services in accordance with the principles of the National Health Care Agreement (Medicare) and the *Health Services Act 1988* (Vic).

LRH has 328 beds and 36 treatment chairs and cares for a population of more than 270,000 as a provider of specialist services to the Gippsland region.

We offer services such as cardiac care, surgery, medical, renal, emergency care, aged care, obstetrics, mental health, pharmacy, allied health and rehabilitation. Medical and radiation oncology are offered by the Gippsland Cancer Care Centre on site.

LRH is the main provider of acute mental health services in Gippsland with inpatient care at the hospital and community mental health services and teams in the Latrobe Valley, Sale, Bairnsdale, Yarram, Orbost, Warragul and Wonthaggi.

Our Macalister Unit has 10 acute beds for older people with complex needs relating to mental illness as well as 10 nursing home beds.



Our vision

We will be a leading regional health care provider delivering timely, accessible, integrated and responsive services to the Gippsland community.

Our values

Person-centred care

We put our patients first in our care, planning and decision-making.

Integrity

We are honest and respectful in our dealings and accountable for what we do.

Excellence

We aim high to ensure our community receives timely and relevant care.

Working together

We will respond to challenges together to create a safe, quality health service.

Our Strategic Pillars

Service Delivery

Enhance access, integration and coordination of clinical care to deliver the right care in the right place at the right time.

Education, Training and Research

Embed education, training and research in the delivery of high quality and safe services.

Regional Leadership

Meet the needs of the Gippsland and Latrobe Valley communities through regional leadership.

Our People

Strengthen our organisational culture and wellbeing to ensure our people feel valued, empowered and engaged.

Year in Review

A message to you from Chair Linda McCoy and Chief Executive Peter Craighead

In another year of testing times, our core values continue to be important organisational drivers.

Person-centred care, integrity, excellence and working together are the principles of our success on many fronts during 2020/21.

LRH has accepted the changes in the world around us and looked for solutions to deliver quality care and services in an environment we now refer to as 'COVID-normal' – and our staff have embraced our values to get the job done.

Both of us are incredibly proud of the determination and resilience of our leadership team and staff group. Amid the pandemic, staff shortages and reduced face-to-face contact, LRH has taken big strides to protect our patients from the coronavirus scourge, develop innovative approaches to care and ensure people in our community can rely on us for the support they need in whatever capacity.

The establishment of the Gippsland Region Public Health Unit (GRPHU) at LRH has put us at the forefront of COVID-19 outbreak management in Gippsland and the COVID-19 vaccine rollout. While we have taken a lead role in logistics and operations, the GRPHU has been buoyed by the support and collaboration of our health partners across the region, emergency services and local government. Protecting our community is truly a team effort.

The GRPHU has travelled the length and breadth of Gippsland to administer COVID-19 vaccines and with the assistance of sub-regional and rural hospitals, established community clinics in town halls and sports grounds and stadiums. Locally, we are grateful for the support of the Latrobe Valley Racing Club for sharing the Traralgon Racecourse and club facilities with us for a large-scale community vaccination clinic.

We're pleased to say the pandemic hasn't absorbed all of our time and effort in 2020/21.

We've set another record for the number of patients treated, 174,001, an increase of about 4,500 on 2019/20. There was also an increase in the number of surgical procedures and outpatients but a slight drop in Emergency Department presentations. Our busy maternity service delivered 921 babies with 13 sets of twins adding to the figure.

A highlight for LRH this year was the formation of a new partnership with Alfred Health to enable us to run clinical trials for people with prostate and blood cancers. LRH is the first hospital to partner with Alfred Health in the TrialHub program to improve access to clinical trials in regional and remote areas and develop the research and clinical skills of staff.

Patients participating in the clinical trials will be able to access new medicines and therapies that might not otherwise be available, as well as contribute to the development of future life-saving or life-enhancing treatment.

The rollout of an Electronic Medical Record system across inpatient units and our Community Mental Health Service was completed in November 2020. More than 80 per cent of our nursing and clinical staff had been trained to use the new paperless patient record system before the go-live date at the end of September 2020. It was a massive undertaking for our Education and Training Unit and EMR team.

It has also been a big year for our surgical teams with the first stent procedure performed in our catheterisation laboratory in April, a major milestone in the expansion of cardiac services in Gippsland.

Under the mentorship of the cardiac team at Alfred Health, our nurses and technicians have been honing their skills in diagnostic procedures since the cath lab opened three years ago.

Our commitment to improving facilities for our staff and community continues. We relocated our community mental health teams in South Gippsland and on the Bass Coast to a new building in Wonthaggi which offers more consulting rooms and comfortable waiting spaces for consumers.

The relocation acknowledges the demand for the care and treatment provided by our experienced multidisciplinary mental health clinicians.

Access to mental health services in Gippsland will continue to be a focus for LRH, particularly in light of the Royal Commission into Victoria's Mental Health System. The findings are an opportunity for LRH to connect with consumers and staff with lived experience to design services that are easier to access and more responsive. Recruitment of staff to support these initiatives is underway.

We know the system locally has to change and our leadership team is committed to working with government, mental health agencies, our staff and most importantly, the community to transform the provision of care.

Planning for Stage 3 of the hospital's redevelopment and expansion has continued with the finalisation of the project's design phase and the launch of the tender process.

After extensive consultation, including public feedback and input from the Gunai Kurnai Aboriginal community, we are working with the architects and consultant teams to design a state-of-the-art facility our community can be proud of. We have also been working with our clinical teams to ensure we create a practical space that will attract a growing workforce. Construction is due to commence in August 2021.

Our engagement with the community has been limited but not thwarted by the pandemic. As Victoria rose from lockdown in 2020, our Community Engagement team launched a virtual fun run to encourage people to reconnect with LRH and each other. The response was extremely positive with groups of friends and workplace teams entering the event and raising money for our Emergency Department.

We have also been working on enhancing the role of volunteers across our service and in September 2021 will launch our new Community Champions Program.

Our Champions are local people who freely give their time, care and compassion to our patients. Our new program places greater value on their skills and generosity and offers a range of opportunities to participate in LRH life, from patient support and gathering feedback to having a say as a member of one of our advisory committees or focus groups.

A special thank you to the volunteer drivers who have continued to support the hospital's transport program throughout the pandemic, ensuring vulnerable patients are able to attend their appointments.

We also extend our appreciation to the heart of our health service - our staff, management team, executive and board directors who strive for excellence in patient care and service delivery every day. In a world of change, we can assure the community our commitment is steadfast.

The LRH Board of Directors would also like to acknowledge the service of Chief Executive Peter Craighead who retired on 30 July 2021 after 12 years at the helm. Peter's passion for ensuring regional communities are at the forefront of health service planning in Victoria has been a factor in the success of not just LRH, but sub-regional and rural health services across Gippsland. Peter has been a driving force behind the expansion of services at the hospital and our community sites which has enabled local people to access treatment and care close to home.

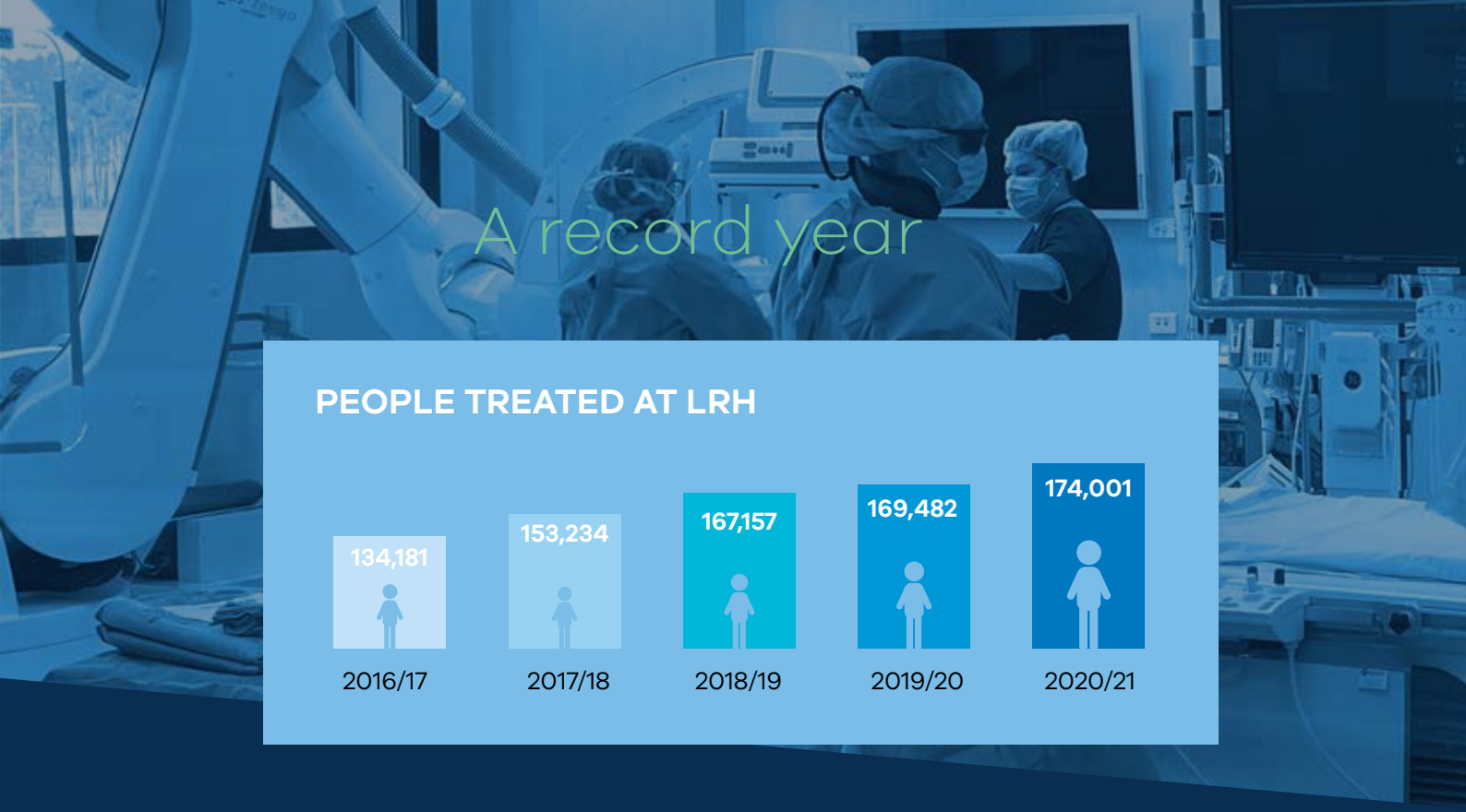
Responsible bodies declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Latrobe Regional Hospital for the year ending 30 June 2021.

Linda McCoy

Chair, LRH Board of Directors

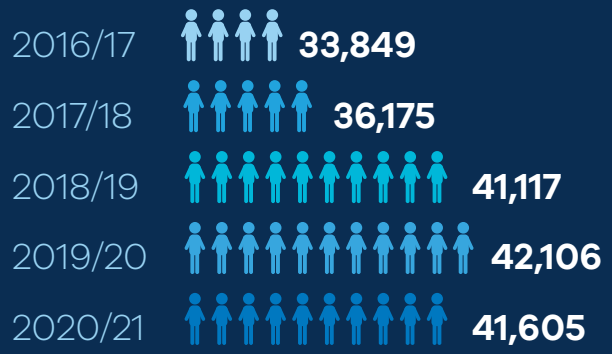
Traralgon West
23 September 2021



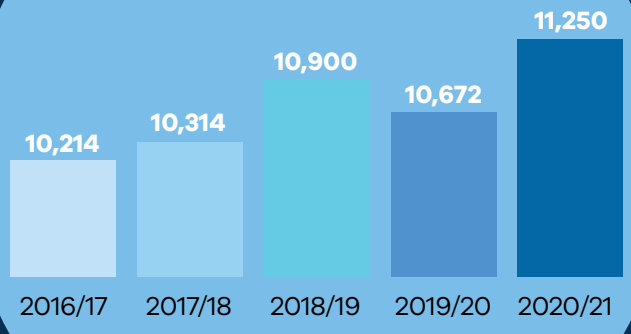
A record year

PEOPLE TREATED AT LRH

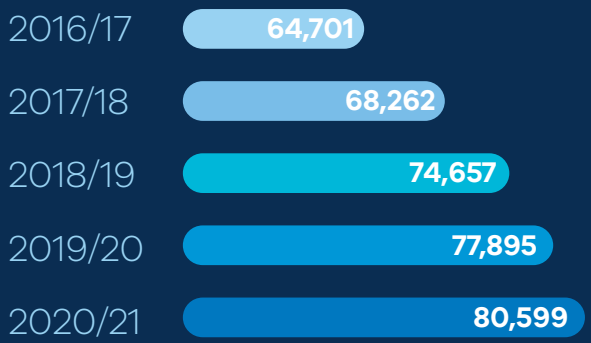
EMERGENCY DEPARTMENT PRESENTATIONS



SURGICAL PROCEDURES



OUTPATIENTS



Highlights of our year

Critical, Acute and Subacute Services

By Don McRae
Chief Operating Officer & Chief Nurse

Responding to the pandemic

Our Infection Prevention and Control team has taken a lead role during the pandemic in outbreak management, rapid response testing, contact tracing and training staff in the use of personal protective equipment (PPE).

There was significant disruption to surgeries across Victoria in 2020/21 however LRH's theatre team has managed to get our elective surgery waiting list times back on target. The team has also reached additional elective surgery 'blitz' targets one month ahead of schedule.

Late last year the Critical Care Unit undertook the mammoth task of relocating from the ground floor of the hospital to the endoscopy suite on the first floor to prepare for a potential influx of critically ill patients during the second wave of the pandemic. In January, the team moved back to its original space. Both moves were executed efficiently and without incident.

Our inpatient units were allocated specific roles in ensuring safe and adequate flow for patients through the hospital, including those with suspected COVID-19 infection. Our Avon Unit became the designated COVID ward and staff endured many months of COVID precautions and long hours in full PPE. They emerged from the second wave with a record of zero transmission of infection to either staff or other patients despite caring for a number of confirmed COVID cases from the community.

Improving service delivery

In April 2021 we performed our first percutaneous coronary intervention (PCI) or cardiac stent at LRH and have since admitted several other patients for cardiac stent insertion. This has involved an upskilling of operating theatre and critical care staff.

Our Cardiology team has welcomed its first cardiac technician and we continue to grow our echocardiography service. Also joining the team are two cardiology physicians who are living locally and are committed to Gippsland.

LRH has introduced an Endoscopic Retrograde Cholangiopancreato-graphy (ERCP) service which involves diagnosing and treating problems of the liver, gallbladder, bile ducts and pancreas using endoscopic technology.

We are also providing increased dialysis sessions to inpatients who would usually be transferred to metropolitan health services. This is being undertaken with the support of an on-call dialysis roster.

Our peritoneal dialysis service for inpatients has also been expanded, again allowing admitted patients to receive the service closer to home.

A successful pilot of a tele-neuropsychology service for LRH patients suffering from stroke run in partnership with Monash Health has resulted in an ongoing service agreement between the two health services which now provides efficient and effective neuropsychology consults for LRH inpatients.

Improved infrastructure

Our Hospital in the Home, Infection Prevention and Control, Wound Management and Diabetes Education teams have relocated to a larger, refurbished space in the hospital which will also provide easier access for the public.

We are continuing to replace standard foam mattresses across the hospital for 'hybrid' mattresses to reduce the risk of pressure injuries.

Allied health services received a boost with a substantially refurbished hydrotherapy pool to help patients recovering from illness or injury.

Growing our people

Our two oncology nurse practitioner (ONP) candidates Cassandra Moore and Danielle Roscoe have now been endorsed as nurse practitioners. The ONP provides advanced nursing care to oncology patients with pre-chemotherapy reviews. They also support the symptom and urgent review service and inpatient care coordination in collaboration with the junior medical staff team.

Our palliative nurse practitioner candidate Kelly Koschade successfully completed and was endorsed as a nurse practitioner.

In our Emergency Department we have increased nursing staff for the resuscitation cubicles to meet a nurse patient ratio of 1:1 for each open cubicle. Paul Hicks has recently been endorsed as ED nurse practitioner, graduating from our Nurse Practitioner Candidate Program.

Elizabeth the first to receive stent

It's just after 11am and Elizabeth Estcourt has had quite the morning.

Propped up in bed with a cuppa and sandwich, she reflects on just moments ago, watching her heart beat on a big TV screen as cardiologist Dr Roshan Prakash carries out an intricate cardiac procedure through her wrist.

Dr Prakash inserts a thin tube or catheter with a small balloon to ease open an artery that had narrowed – almost sealed in fact – reducing blood flow to Elizabeth's heart muscle. Next, a small piece of metallic mesh, a stent, is expanded to scaffold open the narrowed artery.

"If it had been left untreated, Elizabeth was likely to have continued to struggle with chest pain, breathlessness and may have been at risk of a heart attack. Heart medication had been insufficient to relieve her symptoms, especially with her severe heart artery narrowing," Dr Prakash said.

It was the first percutaneous coronary intervention (PCI) or stent procedure performed in LRH's catheterisation laboratory, a major milestone in the expansion of cardiac services for people in Gippsland.

Eighty-year-old Elizabeth is suitably impressed at being the first patient to receive a stent at LRH, just a few kilometres from her Traralgon home.

"I was awake and watching the whole thing. It's a wonder any blood was getting through that artery. Then to see it all of a sudden pop open was really incredible," she said.

Medical Services

By Dr Humsha Naidoo
Chief Medical Officer

Choosing Wisely

As part of quality improvement measures, the 'Choosing Wisely' project was initiated to prevent unnecessary blood tests. The project includes educational activities for prescribers as well as creating and implementing treatment protocols. One such protocol relates to pre-operative testing to ensure all patients have the appropriate blood tests prior to surgery. The project also encourages the ordering of only the specific test required for the treatment of patients and reduces harm to patients from unnecessary tests. This project is in line with the 'Choosing Wisely Australia' initiative and adopts the recommendations from various professional colleges in Australia.

Basic physician training program

Basic physician training formally commenced in 2021. This was an exciting step for medical training that will build the foundations of the program at LRH and enable pathways to be established locally for our Gippsland Regional Intern Training Program (GRIT) interns to continue their training in Gippsland.

JMO Society

A Junior Medical Officer (JMO) Society was established. The purpose of the society is to provide an opportunity for junior medical staff to discuss concerns or issues. The society also organises social events for the junior medical staff to promote health and wellbeing and to support peer group engagement.

Night huddle

In order to continually improve the safety and quality of the care of patients at LRH overnight, a 'night huddle' for junior medical staff handover was implemented. The huddle is endorsed and supported by the Postgraduate Medical Council of Victoria (PMCV) and is an evidence-based model utilised across hospitals in Australia and around the world. It is designed to provide junior medical staff with increased support and reassurance when caring for patients overnight when it is widely acknowledged risks for staff and patient safety are potentially higher.

Obstetrics and gynaecology clinical review meeting

This meeting was set up to improve the quality and safety of the care provided to our patients in the Obstetrics and Gynaecology department. The overall aim of the clinical review meeting is to enable a formal mechanism for consultant input into treatment planning, ongoing clinical management and care of complex patients.

Mental Health Services

By Cayte Hoppner
Executive Director & Chief Mental Health Nurse

Mental Health Royal Commission

The Royal Commission into Victoria's Mental Health System released its final report in March 2021 and outlined an ambitious plan to transform the mental health and wellbeing system in Victoria. The recommendations provide an opportunity to reimagine the specialist mental health service system and how LRH delivers care to the region of Gippsland.

Our leadership team and mental health consultative forum have been engaged in consultations internally and with the Department of Health to align our strategic goals with the commission's recommendations.

Our new strategic plan and workforce strategy are progressing and will provide the framework for service expansion over the next 3-5 years. Initial reform funding has enabled LRH to recruit an additional four graduate nurses and two nurse educators for the mental health program.

Leading and supporting the mental health system

This year we received funding to support the development of a specialist eating disorders program and we have collaborated with the Centre for Excellence in Eating Disorders to develop a model that will fit the needs of our region.

To support people with mental health needs admitted to medical beds in acute hospitals in Gippsland, LRH implemented three new consultation liaison psychiatry positions at Bairnsdale, Warragul and Wonthaggi hospitals. These roles provide specialty mental health support into our regional hospitals and enable access to healthcare locally.

We collaborated with the Primary Health Network to deliver the intake component of the HeadtoHelp program, increasing access to mental health care in Gippsland.

Our mental health promotion officers in East Gippsland led the way in delivering Mental Health First Aid training across the community and supporting the ongoing recovery from the bushfires.

A new data analyst role has helped us make better use of our data to support our clinical programs and we collaborated with the Gippsland Mental Health Alliance and the Latrobe Health Assembly on workforce and suicide prevention programs.

Workforce mental health and wellbeing

Our focus on the mental health and wellbeing of our staff this year involved the implementation of a range of wellbeing activities. This included using rating tools to identify the health and wellbeing of our teams for more targeted support, implementing clinical supervision training to reduce the impact of burnout and stress, delivering a resilience-training program for staff and submitting a successful proposal to develop a staff wellness centre.

Pandemic recovery

LRH continued to deliver safe and accessible mental health services to the community throughout the year despite the challenges of COVID-19. We increased services to our community to meet demand for specialist mental health care, particularly for young people. Data from the region and statewide indicated a significant increase in the number of people under 18 years of age seeking support. An extended after-hours clinic opened at our Washington Street site in Traralgon to provide another option for mental health care. We also provided secondary consultations to other organisations and delivered a range of mental health training to service providers.

Regional Services

By Jon Millar
Executive Director & Chief Information Officer

Much of our focus this year has been on the management of COVID-19 and in 2021 the establishment of the Gippsland Regional Public Health Unit (GRPHU) and the rollout of COVID-19 vaccines across Gippsland.

Collaborative COVID-19 outbreak management preparedness brought the Department of Health, Gippsland Primary Health Network, local government and regional health services together to identify evidence-informed pathways for rapid testing, contact tracing and accessing up-to-date public health advice.

This planning and collaborative governance structure has enabled fast and efficient COVID-19 management including pop-up COVID-19 testing sites and the provision of expert advice to local businesses listed as exposure sites.

Telehealth strategy

Working in collaboration with the regional Health Service Partnership, LRH is leading the development of a strategic plan for telehealth in Gippsland. The aim is to embed a telehealth solution that benefits consumers, carers, health care workers and the Gippsland health system through improved access, availability and efficiency of quality health care.

LRH has engaged with stakeholders through online experience surveys, workshops and regular meetings of the Regional Telehealth Steering Committee. A telehealth project officer was recruited in South Gippsland and there are plans to recruit project officers in the remaining two sub-regions by December 2021.

Better at Home

The regional Health Service Partnership has agreed to pursue a model to deliver more healthcare in the homes of patients. The Better at Home initiative hopes to improve equity and access to quality care and better health outcomes in Gippsland. This is supported by a single governance structure, fostering collaboration and partnerships across health services in Gippsland. It includes the development of shared resources, training and education packages and the procurement of technology and infrastructure for the Gippsland region.

LRH has commenced project planning and stakeholder engagement, including recruiting a Better at Home project lead and sub-regional project officer and establishing a governance structure involving our 11 health service partners in Gippsland.

Electronic Medical Record rollout

The Gippsland Health Alliance (GHA) continued to work with healthcare IT company Allscripts on the expansion of an Electronic Medical Record across the region. This followed the successful implementation of the system in LRH's inpatient units and community mental health sites.

This year's rollout focused on the emergency departments at Central Gippsland Health, Bairnsdale Regional Health, West Gippsland Healthcare Group and Bass Coast Health.

New focus for care at home

Better at Home Lead for Gippsland, Nilay Kocaali said a spike in telehealth, virtual care and home-delivered health services over the past 12 months has provided an opportunity to explore new ways of caring for the community.

Based at LRH, Nilay will work with sub-regional leads at Bass Coast Health and Bairnsdale Regional Health service as well as other local hospitals on creating a regional approach to home-based care. "Hospital in the Home is the greatest comparison at the moment and there are so many opportunities to learn what others in Gippsland are doing," Nilay said.

"We have the ability to share tools and resources to create efficiencies, ensure consistency and avoid confusion for the consumer. Continuity of care is a big thing.

"We're used to Hospital in the Home but there is an opportunity to apply similar services to settings we might not have traditionally considered."

Nilay admits home-based services are not for everyone, particularly patients who may not have the right support at home.

"But if we look at the foundation of this, we know the patient is more comfortable at home if it's safe to do so, in their own bed with family and friends around them. They're still a patient receiving quality care. And if we're able to admit them earlier to hospital if required, it will help to reduce their length of stay."

People and Culture

By Mark Wilkins
Executive Director

Staff engagement and wellbeing

A monthly staff health and wellbeing newsletter was created and continues to promote a positive workplace with articles created and written by our employees.

Our Organisational Development Committee created three sub-groups to develop and coordinate positive workplace initiatives in response to the People Matter Survey. Themed 'Because you care for others, we care for you', 30 initiatives and actions relating to communication, health and wellbeing and safety are being delivered across the organisation. These actions have been communicated extensively across the hospital and the organisation's community sites.

Work continues on the implementation of a staff engagement application (Staff Connect) at LRH. Staff Connect is a suite of configurable software that aims to boost staff engagement, improve retention, build staff experience and promote compliance. Staff Connect will enable LRH to have a greater reach in communicating with staff members across the hospital and community mental health. It aims to create an engaging digital environment for staff that includes a smartphone application and web portal as well as capturing feedback on organisational strengths and weaknesses.

People and Culture focus

Our Human Resources team was restructured and transitioned into an innovative and progressive 'People and Culture' department, focussed on creating a great organisational culture. This transition included the recruitment of a health and wellbeing coordinator and the senior appointments of a People and Culture manager, senior business partner and a senior advisor for our Mental Health Service. This significant restructure enabled the People and Culture team to set a clear strategic direction for the organisation, partner with the respective directorates, including the Community Mental Health Service and develop our leaders to get the best out of their teams and help them thrive in a challenging environment.

Enhancing Aboriginal employment, services and cultural recognition

LRH's 2020-2025 Aboriginal Employment Plan (AEP) was created and communicated across the organisation. The new AEP is under 'Barring Djinang', the Victorian Government's five-year strategy to enhance Aboriginal employment outcomes across the public sector, with a target of two per cent employment. Our AEP includes strategies to increase Aboriginal employment and improve the structure of the Aboriginal traineeship program to ensure its long term sustainability and success.

LRH continues to progress programs and initiatives as part of the Aboriginal Funding and Policy Reform to further close the health gap for Aboriginal and Torres Strait Islander people. Features of this ongoing reform includes the recruitment of a third Koori Health Liaison Officer to increase the care and support given to Mental Health patients, celebration and acknowledgement of all Aboriginal cultural events, our Aboriginal traineeship program, the 'Geewan Agreement' which covers all out-of-pocket pharmacy and allied health-related expenses for Aboriginal patients and renaming all current and future LRH entrances to acknowledge the language and culture of Gippsland's traditional owners, the Gunai Kurnai Nation.

The official opening of Warrin Wannik – the new walking track around the hospital – was celebrated by local Aboriginal Elders, the Koori Services team, our board and staff. Warrin Wannik – which is the Aboriginal meaning for 'walking in the sun' was a LRH-funded project and is now a wonderful health and wellbeing resource enjoyed by staff and the local community. The track has hosted organised walks including our inaugural Rainbow Walk, promoting inclusion, equality and diversity and a Walk against Gender-Based Violence promoting the elimination of violence against women.


DREAM
BIG
LITTLE
ONE

Education, Research and Governance

By Anita Raymond
Executive Director

The amalgamation of the Governance Unit into the education and training division has enhanced our approach to the delivery of quality care.

There has been an improvement in the analysis of trends in data relating to risk and consumer feedback. The outcomes are factored into workforce training plans which are delivered by our multidisciplinary education team.

We have enhanced our engagement with patients and the community at the 'point of service' to address issues of concern. This is part of a new approach in the management of consumer feedback and ensures staff are able to examine the provision of care in a timely manner.

Our collaborative research with Monash University into patient experience at LRH has contributed to initiatives for improved care and has led to a higher level of satisfaction in some of our services. Specific tracking and review of concerns raised by Aboriginal and Torres Strait Islander consumers has also provided more in-depth feedback to support the work of our Koori Liaison team.

Strategies to minimise the incident of patient falls has been a combined priority for our education, research and governance teams. Our Education and Training Unit has delivered an outstanding number of education sessions that included role play scenarios to help equip staff with falls prevention strategies.

Our governance team has also supported staff with reviews of falls incidents and the implementation of best practice guidelines including better reporting of patients in high falls risk categories. In addition, a review of equipment and practices in inpatient units has led to the rollout of new bed alarms.

Our Research Unit is collaborating with Federation University on supporting an industry-funded PhD student to commence doctorate studies on falls prevention.

Our new psychiatric nurse consultant, as part of our multidisciplinary education team, has led our mental health educators on the benchmarking and redesign of aggression management training. This training has been well received in supporting staff safety, particularly in high risk areas.

We have advanced our Undergraduate Students of Nursing (RUSON) program with the support of Federation University. Students are now embedded in inpatient units and the Gippsland Region Public Health team.

Education of staff has extended beyond the skills required for patient care and service delivery. Wellness education sessions occur every Wednesday and are complemented by research in collaboration with Federation University to evaluate psychological wellbeing, resilience and staff stress levels. Our library has also contributed with the introduction of 'mind and matter' materials to support wellbeing initiatives. All of this work has been a solid platform for the establishment of a wellness clinic for staff.

Our research unit continues to grow with stronger health service partnerships with Alfred Health and Monash Health. LRH is also progressing work with the Regional Trials Network. An ongoing associate partnership with Monash Partners - Academic Health Centre continues to provide opportunities for professional development and collaborative research.

Clinical trials relating to cancer services, orthopaedic, stroke and COVID-19 have expanded and the role of our Research Ethics Committee (HREC) is as important as ever.

"Education of staff has extended beyond the skills required for patient care."

Statement of Priorities

The Statement of Priorities is an annual accountability agreement between Victorian public healthcare services and the Minister for Health. It outlines the key performance expectations, targets and funding for the year as well as government service priorities.

Part A provides an overview of the strategic priorities for 2020/21.
Part B lists performance priorities and agreed targets.
Part C lists funding and associated activity.

Results reflect the available data at the time of writing. Results and data collection may have been affected by the COVID-19 pandemic.

Part A

For financial year 2020/21 there have been no individual deliverables that constitutes SoP Part A. Due to the COVID-19 pandemic the Minister for Health provided all health services with the below SoP Part A priorities to be focused on during the pandemic.

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 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.

ACHIEVED
Gippsland Health Service Partners have worked together to develop an effective and operational Gippsland Cluster COVID-19 Response Plan to provide a high-level overview of the key activities being undertaken as part of the COVID-19 response, and the requirements outlined in the Department of Health and Human Services 2020 Cluster Planning and Coordination Framework.

Implementation of the COVID-19 vaccine rollout has been undertaken by the Gippsland Region Public Health Unit (GRPHU) based at LRH, working closely with other local health services, Aboriginal Community Controlled Health Organisations (ACCHOs) and the Gippsland Primary Health Network (PHN). Large scale community vaccination clinics have been established in major towns across the region and outreach teams have successfully administered COVID-19 vaccines to state residential aged care facilities in Gippsland and rural and remote communities. The GRPHU has supported training of nurse immunisers across the region.

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.

ACHIEVED
Like many organisations and individuals, LRH embraced technology during the pandemic to ensure our patients and consumers had access to advice or continued care.

LRH is fortunate to have an established telehealth program connecting people in our community and outpatients with specialists. This program is widely available across the region with a particular emphasis on reaching vulnerable patients such as those in Gippsland's Aboriginal and Torres Strait Islander communities.

Our domiciliary midwifery service utilised telehealth to provide regular post-natal check-ups. This was an important addition to the service as many patients opted for early discharge due to visitor restrictions.

Some of our community rehabilitation programs kept running during lengthy COVID-19 lockdowns, by using video conferencing to ensure patients could continue to manage their recovery following a serious illness or injury.

Elective surgery patients waiting for non-urgent procedures were contacted by phone and mail to discuss their condition. LRH also contacted GPs to ensure they were aware of elective surgery restrictions and the need to monitor their patient's condition if their procedure had been cancelled.

Heart health and exercise go online

Latrobe Valley resident Alex Fievez completed 10 sessions with LRH's cardiac rehabilitation group after being diagnosed with the heart condition, atrial fibrillation (AF).

The group assembled on a video conference twice a week with Cardiac Rehabilitation Coordinator Liz Irving, allied health staff and guest presenters to learn about risks to heart health and how to manage their condition, physically, mentally and emotionally.

Liz said delivering the program amid COVID-19 restrictions and physical distancing was a challenge.

"But it's also a necessity. A cardiac condition won't wait for the pandemic to be over and can't be left untreated. Our aim is to get people to recognise and address their risk factors. Simple changes to your lifestyle can make a huge difference," she said.

For Alex, the twice weekly telehealth sessions offered some respite from lockdown boredom.

"It was something to look forward to which is a really weird thing to say. There are a lot of different people in the group. You still have to do the exercises and the staff watch you and correct you if you're doing them wrong," he said.

"It's quite good online, even when I have an appointment with the specialist. I can bring along some notes or I can take notes. You have a bit more time. You can never beat the personal touch but someone like me can't afford to get this virus."

As providers of care, respond to the recommendations of the Royal Commission into Victoria's Mental health System and the Royal Commission into Aged Care Quality and Safety.

ACHIEVED

LRH completed both an individual submission and a joint submission with other Victorian rural mental health services to the Royal Commission into Victoria's Mental Health System. LRH staff attended regional forums and we contributed data and our story of 'Trauma Informed Practice' (included in the final report).

LRH has analysed the final report and commenced preparatory work to review the internal governance structure, engage in Mental Health and Wellbeing Act consultations, develop a workforce strategy and deliver system transformation aligned with the 65 recommendations.

LRH is actively engaged in collaboration forums with the Victorian Department of Health to identify the impacts for our organisation and the broader Gippsland region.

Royal Commission into Aged Care Quality and Safety

LRH engaged with virtual Royal Commission hearings and provided a submission and data to the commission. LRH has analysed the report and the 148 recommendations and commenced initial implementation of Recommendations 17 and 65 (regulation of restraint and antipsychotic use) through our Aged Care Quality Committee with the support of the Department of Health and the Aged Care Quality Improvement Unit.

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

ACHIEVED

The Gippsland Health Service Partnership consisting of 11 local public health services, two private health services and the Gippsland Primary Health Network (PHN) has worked to identify evidence-informed pathways for COVID-19 rapid testing and contact tracing as well as referral pathways for accurate public health advice.

In January 2021 the partnership established a working group to address elective surgeries deferred as a result of the pandemic. This involved a comprehensive review of elective surgery activity across Gippsland and the development of a plan to address the backlog in the 2021 and 2022 financial years.

The Gippsland Region Public Health Unit (GRPHU) is one of nine local public health units established across Victoria and is hosted by LRH. Initially established to support the public health response to COVID-19 and the Commonwealth vaccine rollout, the GRPHU is developing and consolidating relationships with the community, emergency services and local government with a view to improving population health across the region.

Part B

Key performance indicator	Target	2020/21 result
High Quality and Safe Care		
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	62%
Percentage of healthcare workers immunised for influenza	90%	95%
Patient Experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	No surveys conducted in 2020/21
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%	No surveys conducted in 2020/21
Healthcare associated infections (HAIs)		
Number of patients with surgical site infection	No outliers	Achieved
Number of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	Achieved
Rate of patients with Staphylococcus Aureus Bacteraemia (SAB) per 10,000 occupied bed days	≤1	0.35
Mental Health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	16.7%
Rate of seclusion events relating to a child and adolescent acute mental health admission per occupied bed days	≤10/1,000	5
Rate of seclusion events relating to an adult acute mental health admission per occupied bed days	≤10/1,000	3
Rate of seclusion events relating to an aged acute mental health admission per occupied bed days	≤5/1,000	0
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	80%	86%
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	80%	83%
Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days	80%	66%
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 to 5 minutes	≤1.4%	2%
Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤28.6%	5%
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	100%
Continuing Care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥0.645	1.06

Key performance indicator	Target	2020/21 result
Timely access to care		
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	72%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	71%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	57%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	1
Elective surgery		
Percentage of urgency Category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency Category 1,2 and 3 elective surgery patients admitted within the clinically recommended time	94%	91%
Percentage of patients on the waiting list who have waited longer than the clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	4%
Number of patients on the elective surgery waiting list as at 30 June 2021	1,058	968
Number of hospital initiated postponements per 100 scheduled elective surgery admission	≤7/100	4
Number of patients admitted from the elective surgery waiting list	5,700	5,111
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	98%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	99%
Effective financial management		
Finance		
Operating result ($M)	0	1.389M
Average number of days to paying trade creditors	60 days	38 days
Average number of days to receiving patient fee debtors	60 days	34 days
Public and Private WIES activity performance to target	100%	99.1%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.73
Forecast number of days health service can maintain it's operations with unrestricted available cash (based on end of year forecast)	14 days	53.8
Actual number of days health service can maintain it's operations with unrestricted available cash measured on the last day of each month	14 days	Achieved
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤$250,000	Not Achieved

Part C

Funding type	2020/21 Activity Achievement
Acute Admitted	
Acute WIES	24,544
WIES DVA	260
WIES TAC	133
Acute Non-Admitted	
Home Enteral Nutrition	243
Specialist Clinics	31,774
Subacute and Non-acute Admitted	
Subacute WIES – Rehabilitation Public	491
Subacute WIES – Rehabilitation Private	61
Subacute WIES – GEM Public	285
Subacute WIES – GEM Private	76
Subacute WIES – Palliative Care Public	110
Subacute WIES – Palliative Care Private	16
Subacute WIES – DVA	36
Transition Care – Bed days	6,495
Transition Care – Home days	5,789
Subacute Non-Admitted	
Health Independence Program – Public	31,163
Victorian Artificial Limb Program	760
Mental Health and Drug Services	
Mental Health Ambulatory	55,575
Mental Health Inpatient – Available bed days	16,790
Mental Health Inpatient – Secure Unit	2,190
Mental Health Residential	3,650
Mental Health Service System Capacity	N/A
Mental Health Subacute	8,760

Summary of Financial Results

During the 2020/21 financial year, the Victorian Government through the Department of Health provided $85.8 million in operating grants and $173.4 million from state activity-based funding payments via the Victorian Health Funding Pool. The Victorian Government also provided $12.7 million towards targeted capital works and equipment.

Commonwealth grants were provided through the Pharmaceutical Benefits Scheme and the Radiology/Oncology Equipment Replacement Program totalling $18.3 million. It should also be noted State and Commonwealth funding for COVID-19, the vaccination program and the Public Health Unit totalled $6.7 million for 2020/21.

Revenue from operating activities showed an increase of $27.4 million, 9.2 per cent higher from the previous financial year. Revenue received in 2020/21 included carry-over funding totalling $4.7 million and is scheduled for disbursement.

Total expenses (excluding depreciation) increased by $21.4 million, (7.3 per cent) from 2019/20. Employee expenses increased by $14.1 million (6.9 per cent) supplies and consumables increased by $5.9 million (10.7 per cent) and other operating expenses rose by $1.4 million (4.1 per cent).

Operating activities provided a net cash inflow of $22.3 million. Investing activities provided a net cash outflow of $14.5 million. There was also a net cash outflow from financing activities of $0.4 million. The overall net result was an increase of $7.4 million in cash held. Cash and cash equivalents at end of financial year totalled $58.4 million.

The current asset ratio at 30 June 2021 was 0.96, a decrease from 1.01 at 30 June 2020.

Major capital works projects continued in 2020/21 including the Stage 3 hospital expansion. There were also refurbishments to the Pharmacy Department, Hospital in the Home Unit and the LRH kitchen.

Current year funding for capital projects totalled $11.3 million from the Commonwealth and Department of Health. Future commitments from hospital reserves total $5.1 million.

There were no events subsequent to balance date which may have had a significant effect on the operations of LRH in subsequent years.

Summary of financial results for the preceding four Financial Years

	2020/21 $'000	2019/20 $'000	2018/19 $'000	2017/18 $'000	2016/17 $'000
Total Revenue	326,841	300,318	270,027	274,845	279,989
Total Expenses	330,467	308,340	278,476	260,774	232,147
Net Result from transactions	**(3,626)**	**(8,022)**	**(8,449)**	**14,071**	**47,842**
Total other economic flows	1,578	325	(557)	653	(692)
Net result	**(2,048)**	**(7,697)**	**(9,006)**	**14,724**	**47,150**
Total Assets	370,843	358,696	367,661	292,808	269,281
Total Liabilities	81,167	68,154	69,957	60,148	51,345
Net Assets/Total Equity	**289,676**	**290,542**	**297,704**	**232,660**	**217,936**

Reconciliation of Net Result from transactions and operating result

	2020/21 $'000
Net operating result	**1,389**
Capital purpose income	13,001
Specific Income	
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	1,811
State Supply items consumed up to 30 June 2021	(1,666)
Assets provided free of charge	(74)
Assets received free of charge	2,223
Expenditure for capital purpose	(4,185)
Depreciation and amortisation	(16,125)
Impairment of non-financial assets	-
Finance costs (other)	-
Net result from transactions	**(3,626)**

Consultancies engaged during 2020/21

A number of consultants were contracted to work for Latrobe Regional Hospital in 2020/21. A summary of the extend of contractual costs is provided below.

	2020/21
Number of consultants used to a value greater than $10,000	2
Total cost of consultants used to a value greater than $10,000	$54,250
Number of consultants used to a value less than $10,000	2
Total cost of consultants used to a value less than $10,000	$4,634

Details of consultancies (under $10,000)

In 2020/21, there were two consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2020/21 in relation to these consultancies is $4,634.

LRH secured the services of Dr Simon Hugh Fraser to conduct the LRH Education and Training Survey of registrars. This work was valued at less than $10,000 and was completed in March 2021. LRH also secured the services of Denis O'Leary for the Anaesthesia RVG review. This work was valued at less than $10,000 and is still ongoing into the 21/22 financial year.

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

In 2020/21, there were two consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2020/21 in relation to these consultancies is $54,250 Details of individual consultancies can be viewed at www.lrh.com.au

LRH secured the services of Health Futures Australia to conduct the Vision & Strategic Investment workshop for the Latrobe Health Assembly. This consultancy was valued at more than $10,000 and was completed February 2021. LRH also secured the services of Global Risk Management Services to conduct the Development of Annual Strategic Risk Management for the Latrobe Health Assembly. This consultancy was valued at more than $10,000 and was completed April 2021.

Details of individual consultancies

Consultant	Purpose of consultancy	Start date	End Date	Total approved project fee (excluding GST)	Expenditure 2020/21 (excluding GST)	Future expenditure (excluding GST)
Health Futures Australia	Latrobe Health Assembly - Vision & Strategic Investment Workshop	Jan 2021	Feb 2021		$ 43,750	$ -
Global Risk Management Services	Latrobe Health Assembly - Development of Annual Strategic Risk Management Plan	Apr 2021	Apr 2021		$ 10,500	$ -
Dr Simon Hugh Fraser	Conducting LRH Education and Training Survey of Registrars	Mar 2021	Mar 2021		$ 3,834	$ -
Denis O'Leary	Anaesthesia RVG Review	May 2021	-		$ 800	$ -

ICT expenditure disclosure

Business as usual (BAU) ICT expenditure	Non-business as usual (non-BAU) ICT expenditure		
Total (excluding GST)	Total = Operational expenditure and capital expenditure (excluding GST)	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
$9,516,384	-	-	-

Our People

Board of Directors

Linda McCoy
Chair

Linda has held chief executive and executive management positions across the community health and acute sectors in Victoria for the past 30 years including an administrator role in a metropolitan community health centre. Linda has been involved in the development of statewide strategic policy and was a member of the final Victorian Quality Council.

John Rasa
Deputy Chair

John is the Chair of the Mental Health Professionals Network Australia and healthAbility Community Health Service, as well as Unit Chair in the MBA (Healthcare Management) at Deakin University. He was previously National President of the Australasian College of Health Service Management and CEO Box Hill Hospital.

John Donovan

John is the Managing Director of AFM Investment Partners, a director of Pensions for Purpose and a responsible manager of an Australian Financial Services Licence. In the past, he was a director of V/Line, Gippsland Water, an independent member of Trustee Australia's managed funds compliance committee and a member of the Australian Centre for Financial Studies committee.

Chelsea Caple

Chelsea was the first female Football Development Manager for AFL Victoria and AFL Gippsland. Having been involved in sports administration for 10 years, Chelsea continues to build the capacity of committees and boards through strategic consultation to ensure good governance.

John Arranga

John is a Director of Ball+Partners Lawyers and is an experienced health and legal professional with degrees in medicine, the law and risk management. John also has extensive experience in multiple aspects of the health care sector.

Dr Bernadette Hickey

Bernadette is a physician and intensivist with 25 years of experience, mostly at St Vincent's Hospital, Melbourne. In addition, she is a member of the Royal Australasian College of Physicans national examining panel and participates in college post graduate training as a mentor and examiner.

Liesl McKay

Liesl has qualifications and experience in the delivery of digital services, change management, regulatory frameworks and data governance. Liesl has held senior executive positions including the lead of the Australian Securities and Investment Commission's Registry business responsible for the public administration of Australia's national corporate database.

Ian Maxfield

Ian has a strong professional and personal involvement in regional Victoria, particularly in the Gippsland region having represented the seat of Narracan in the State Parliament. Through diverse roles and public service Ian has developed a skillset extending across industrial relations, human resource management and governance.

Kathryn Munro

Kathryn brings significant finance, accounting, governance and risk management experience to the board, along with skills in business analysis, strategy, project oversight and contingency planning. She also sits on the board of the Australian Orthotic Prosthetic Association and the Mallee Track Health and Community Service Board. Kathryn's prior board experience was with a number of joint ventures in Australia and New Zealand.

Board Committees

Audit and Risk

John Rasa (Chair), Linda McCoy (ex-officio), Kathryn Munro, Liesl McKay, Peter Craighead, Don McRae, Mark Wilkins, Michael Glaubitz

Finance

John Donovan (Chair), Linda McCoy (ex-officio), Kathryn Munro, Ian Maxfield, Peter Craighead, Don McRae, Jon Millar, Michael Glaubitz

Quality

John Rasa (Chair), Linda McCoy (ex-officio), John Arranga, Dr Bernadette Hickey, Peter Craighead, Don McRae, Cayte Hoppner, Jon Millar, Mark Wilkins, Dr Humsha Naidoo, Anita Raymond, Kylie Osborne, Dr Tricia Wright, Angela Scully, Kenneth Ch'ng, Martin Allen, Lucie Newberry (community representative)

Population Health

John Rasa (Chair), Linda McCoy (ex-officio), Chelsea Caple, John Donovan, Peter Craighead, Don McRae, Jon Millar, Annelies Titulaer (from Feb 2021), Dan Weeks, Frank Evans, Robyn Hayles, Amanda Proposch, Greg Blakeley, Tim Owen, Alison Skeldon (LCHS CEO delegate), David Morgan

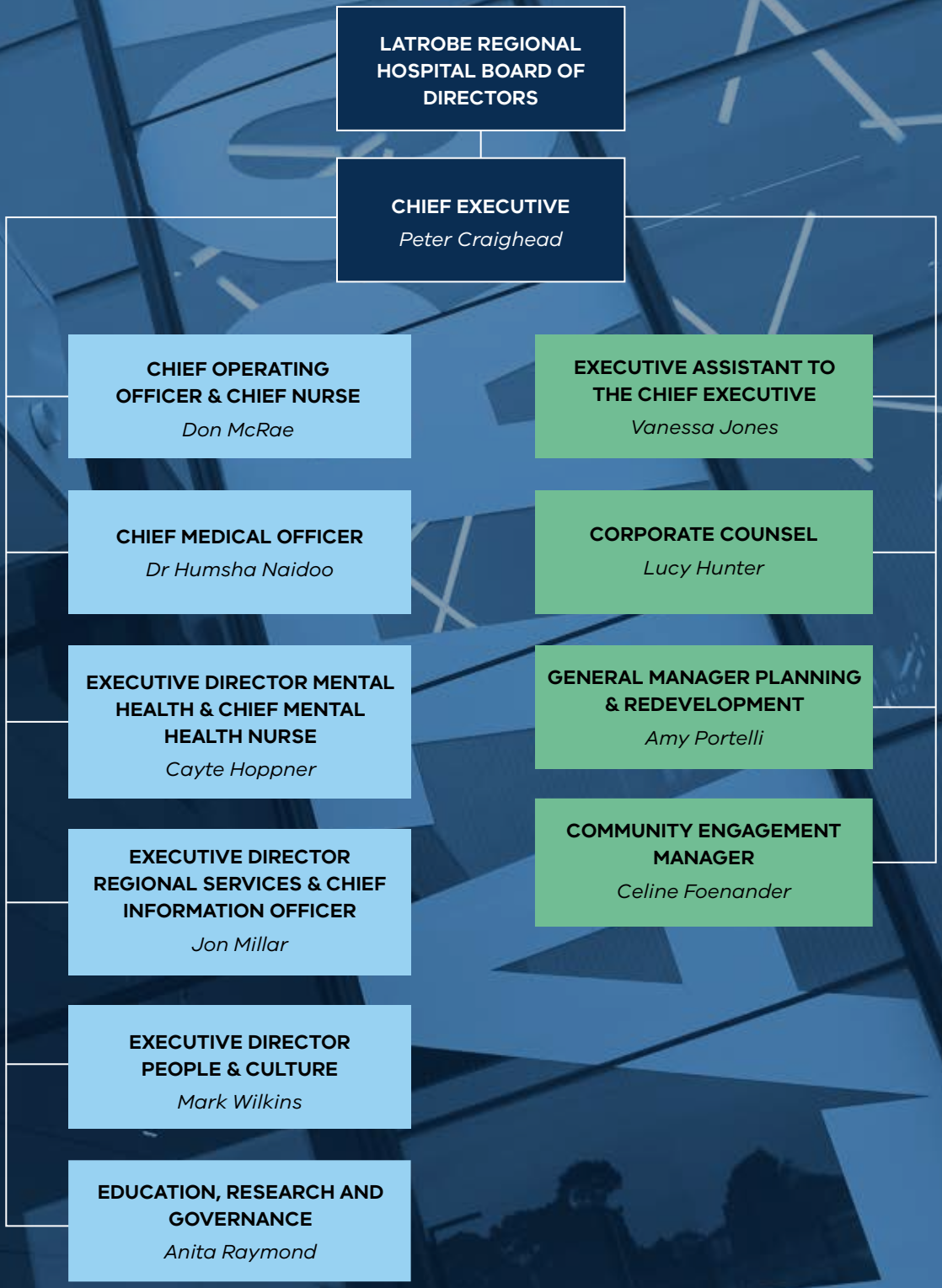
Community Advisory Committee

Chelsea Caple (Chair), Linda McCoy (ex-officio), Ian Maxfield, Liesl McKay, John Smethurst, Rita Fleming, Ray Watson, Rika Delaney, Sharon Kingaby

Remuneration and Executive Performance

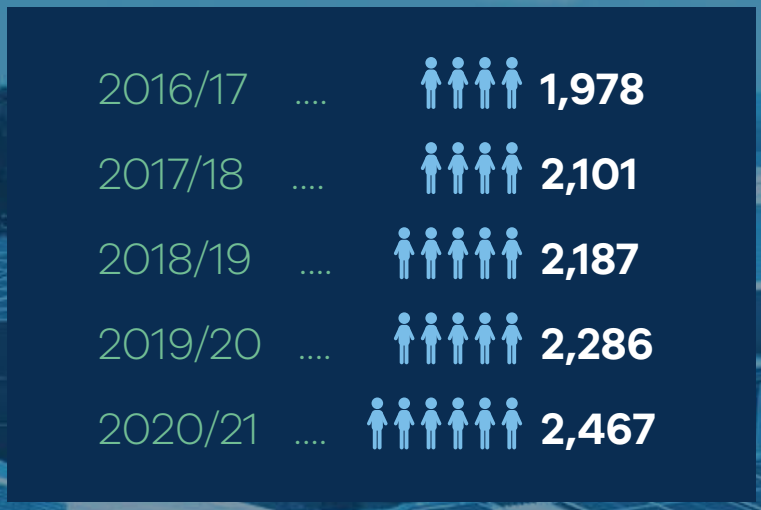
Linda McCoy (Chair), Chelsea Caple, John Rasa

Organisational Structure



Workforce

Latrobe Regional Hospital's workforce has grown steadily over the past five years. We boast a diverse workforce and are committed to improving public sector employment and career outcomes for Aboriginal people.



In 2020/21 Latrobe Regional Hospital employed 2,467 staff across Gippsland. The largest category of employees is nursing staff.

At 30 June 2021 staffing levels by labour category were as follows:

LRH Labour Category	JUNE Current Month FTE*		JUNE YTD FTE*	
	2020	2021	2020	2021
Nursing	784.84	867.45	756.60	797.28
Administration and Clerical	238.24	272.04	228.57	249.76
Medical Support	93.61	100.21	91.60	93.83
Hotel and Allied Services	125.13	119.85	114.30	115.26
Medical Officers	10.53	19.69	18.56	19.78
Hospital Medical Officers	99.62	128.22	104.59	117.73
Sessional Clinicians	44.11	36.40	33.83	36.41
Ancillary Staff (Allied Health)	138.43	107.29	135.71	131.46
Total Staff Employed – FTE*	1534.52	1651.15	1483.75	1561.50

** FTE stands for full-time equivalent positions.*
Employees have been correctly classified in workforce data collections.

Employment and conduct principles

LRH aligns its desired behaviours, policies and practices to public sector values and the hospital's own core values which are approved by the Board of Directors. Our staff are expected to adhere to the Public Sector Code of Conduct for Victorian Public Sector Employees issued by the Victorian Public Sector Commissioner. Our Workplace Conduct Policy is consistent with the Charter of *Human Rights and Responsibilities Act 2006* (Vic) and promotes the principles of equal opportunity and fair and reasonable treatment of others.

Workforce inclusion

In 2020/21 LRH released a new Aboriginal Employment Plan in accordance with Barring Djinang, a Victorian Government strategy to improve career experiences for Aboriginal employees and place a focus on career development. LRH's plan includes strategies to increase Aboriginal employment and improve the structure of our traineeship program.

At 30 June 2021 there were 18 employees who had identified as Aboriginal or Torres Strait Islander and four trainees.

Lessons learned from LRH veteran

For almost 33 years, Marion Fletcher enthusiastically presented herself for a day at the office, whether that be in the Staff Development team at the old Traralgon and Moe hospitals, as the personal assistant to a former Director of Nursing and finally as administrative officer for the Governance Unit at LRH.

This year she ended three decades of reporting for duty without fuss and nary a sick day.

"I was always taught if you are going to do a job, you do it properly or don't bother doing it at all," Marion says. "Doing a job properly makes you feel more empowered and that you're achieving something. You're learning something and you know if you've done a good job, you're capable.

"A lot of people may judge you on your age which is totally wrong. They should judge a person on their abilities and how they think – not by a number."

Occupational Health and Safety

Over the past year we have implemented a new safety management system to better coordinate Occupational Health and Safety processes within the organisation. The system includes new policies and redesignation of previous policies and protocols. The system clearly defines the safety management process of 'Plan, Do, Check, Act'.

Emergency procedure manuals have been updated with actions arising from an internal training exercise.

We have also centralised emergency code calls. Codes are now called by the LRH switchboard team to ensure clarity and a consistent script.

Occupational health and safety data

Occupational health and safety statistics	2020/21	2019/20	2018/19
The number of reported hazards/incidents for the year per 100 FTE	7.38	6.33	10.35
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0	0	1.74
The average cost per WorkCover claim for the year ('000)	$11,913.46	$10,194.61	$17,313.12

Occupational Violence

Physical violence or aggression are sometimes levelled at our staff in the course of their daily duties.

Our policy is to provide and maintain a safe and healthy workplace through the minimisation and prevention of occupational violence and aggression.

Staff are encouraged to identify and report episodes of occupational violence to ensure strategies are implemented to reduce their prevalence.

Occupational violence statistics	2020/21
Workcover accepted claims with an occupational violence cause per 100 FTE	0.38
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	1.51
Number of occupational violence incidents reported	414
Number of occupational violence incidents reported per 100 FTE	26.12
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	3.14

Definitions of occupational violence

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

Incident – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2020/21.

Lost time – 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.

Disclosures required under Legislation

Freedom of Information Act 1982

The Victorian *Freedom of Information (FOI) Act 198*2 gives a person the right to request information held by government agencies including public hospitals and community health centres.

Information on how to lodge a FOI to Latrobe Regional Hospital, an application form and useful links to the FOI Act and FOI website are available at www.lrh.com.au/important-info/patientinformation/general-patient-information.

FOI requests must be made in writing to: The Freedom of Information Officer, Latrobe Regional Hospital, PO Box 424, Traralgon Vic 3844 There are two costs associated with making a FOI request – an application fee and access charges. These charges are set by government regulations. As of 1 July 2021 the application fee will increase to $30.10. Access charges are applied under the Act for processing requests. Access charges are applied according to the nature of the request and may include search fees, photocopying, postage, providing written transcripts of a recorded document, supervising an inspection of documents. Access charges will rise to $22.50 per hour.

In 2020/21 LRH received a total of 779 FOI requests of which 346 were valid requests and met the criteria for processing. At 30 June 2021, 313 requests were completed, 22 were withdrawn and 20 were yet to be completed.

Building Act 1993

Latrobe Regional Hospital complies with the building and maintenance provisions of the *Building Act 1993*. We obtain building permits for all new projects where required and an audit of compliance of our certificates of occupancy are completed by a registered building surveyor in June each year. LRH engages a building consultant to audit our fire safety every five years against the requirements of Human Services Fire Risk Management Guidelines.

LRH controls properties located at the corner of Princes Highway and Village Avenue, Traralgon West and within the Princes Street, Washington Street and Garden Grove precinct in Traralgon. LRH owns and occupies an additional six buildings located at the Traralgon West campus which operate as specialist consulting clinics and administration offices, a property in Macleod Street Bairnsdale and Murray Street Wonthaggi. LRH also provides non-residential health services from seven properties not under its direct control located throughout Gippsland.

We also control a number of houses and units for accommodation purposes – five owned by LRH and 18 leased from private vendors and not under the control of LRH. LRH ensures all buildings owned or occupied by staff or patients meet the standards for essential safety measures.

Public Interest Disclosures Act 2012

Latrobe Regional Hospital has a policy consistent with the requirements of the *Public Interest Disclosures Act 2012* which supports staff to disclose improper or corrupt conduct.

LRH's General Manager People and Culture was the coordinator for the purpose of the *Public Interest Disclosures Act* in 2020/21.

LRH had nil disclosures notified to the Independent Broad-based Anti-corruption Commission under section 21(2) of the Act.

Statement on National Competition Policy

LRH has observed and complied with all requirements of the Victorian Government policy statement, Competitive Neutrality Policy Victoria for all significant business activities.

Local Jobs Act 2003

LRH has commenced three projects that meet the requirements for a Local Industry Development Plan.

One project has been awarded however no projects have been finalised for reporting.

LRH had three conversations with the Industry Capability Network that correspond with the registration and issue of an Interaction Reference Number.

Gender Equality Act 2020

The *Gender Equality Act 2020* came into effect in March 2021 bringing with it a new requirement for Victorian health services to conduct workplace gender audits on a periodic basis and to translate the findings into a Gender Equality Action Plan, which will be made publicly available on the LRH website in late 2021. Work has commenced on a detailed gender audit, led by a multidisciplinary working group made up of representatives of key internal stakeholder groups from across the organisation.

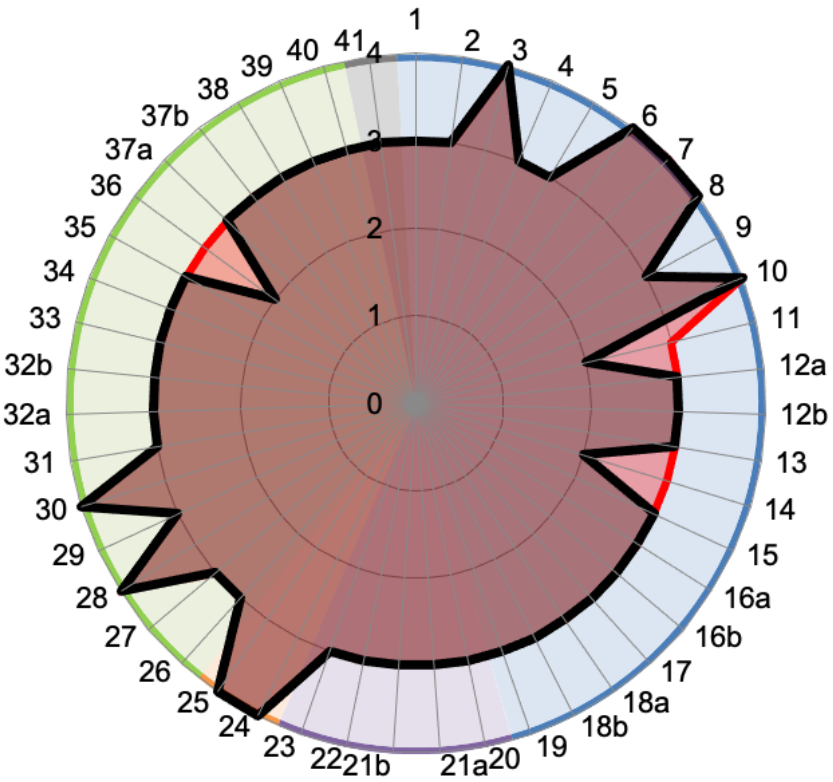
While this review and development of the action plan will continue through the second half of the year, LRH has a number of workforce inclusion initiatives already in place which we anticipate will be drawn together and further enhanced by the new gender equality requirements. These include our Rainbow eQuality working group which delivers a range of LGBTIQA+ inclusive initiatives. LRH is also extremely proud of our strides around cultural inclusion and in particular the results achieved through our Aboriginal Employment Plan.

Asset Management Accountability Framework

The following sections summarise Latrobe Regional Hospital's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements.

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

Results:



Target

Overall

LEGEND

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

Leadership and Accountability (requirements 1-19)

Latrobe Regional Hospital has met or exceeded its target maturity level under most requirements within this category.

Latrobe Regional Hospital did not comply with some requirements in the areas of allocating asset management responsibility. A plan is in place to improve Latrobe Regional Hospital's maturity rating in these areas.

Planning (requirements 20-23)

Latrobe Regional Hospital has met or exceeded its target maturity level in this category.

Acquisition (requirements 24 and 25)

Latrobe Regional Hospital has exceeded its target maturity level in this category.

Operation (requirements 26-40)

Latrobe Regional Hospital has met or exceeded its target maturity level under most requirements within this category. Latrobe Regional Hospital did not comply with one requirement in the areas of monitoring and preventative action and information management. Latrobe Regional Hospital is developing a plan for improvement to establish processes to proactively identify potential asset performance failures and identify options for preventive action.

Disposal (requirement 41)

Latrobe Regional Hospital has met its target maturity level in this category.

Carers Recognition Act 2012

Carers Recognition Act 2012 acknowledges and values the role of carers and the importance of care relationships in the Victorian community. LRH defines a carer as a consumer or patient's next of kin, a guardian, family member, delegated community member or significant other as nominated. We recognise the principles of the Act and have incorporated these into multiple policies including Person-Centred Care, Family Meeting and Consumer, Carer and Community Partnerships. Carer consultants with a lived experience of caring have an important supportive role to play in our mental health service. We use our internal feedback systems and the Victorian Healthcare Experience Survey to monitor a carer's experience.

Environmental Performance

LRH has an Environmental Management Plan with targets to improve performance by minimising consumption of water and energy, encouraging the procurement of sustainable products and services and where possible diverting equipment and furniture from landfill. We have progressed a number of projects aimed at assisting us to meet environmental targets for reduction in energy consumption.

We have finalised the installation of 1.3MW solar project to offset approximately 20 per cent of LRH's electricity needs.

Engineers have been engaged to design and document a solution for the most efficient domestic warm water and heating hot water systems replacing aging boilers and clarifiers. LRH is further developing a waste minimisation strategy for better segregation of waste streams.

GREENHOUSE GAS EMISSIONS			
Total greenhouse gas emissions (tonnes CO2e)	**2018/2019**	**2019/2020**	**2020/2021**
Scope 1	1,647	1,804	2,231
Scope 2	5,727	5,473	4,489
Total	**7,373**	**7,277**	**6,721**

Normalised greenhouse gas emissions	**2018/2019**	**2019/2020**	**2020/2021**
Emissions per unit of floor space (kgCO2e/m2)	212.78	210.00	193.95
Emissions per unit of Separations (kgCO2e/ Separations)	183.03	187.51	181.28
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	67.50	66.52	67.63

ENERGY

Total stationary energy purchased by energy type (GJ)	2018/2019	2019/2020	2020/2021
Electricity	19,267	19,316	16,491
Natural Gas	31,960	35,008	38,267
Total	**51,227**	**54,324**	**54,758**

Normalised stationary energy consumption	2018/2019	2019/2020	2020/2021
Energy per unit of floor space (GJ/m2)	1.48	1.57	1.58
Energy per unit of Separations (GJ/ Separations)	1.27	1.40	1.48
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.47	0.50	0.55

WATER

Total water consumption by type (kL)	2018/2019	2019/2020	2020/2021
Potable Water	50,820	46,871	48,026
Total	**50,820**	**46,871**	**48,026**

Normalised water consumption (Potable + Class A)	2018/2019	2019/2020	2020/2021
Water per unit of floor space (kL/m2)	1.47	1.35	1.39
Water per unit of Separations (kL/Separations)	1.26	1.21	1.30
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.47	0.43	0.48

WASTE AND RECYCLING

Waste	2018/2019	2019/2020	2020/2021
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	976,813	960,155	881,615
Total waste to landfill generated (kg clinical waste+kg general waste)	955,561	928,913	861,700
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	5.01	4.88	4.93
Recycling rate % (kg recycling / (kg general waste+kg recycling))	2.27	3.42	2.41

TRANSPORT

Corporate Transport	2018/2019	2019/2020	2020/2021
Reported vehicle kilometres	N/A	N/A	2074080
Tonnes CO2-e corporate transport	N/A	N/A	259.553
Tonnes CO2-e per 1,000 reported kilometres	N/A	N/A	7.990972

Additional Information available 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, including any Aboriginal advisory or governance committees, 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.

Attestations and Declarations

Attestations in this section have been signed by Don McRae who was appointed LRH Chief Executive effective 30 June 2021 following the retirement of Peter Craighead.

Financial Management Compliance attestation – SD 5.1.4

I, Linda McCoy, on behalf of the Responsible Body, certify that Latrobe Regional Hospital has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.

Linda McCoy

Chair, Board of Directors
Latrobe Regional Hospital
23 September 2021

Conflict of Interest Declaration

I, Don McRae certify that Latrobe Regional Hospital has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within 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.

Don McRae

Chief Executive
Latrobe Regional Hospital
23 September 2021

Data Integrity Declaration

I, Don McRae certify that Latrobe Regional Hospital has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Latrobe Regional Hospital has critically reviewed these controls and processes during the year.

Don McRae

Chief Executive
Latrobe Regional Hospital
23 September 2021

Integrity, Fraud and Corruption Declaration

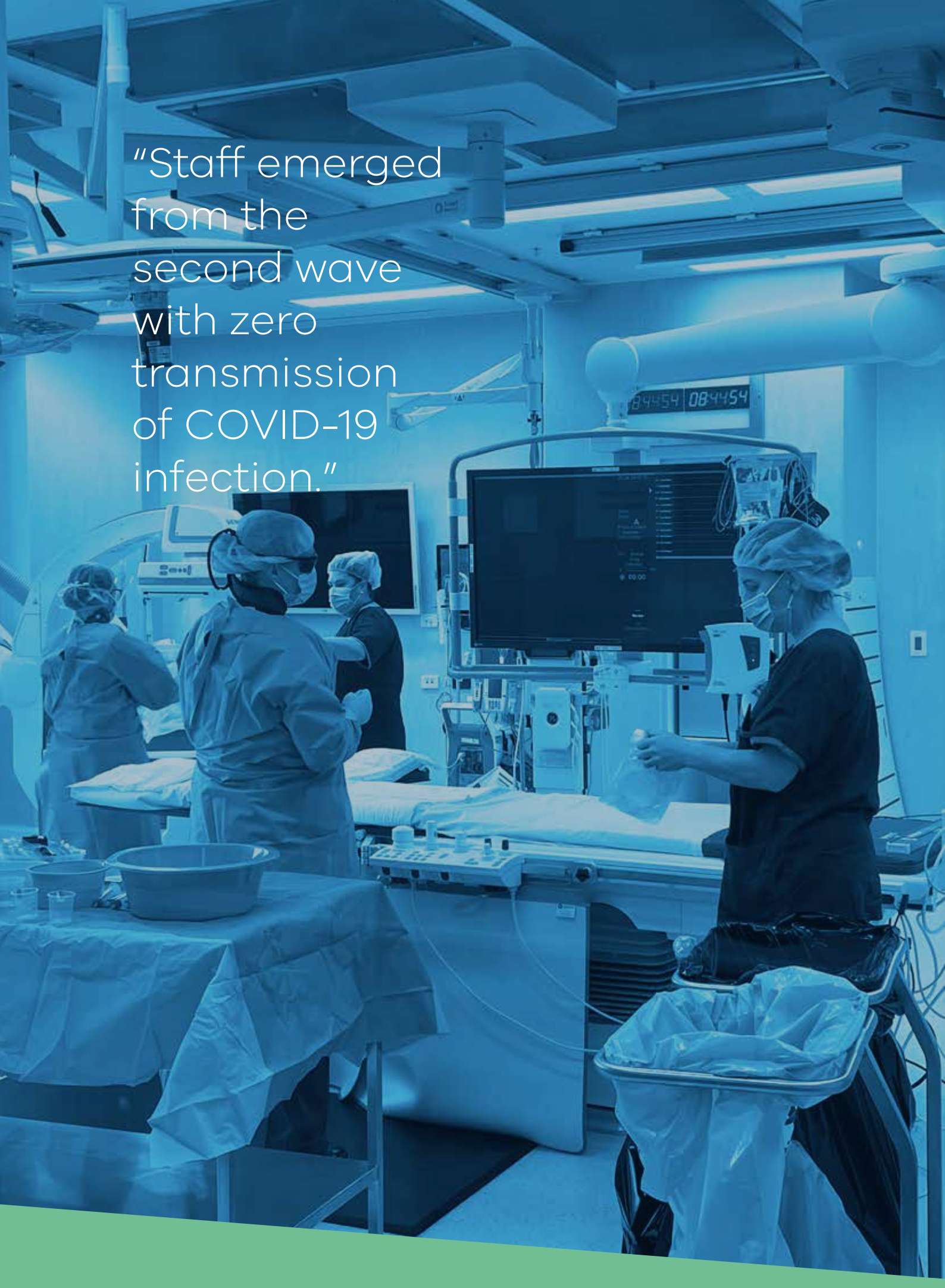
I, Don McRae certify that Latrobe Regional Hospital has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Latrobe Regional Hospital during the year.

Don McRae

Chief Executive
Latrobe Regional Hospital
23 September 2021

Safe Patient Care Act 2015

Latrobe Regional Hospital has no matters to report in relation to its obligations under section 40 of the *Safe Patient Care Act 2015*.


"Staff emerged from the second wave with zero transmission of COVID-19 infection."

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Financial Statements

Financial Statements

Financial Year ended 30 June 2021

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

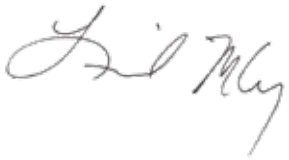
The attached financial statements for *Latrobe Regional Hospital* have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations,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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and the financial position of *Latrobe Regional Hospita*l at 30 June 2021.

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

We authorise the attached financial statements for issue on 23 September 2021.

Board member



Linda McCoy
Chair

Accountable Officer

Don McRae
Chief Executive Officer

Chief Finance & Accounting Officer

Michael Glaubitz
Chief Finance & Accounting Officer

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Latrobe Regional Hospital

Opinion	I have audited the financial report of Latrobe Regional Hospital (the health service) which comprises the: • balance sheet as at 30 June 2021 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

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
14 October 2021

Dominika Ryan
as delegate for the Auditor-General of Victoria

Latrobe Regional Hospital
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2021

	Note	Total 2021 $'000	Total 2020 $'000
Revenue and income from transactions			
Operating activities	2.1	325,776	298,343
Non-operating activities	2.1	1,065	1,975
Total revenue and income from transactions		**326,841**	**300,318**
Expenses from transactions			
Employee expenses	3.1	(217,960)	(203,908)
Supplies and consumables	3.1	(61,072)	(55,149)
Finance costs	3.1	(38)	(61)
Depreciation and amortisation	3.1	(16,125)	(15,448)
Other administrative expenses	3.1	(16,540)	(15,763)
Other operating expenses	3.1	(18,650)	(18,011)
Other non-operating expenses	3.1	(82)	-
Total Expenses from transactions		**(330,467)**	**(308,340)**
Net result from transactions - net operating balance		**(3,626)**	**(8,022)**
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.4	(89)	(74)
Net gain/(loss) on financial instruments	3.4	1,109	509
Other gain/(loss) from other economic flows	3.4	558	(110)
Total other economic flows included in net result		**1,578**	**325**
Net result for the year		**(2,048)**	**(7,697)**
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.2(f)	1,182	-
Total other comprehensive income		**1,182**	**-**
Comprehensive result for the year		**(866)**	**(7,697)**

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

Latrobe Regional Hospital
Balance Sheet
As at 30 June 2021

	Note	Total 2021 $'000	Total 2020 $'000
Current assets			
Cash and cash equivalents	6.2	58,408	51,019
Receivables and contract assets	5.1	6,981	5,493
Inventories		1,481	1,412
Prepaid expenses		1,606	1,581
Total current assets		**68,476**	**59,505**
Non-current assets			
Receivables and contract assets	5.1	5,812	5,730
Investments and other financial assets	4.1	22,155	20,547
Property, plant and equipment	4.2 (a)	274,400	272,914
Total non-current assets		**302,367**	**299,191**
Total assets		**370,843**	**358,696**
Current liabilities			
Payables and contract liabilities	5.2	26,271	17,266
Borrowings	6.1	812	812
Employee benefits	3.2	43,718	39,259
Other liabilities	5.3	1,830	1,367
Total current liabilities		**72,631**	**58,704**
Non-current liabilities			
Borrowings	6.1	801	1,527
Employee benefits	3.2	7,735	7,923
Total non-current liabilities		**8,536**	**9,450**
Total liabilities		**81,167**	**68,154**
Net assets		**289,676**	**290,542**
Equity			
Property, plant and equipment revaluation surplus	4.2(f)	124,609	123,427
Restricted specific purpose reserve		31,684	28,236
Contributed capital		27,187	27,186
Accumulated surplus/(deficit)		106,196	111,693
Total equity		**289,676**	**290,542**

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

Latrobe Regional Hospital
Statement of Changes in Equity
For the Financial Year Ended 30 June 2021

Total	Note	Property, Plant and Equipment Revaluation Surplus $'000	Restricted Specific Purpose Reserve $'000	Contributed Capital $'000	Accumulated Surplus/(Deficits) $'000	Total $'000
Balance at 30 June 2019		**123,427**	**26,048**	**26,652**	**121,577**	**297,704**
Restated Balance at 1 July 2019		**123,427**	**26,048**	**26,652**	**121,577**	**297,704**
Net result for the year		-	-	-	(7,697)	(7,697)
Other comprehensive income for the year		-	-	535	-	535
Transfer from/(to) accumulated deficits		-	2,188	-	(2,188)	-
Balance at 30 June 2020		**123,427**	**28,236**	**27,187**	**111,692**	**290,542**
Net result for the year		-	-	-	(2,048)	(2,048)
Other comprehensive income for the year		1,182	-	-	-	1,182
Transfer from/(to) accumulated deficits		-	3,448	-	(3,448)	-
Balance at 30 June 2021		**124,609**	**31,684**	**27,187**	**106,196**	**289,676**

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

Latrobe Regional Hospital
Cash Flow Statement
For the Financial Year Ended 30 June 2021

	Note	Total 2021 $'000	Total 2020 $'000
Cash Flows from operating activities			
Operating grants from government		276,718	253,860
Capital grants from government - State		12,715	8,559
Patient fees received		4,291	3,677
Private practice fees received		2,595	2,575
Donations and bequests received		252	299
GST received from ATO		-	29
Interest and investment income received		1,065	1,701
Commercial Income Received		3,428	2,871
Other receipts		21,146	19,041
Total receipts		**322,210**	**292,612**
Employee expenses paid		(211,422)	(186,418)
Payments for supplies and consumables		(52,992)	(68,785)
Payments for medical indemnity insurance		(4,254)	(3,941)
Payments for repairs and maintenance		(7,564)	(6,713)
Finance Costs		(38)	(60)
GST paid to ATO		(160)	-
Cash outflow for leases		(55)	(32)
Payment for share of rural health alliance		(3,134)	(1,820)
Other payments		(20,312)	(25,304)
Total payments		**(299,931)**	**(293,073)**
Net cash flows from/(used in) operating activities	8.1	**22,279**	**(461)**
Cash Flows from investing activities			
Purchase of investments		(464)	(565)
Purchase of property, plant and equipment		(14,335)	(12,199)
Capital donations and bequests received		92	189
Other capital receipts		194	-
Proceeds from Impaired Investments		-	1,240
Proceeds from disposal of property, plant and equipment		42	19
Net cash flows from/(used in) investing activities		**(14,471)**	**(11,316)**
Cash flows from financing activities			
Repayment of borrowings		(804)	(831)
Receipt of capital contribution		-	534
Receipt of accommodation deposits		891	930
Repayment of accommodation deposits		(506)	(386)
Net cash flows from /(used in) financing activities		**(419)**	**247**
Net increase/(decrease) in cash and cash equivalents held		**7,389**	**(11,530)**
Cash and cash equivalents at beginning of year		51,019	62,549
Cash and cash equivalents at end of year	6.2	**58,408**	**51,019**

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

Notes to the Financial Statements

Latrobe Regional Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2021

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

These financial statements represent the audited general purpose financial statements for Latrobe Regional Hospital for the year ended 30 June 2021. The report provides users with information about Latrobe Regional Hospital's stewardship of the resources entrusted to it.

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

Note 1.1: Basis of preparation of the financial statements

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

Comparative information for 2020 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.

Latrobe Regional Hospital 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.

Note 1: Basis of preparation

The Latrobe Regional Hospital operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. The Latrobe Regional Hospital's Capital and Specific Purpose Funds include:
- Donation and fundraising funds,
- Specific Program Reserves

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.

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 Latrobe Regional Hospital on 24th August, 2021.

Note 1.2 Impact of COVID-19 pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. Since this date, to contain the spread of COVID-19 and prioritise the health and safety of our community, Latrobe Regional Hospital was required to comply with various directions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Latrobe Regional Hospital operates.

Latrobe Regional Hospital introduced a range of measures in both the prior and current year, including:

- introducing restrictions on non-essential visitors
- greater utilisation of telehealth services
- implementing reduced visitor hours
- deferring elective surgery and reducing activity
- performing COVID-19 testing
- administering COVID-19 vaccinations
- implementing work from home arrangements where appropriate.

As restrictions have eased towards the end of the financial year Latrobe Regional Hospital has revised some measures where appropriate including returning to work onsite, recommencement of surgical activities and opening access for visitors during periods where we are able.

The financial impacts of the pandemic are disclosed at:

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

Note 1: Basis of preparation

Note 1.3 Abbreviations and terminology used in the financial statements
The following table sets out the common abbreviations used throughout the financial statements:

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

Note 1.4 Joint arrangements
Interests in joint arrangements are accounted for by recognising in Latrobe Regional Hospital's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

Latrobe Regional Hospital 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.

Note 1: Basis of preparation

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 Latrobe Regional Hospital and their potential impact when adopted in future periods is outlined below:

Standard	Adoption Date	Impact
AASB 17: *Insurance Contracts*	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 2020-8: *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2*	Reporting periods on or after 1 January 2021.	Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to Latrobe Regional Hospital 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.

Note 1: Basis of preparation

Note 1.8 Reporting Entity
The financial statements include all the controlled activities of Latrobe Regional Hospital.

Its principal address is:
Cnr. Princes Highway and Village Avenue,
Traralgon West,
Victoria 3844

A description of the nature of Latrobe Regional Hospital'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

Latrobe Regional Hospital'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. Latrobe Regional Hospital is predominantly funded by grant funding for the provision of outputs. Latrobe Regional Hospital also receives income from the supply of services.

Structure

2.1 Revenue and income from transactions
2.2 Fair value of assets and services received free of charge or for nominal consideration

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.

Funding provided included:

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

Note 2: Funding delivery of our services

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 2: Funding delivery of our services

Note 2.1 Revenue and income from transactions

	Total 2021 $'000	Total 2020 $'000
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	125,564	122,172
Patient and resident fees	4,390	3,604
Private practice fees	2,595	2,575
Commercial activities [1]	3,428	3,559
Total revenue from contracts with customers	**135,977**	**131,910**
Other sources of income		
Government grants (State) - Operating	132,029	119,276
Government grants (Commonwealth) - Operating	18,290	15,624
Government grants (State) - Capital	12,715	11,453
Other capital purpose income	194	-
Capital donations	92	189
Assets received free of charge or for nominal consideration	4,176	632
Other revenue from operating activities (including non-capital donations)	22,303	19,259
Total other sources of income	**189,799**	**166,433**
Total revenue and income from operating activities	**325,776**	**298,343**
Non-operating activities		
Income from other sources		
Other interest	1,065	1,970
Dividends	-	5
Total other sources of income	**1,065**	**1,975**
Total income from non-operating activities	**1,065**	**1,975**
Total revenue and income from transactions	**326,841**	**300,318**

1. Commercial activities represent business activities which Latrobe Regional Hospital enter into to support their operations.

Note 2: Funding delivery of our services

Note 2.1 Revenue and income from transactions (continued)

How we recognise revenue and income from transactions
Government operating grants

To recognise revenue, Latrobe Regional Hospital assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: Revenue from Contracts with Customers.

When both these conditions are satisfied, the health service:

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

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.

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

Government grant	Performance obligation	
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix for acute and sub-acute patients.	The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities. Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed. WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.	

Note 2: Funding delivery of our services

Note 2.1 Revenue and income from transactions (continued)

Capital grants

Where Latrobe Regional Hospital 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 Latrobe Regional Hospital'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.

Private practice fees

Private practice fees include recoupments from various private practice organisations for the use of hospital facilities. Private practice fees are recognised over time as the performance obligation, the provision of facilities, is provided to customers.

Commercial activities

Revenue from commercial activities includes items such as salary packaging, BioMedical Engineering, Private Medical Consulting Suites, Tandara Caravan Park, Lung Function Clinic and Cafeteria. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Latrobe Regional Hospital as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Latrobe Regional Hospital 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: Funding delivery of our services

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

	Total 2021 $'000	Total 2020 $'000
Cash donations and gifts	252	321
Plant and equipment	2,223	64
Personal protective equipment	1,701	248
Total fair value of assets and services received free of charge or for nominal consideration	**4,176**	**633**

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 Latrobe Regional Hospital 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 Latrobe Regional Hospital 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

Latrobe Regional Hospital may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when Latrobe Regional Hospital 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, Latrobe Regional Hospital recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

Latrobe Regional Hospital 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 Latrobe Regional Hospital as a capital contribution transfer.

Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated. Latrobe Regional Hospital has considered the services provided by volunteers and has determined the value of volunteer services cannot be readily determined and therefore it has not recorded any income related to volunteer services.

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 Employee benefits in the balance sheet
3.3 Superannuation
3.4 Other economic flows

Telling the COVID-19 story

Expenses incurred to deliver our services 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:

- Operational costs including screening and treatment
- Personal protective equipment
- Cleaning and waste removal
- Pathology
- Coordinating Regional Rapid Response testing units
- COVID-19 Mental Health programs
- Public Health activities, including communications, operations and outbreak responses.
- Vaccination activities including operating expenditure, staffing and other costs associated with administering the program.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring and classifying employee benefit liabilities	Latrobe Regional Hospital applies significant judgment when measuring and classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if Latrobe Regional Hospital does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category. Employee benefit liabilities are classified as a non-current liability if Latrobe Regional Hospital has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category. The health service also applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value. All other entitlements are measured at their nominal value.

Note 3: The cost of delivering our services

Note 3.1 Expenses from transactions

	Note	Total 2021 $'000	Total 2020 $'000
Salaries and wages		163,954	154,393
On-costs		38,100	34,843
Agency expenses		1,645	1,408
Fee for service medical officer expenses		11,956	11,649
Workcover premium		2,305	1,615
Total employee expenses		**217,960**	**203,908**
Drug supplies		17,601	15,178
Medical and surgical supplies (including Prostheses)		25,462	22,454
Diagnostic and radiology supplies		13,704	13,225
Other supplies and consumables		4,305	4,292
Total supplies and consumables		**61,072**	**55,149**
Finance costs		38	61
Total finance costs		**38**	**61**
Other administrative expenses		16,540	15,763
Total other administrative expenses		**16,540**	**15,763**
Fuel, light, power and water		2,633	2,676
Repairs and maintenance		887	902
Replacement of minor equipment		1,532	950
Maintenance contracts		5,145	4,871
Medical indemnity insurance		4,254	3,940
Expenses related to leases of low value assets		55	32
Expenditure for capital purposes		4,144	4,640
Total other operating expenses		**18,650**	**18,011**
Total operating expense		**314,260**	**292,892**
Depreciation and amortisation	4.3	16,125	15,448
Total depreciation and amortisation		**16,125**	**15,448**
Assets and services provided free of charge or for nominal consideration		76	-
Bad and doubtful debt expense		6	-
Total other non-operating expenses		**82**	**-**
Total non-operating expense		**16,207**	**15,448**
Total expenses from transactions		**330,467**	**308,340**

Note 3: The cost of delivering our services

Note 3.1 Expenses from transactions

How we recognise expenses from transactions

Expense recognition

Expenses are recognised as they are incurred and reported in the financial year to which they relate.

Employee expenses

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments)
- On-costs
- Agency expenses
- Fee for service medical officer expenses
- Work cover premiums.

Supplies and consumables

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

Finance costs

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred)
- amortisation of discounts or premiums relating to borrowings
- 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 $5,000).

The Department of Health also makes certain payments on behalf of Latrobe Regional Hospital. 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: The cost of delivering our services

Note 3.2 Employee benefits in the balance sheet

	Total 2021 $'000	Total 2020 $'000
Current provisions		
Accrued days off		
Unconditional and expected to be settled wholly within 12 months [i]	585	538
	585	**538**
Annual leave		
Unconditional and expected to be settled wholly within 12 months [i]	14,000	13,000
Unconditional and expected to be settled wholly after 12 months [ii]	4,271	2,576
	18,271	**15,576**
Long service leave		
Unconditional and expected to be settled wholly within 12 months [i]	2,800	2,500
Unconditional and expected to be settled wholly after 12 months [ii]	17,343	16,317
	20,143	**18,817**
Other		
Unconditional and expected to be settled within 12 months	32	36
	32	**36**
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months [i]	2,170	2,081
Unconditional and expected to be settled after 12 months [ii]	2,517	2,211
	4,687	**4,292**
Total current employee benefits	**43,718**	**39,259**
Non-current provisions		
Conditional long service leave	6,953	7,213
Provisions related to employee benefit on-costs	782	710
Total non-current employee benefits	**7,735**	**7,923**
Total employee benefits	**51,453**	**47,182**

[i] The amounts disclosed are nominal amounts.

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

Note 3: The cost of delivering our services

Note 3.2 Employee benefits in the balance sheet

How we recognise employee benefits
Employee benefit recognition

Provision is made for benefits accruing to 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.

Provisions
Provisions are recognised when Latrobe Regional Hospital has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

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

Annual leave and accrued days off

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

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Latrobe Regional Hospital 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 Latrobe Regional Hospital expects to wholly settle within 12 months or
- Present value – if Latrobe Regional Hospital 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.

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

Note 3: The cost of delivering our services

Note 3.2 (a) Employee benefits and related on-costs

	Total 2021 $'000	Total 2020 $'000
Unconditional accrued days off	585	610
Unconditional annual leave entitlements	20,692	17,675
Unconditional long service leave entitlements	22,409	20,933
Substitution leave	32	41
Total current employee benefits and related on-costs	**43,718**	**39,259**
Conditional long service leave entitlements	7,735	7,923
Total non-current employee benefits and related on-costs	**7,735**	**7,923**
Total employee benefits and related on-costs	**51,453**	**47,182**
Carrying amount at start of year	47,182	43,469
Additional provisions recognised	26,701	23,564
Revaluation impact of changes in discount rate	(558)	110
Amounts incurred during the year	(21,872)	(19,961)
Carrying amount at end of year	**51,453**	**47,182**

Note 3: The cost of delivering our services

Note 3.3 Superannuation

	Paid contribution for the year		Contribution Outstanding at Year-end	
	Total 2021 $'000	Total 2020 $'000	Total 2021 $'000	Total 2020 $'000
Defined benefit plans:[i]				
First State Super	3	2	-	-
Defined contribution plans:				
First State Super	6,139	5,763	681	697
Hesta	8,193	7,456	913	884
Other	967	955	183	115
Total	**15,302**	**14,176**	**1,777**	**1,696**

[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 Latrobe Regional Hospital 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 Latrobe Regional Hospital to the superannuation plans in respect of the services of current Latrobe Regional Hospital'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.

Latrobe Regional Hospital 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 Latrobe Regional Hospital.

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

Note 3: The cost of delivering our services

Note 3.4 Other economic flows included in net result

	Total 2021 $'000	Total 2020 $'000
Net gain/(loss) on disposal of property plant and equipment	(89)	(74)
Total net gain/(loss) on non-financial assets	**(89)**	**(74)**
Allowance for impairment losses of contractual receivables	(35)	(17)
Net gain/(loss) on fair value of financial instruments	1,144	526
Total net gain/(loss) on financial instruments	**1,109**	**509**
Net gain/(loss) arising from revaluation of long service liability	558	(110)
Total other gains/(losses) from other economic flows	**558**	**(110)**
Total gains/(losses) from other economic flows	**1,578**	**325**

How we recognise other economic flows

Other economic flows are changes in the volume or value of an asset or liability that do not result from transactions. Other gains/(losses) from other economic flows include the gains or losses from:

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates and
- reclassified amounts relating to equity instruments from the reserves to retained surplus/(deficit) due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

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 4.2 Property plant and equipment)
- net gain/(loss) on disposal of non-financial assets
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/(loss) on financial instruments

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 7.1 Investments and other financial assets and
- disposals of financial assets and derecognition of financial liabilities.

Note 4: Key assets to support service delivery

Latrobe Regional Hospital 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 Latrobe Regional Hospital to be utilised for delivery of those outputs.

Structure

4.1 Investments and other financial assets
4.2 Property, plant & equipment
4.3 Depreciation and amortisation

Telling the COVID-19 story

The measurement of assets used to support delivery of our services were impacted during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic.

The following key assets were impacted:

- Intensive Care Unit fit out with appropriate medical equipment to enable treatment of COVID-19 patients.

Note 4: Key assets to support service delivery

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of property, plant and equipment and investment properties	Latrobe Regional Hospital obtains independent valuations for its non-current assets at least once every five years. If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices. Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.
Estimating useful life and residual value of property, plant and equipment	Latrobe Regional Hospital assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset. The health service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. Latrobe Regional Hospital applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Estimating the useful life of intangible assets	Latrobe Regional Hospital assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	At the end of each year, Latrobe Regional Hospital assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment. The health service considers a range of information when performing its assessment, including considering: ▪ If an asset's value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.

Note 4: Key assets to support service delivery

Note 4.1 Other financial assets

	Operating Fund		Total	
	2021 $'000	2020 $'000	2021 $'000	2020 $'000
Non-current				
Managed investment schemes	22,155	20,547	22,155	20,547
Total non-current financial assets	**22,155**	**20,547**	**22,155**	**20,547**
Total other financial assets	**22,155**	**20,547**	**22,155**	**20,547**
Represented by:				
Health service investments	22,155	20,547	22,155	20,547
Total other financial assets	**22,155**	**20,547**	**22,155**	**20,547**

How we recognise investments and other financial assets

Latrobe Regional Hospital's investments and other financial assets are made in accordance with Standing Direction 3.7.2 - Treasury Management, including the Central Banking System.

Latrobe Regional Hospital manages its investments and other financial assets in accordance with an investment policy approved by the Board.

Investments are recognised when Latrobe Regional Hospital enters into a contract to either purchase or sell the investment (i.e. when it becomes a party to the contractual provisions to the investment). Investments are initially measured at fair value, net of transaction costs.

Latrobe Regional Hospital classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset. Term deposits with original maturity dates of three to twelve months are classified as current, whilst term deposits with original maturity dates in excess of 12 months are classified as non-current.

Latrobe Regional Hospital assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

All financial assets, except for those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

Note 4: Key assets to support service delivery

Note 4.2 (a) Gross carrying amount and accumulated depreciation

	Total 2021 $'000	Total 2020 $'000
Land at fair value - Freehold	8,975	6,838
Total land at fair value	**8,975**	**6,838**
Right of use concessionary land at cost	-	58
Total right of use concessionary land at cost	**-**	**58**
Buildings at fair value	251,567	242,397
Less accumulated depreciation	(23,706)	(11,641)
Total buildings at fair value	**227,861**	**230,756**
Site improvements at fair value	3,403	3,389
Less accumulated depreciation	(160)	(266)
Total leasehold improvements at fair value	**3,243**	**3,123**
Total buildings and improvements	**231,104**	**233,879**
Right of use buildings at fair value	793	772
Less accumulated depreciation	(317)	(193)
Total right of use buildings at fair value	**476**	**579**
Total land and buildings	**240,555**	**241,354**
Plant and equipment at fair value	6,341	6,240
Less accumulated depreciation	(4,065)	(3,795)
Total plant and equipment at fair value	**2,276**	**2,445**
Motor vehicles at fair value	199	79
Less accumulated depreciation	(85)	(79)
Total motor vehicles at fair value	**114**	**-**
Computer equipment at fair value	2,158	2,586
Less accumulated depreciation	(1,800)	(2,077)
Total computer equipment at fair value	**358**	**509**
Furniture and fittings at fair value	2,584	2,483
Less accumulated depreciation	(1,929)	(1,815)
Total furniture and fittings at fair value	**655**	**668**
Total plant and equipment	**3,403**	**3,622**
Medical equipment at fair value	41,500	37,221
Less accumulated depreciation	(26,061)	(24,661)
Total medical equipment at fair value	**15,439**	**12,560**

Note 4: Key assets to support service delivery

Note 4.2 (a) Gross carrying amount and accumulated depreciation (continued)

	Total 2021 $'000	Total 2020 $'000
Right of use plant, equipment, furniture, fittings and vehicles at fair value	2,024	1,960
Less accumulated depreciation	(1,087)	(539)
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	**937**	**1,421**
Total plant, equipment, furniture, fittings and vehicles at fair value	**19,779**	**17,603**
Work in Progress - At Cost	14,066	13,957
Total Work in Progress	**14,066**	**13,957**
Total property, plant and equipment	**274,400**	**272,914**

Note 4: Key assets to support service delivery

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

	Note	Land $'000	Right of Use - Concessionary Land $'000	Buildings $'000	Right of Use - Buldings $'000	Leasehold Improvements $'000	Works in Progress $'000	Plant & equipment $'000	Right of Use - Equip & Vehicles $'000
Balance at 1 July 2019		**6,838**	**58**	**243,147**	**772**	**10**	**4,147**	**3,945**	**1,960**
Additions		-	-	-	-	-	12,260	385	-
Disposals		-	-	-	-	(5)	-	(10)	-
Net transfers between classes		-	-	2,309	-	-	(2,450)	141	-
Depreciation	4.3	-	-	(11,577)	(193)	(5)	-	(839)	(539)
Balance at 30 June 2020	4.2 (a)	**6,838**	**58**	**233,879**	**579**	-	**13,957**	**3,622**	**1,421**
Additions		-	-	-	79	-	12,575	296	64
Disposals		-	(58)	-	-	-	-	(666)	-
Revaluation increments/(decrements)		1,182	-	-	-	-	-	-	-
Net Transfers between classes		955	-	9,185	-	-	(12,466)	1,006	-
Depreciation	4.3	-	-	(11,960)	(182)	-	-	(855)	(548)
Balance at 30 June 2021	4.2 (a)	**8,975**	**-**	**231,104**	**476**	-	**14,066**	**3,403**	**937**

	Note	Medical Equipment $'000	Total $'000
Balance at 1 July 2019		**12,364**	**273,241**
Additions		2,634	15,279
Disposals		(143)	(158)
Revaluation increments/(decrements)		-	-
Net transfers between classes		-	-
Depreciation	4.3	(2,295)	(15,448)
Balance at 30 June 2020	4.2 (a)	**12,560**	**272,914**
Additions		5,402	18,416
Disposals		(1,263)	(1,987)
Revaluation increments/(decrements)		-	1,182
Net Transfers between classes		1,320	-
Depreciation	4.3	(2,580)	(16,125)
Balance at 30 June 2021	4.2 (a)	**15,439**	**274,400**

Note 4: Key assets to support service delivery

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

Land and Buildings and Leased Assets Carried at Valuation
The Valuer-General Victoria undertook to re-value all of Latrobe Regional Hospitals owned and leased land and buildings 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 2019.

How we recognise property, plant and equipment
Property, plant and equipment are tangible items that are used by Latrobe Regional Hospital in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

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

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

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

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

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

Further information regarding fair value measurement is disclosed below.

Note 4: Key assets to support service delivery

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

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

Where an independent valuation has not been undertaken at balance date, Latrobe Regional Hospital 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%, Latrobe Regional Hospital would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of Latrobe Regional Hospital's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation

Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2021 indicated an overall:

- increase in fair value of land of 17.29% ($1,182 m).
- Buildings were deemed an immaterial movement (6%) by the Valuer General Victoria for health agencies in 2021.

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

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

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

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

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

Note 4: Key assets to support service delivery

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

Impairment
At the end of each financial year, Latrobe Regional Hospital assesses if there is any indication that an item of property, plant and equipment may be impaired by considering internal and external sources of information. If an indication exists, Latrobe Regional Hospital estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. An impairment loss of a revalued asset is treated as a revaluation decrease as noted above.

Latrobe Regional Hospital has concluded that the recoverable amount of property, plant and equipment which are regularly revalued is expected to be materially consistent with the current fair value. As such, there were no indications of property, plant and equipment being impaired at balance date.

How we recognise right-of-use assets
Where Latrobe Regional Hospital 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. Latrobe Regional Hospital presents its right-of-use assets as part of property, plant and equipment as if the asset was owned by the health service.

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

Class of right-of-use asset	Lease term
Leased buildings	3 years
Leased plant, equipment, furniture, fittings and vehicles	2 years

Presentation of right-of-use assets
Latrobe Regional Hospital presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet.

Initial recognition
When a contract is entered into, Latrobe Regional Hospital 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.

Note 4: Key assets to support service delivery

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

Subsequent measurement
Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses where applicable. Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Impairment
At the end of each financial year, Latrobe Regional Hospital assesses if there is any indication that a right-of-use asset may be impaired by considering internal and external sources of information. If an indication exists, Latrobe Regional Hospital estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

Latrobe Regional Hospital performed an impairment assessment and noted there were no indications of its right-of-use assets being impaired at balance date.

Note 4: Key assets to support service delivery

Note 4.2 (c) Fair value measurement hierarchy for assets

	Note	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		2,726	-	2,726	-
Specialised land		6,249	-	-	6,249
Total land at fair value	4.2 (a)	**8,975**	**-**	**2,726**	**6,249**
Right of use Buildings		476	-	-	476
Specialised buildings		231,104	-	-	231,104
Total buildings at fair value	4.2 (a)	**231,580**	**-**	**-**	**231,580**
Plant and equipment at fair value	4.2 (a)	2,276	-	-	2,276
Motor vehicles at fair value	4.2 (a)	114	-	-	114
Medical equipment at Fair Value	4.2 (a)	15,439	-	-	15,439
Computer equipment at fair value	4.2 (a)	358	-	-	358
Furniture and fittings at fair value	4.2 (a)	655	-	-	655
Right of use assets at fair value	4.2 (a)	937	-	-	937
Total plant, equipment, furniture, fittings and vehicles at fair value		**19,779**	**-**	**-**	**19,779**
Assets Under Construction		**14,066**	14,066	-	-
Total assets under construction		**14,066**	**14,066**	-	-
Total property, plant and equipment at fair value		**274,400**	**14,066**	**2,726**	**257,608**

		Total carrying amount 30 June 2020 $'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		2,726	-	2,726	-
Right of use land		58	-	-	58
Specialised land		4,112	-	-	4,112
Total land at fair value	4.2 (a)	**6,896**	**-**	**2,726**	**4,170**
Right of use buildings		579	-	-	579
Specialised buildings		233,879	-	-	233,879
Total buildings at fair value	4.2 (a)	**234,458**	**-**	**-**	**234,458**
Plant, equipment and vehicles at fair value	4.2 (a)	2,445	-	-	2,445
Medical equipment at Fair Value	4.2 (a)	12,560	-	-	12,560
Computer equipment at fair value	4.2 (a)	509	-	-	509
Furniture and fittings at fair value	4.2 (a)	668	-	-	668
Right of use assets at fair value	4.2 (a)	1,421	-	-	1,421
Total plant, equipment, furniture, fittings and vehicles at fair value		**17,603**	**-**	**-**	**17,603**
Assets Under Construction		**13,957**	13,957	-	-
Total assets under construction		**13,957**	**13,957**	**-**	**-**
Total Property, Plant and Equipment		**272,914**	**13,957**	**2,726**	**256,231**

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

Note 4: Key assets to support service delivery

4.2 (d): Reconciliation of level 3 fair value measurement

Total	Note	Land $'000	Buildings $'000	Plant and equipment $'000	Medical equipment $'000
Balance at 1 July 2019	4.2 (b)	**4,112**	**243,157**	**3,945**	**12,364**
Additions/(Disposals)	4.2 (b)	58	3,076	2,476	2,491
- Depreciation and amortisation	4.3	-	(11,775)	(1,378)	(2,295)
Balance at 30 June 2020	4.2 (c)	**4,170**	**234,458**	**5,043**	**12,560**
Additions/(Disposals)	4.2 (b)	(58)	79	(306)	4,139
Net Transfers between classes	4.2 (b)	955	9,185	1,006	1,320
Gains/(Losses) recognised in net result					
- Depreciation and Amortisation	4.3	-	(12,142)	(1,403)	(2,580)
- Revaluation		1,182	-	-	-
Balance at 30 June 2021	4.2 (c)	**6,249**	**231,580**	**4,340**	**15,439**

[i] Classified in accordance with the fair value hierarchy, refer Note 4.2(c).

Note 4: Key assets to support service delivery

Note 4.2 (e) Property, plant and equipment (fair value determination)

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

(i) A community service obligation (CSO) of 20% was applied to the Latrobe Regional Hospital's specialised land.

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.

For the purpose of fair value disclosures, Latrobe Regional Hospital has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

In addition, Latrobe Regional Hospital determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There have been no transfers between levels during the period. In the prior year, there is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the independent revaluation in 2019.

The Valuer-General Victoria (VGV) is Latrobe Regional Hospital’s independent valuation agency.

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

Note 4: Key assets to support service delivery

Note 4.2 (e) Property, plant and equipment (fair value determination)

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

Unobservable inputs 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.

Consideration of highest and best use (HBU) for non-financial physical assets

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

In accordance with AASB 13 Fair Value Measurement paragraph 29, Latrobe Regional Hospital has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

Non-specialised land and non-specialised buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by 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 2019.

Note 4: Key assets to support service delivery

Note 4.2 (e) Property, plant and equipment (fair value determination)

Specialised land and specialised buildings

The market approach is 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 Latrobe Regional Hospital, 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 Latrobe Regional Hospital's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2019.

Vehicles

The Latrobe Regional Hospital 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 2021.

Note 4: Key assets to support service delivery

Note 4.2 (f) Property, plant and equipment revaluation reserve

	Note	Total 2021 $'000	Total 2020 $'000
Balance at the beginning of the reporting period		123,427	123,427
Revaluation increment			
- Land	4.2 (b)	1,182	-
- Buildings	4.2 (b)	-	-
Balance at the end of the Reporting Period*		**124,609**	**123,427**
*** Represented by:**			
- Land		3,634	2,452
- Buildings		120,975	120,975
		124,609	**123,427**

Note 4: Key assets to support service delivery

Note 4.3 Depreciation and amortisation

Depreciation	Total 2021 $'000	Total 2020 $'000
Buildings	11,701	11,288
Site Improvements	259	289
Right of use buildings	182	198
Plant and equipment	419	402
Motor vehicles	6	1
Medical equipment	2,580	2,295
Computer equipment	297	315
Furniture and fittings	133	121
Right of use - plant, equipment, furniture, fittings and motor vehicles	548	539
Total depreciation	**16,125**	**15,448**
Total depreciation and amortisation	**16,125**	**15,448**

How we recognise depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the health service anticipates to exercise a purchase option, the specific right-of-use asset is depreciated over the useful life of the underlying asset.

How we recognise amortisation

Amortisation is the systematic allocation of the depreciable amount of an asset over its useful life.

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

	2021	2020
Buildings		
- Structure shell building fabric	40 to 45 years	40 to 45 years
- Site engineering services and central plant	30 to 40 years	30 to 40 years
Central Plant		
- Fit Out	20 to 25 years	20 to 25 years
- Trunk reticulated building system	20 to 25 years	20 to 25 years
Plant and equipment	10 years	10 years
Medical equipment	10 years	10 years
Computers and communication	1 to 5 years	1 to 5 years
Furniture and fitting	10 years	10 years
Motor Vehicles	5 years	5 years
Leasehold Improvements	5 to 40 years	5 to 40 years
Site Improvements	40 to 45 years	40 to 45 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 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from Latrobe Regional Hospital'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	Latrobe Regional Hospital 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 Latrobe Regional Hospital 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. Latrobe Regional Hospital 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	Latrobe Regional Hospital 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: Other assets and liabilities

Note 5.1 Receivables and contract assets

	Notes	Total 2021 $'000	Total 2020 $'000
Current receivables and contract assets			
Contractual			
Inter hospital debtors		872	1,322
Trade debtors		1,222	910
Patient fees		691	587
Provision for impairment - Patient Fees		(46)	(39)
Provision for impairment - Trade Debtors		(12)	(8)
Accrued revenue		729	610
Amounts receivable from governments and agencies		2,710	1,456
Total contractual receivables		**6,166**	**4,838**
Statutory			
GST receivable		815	655
Total statutory receivables		**815**	**655**
Total current receivables and contract assets		**6,981**	**5,493**
Non-current receivables and contract assets			
Contractual			
Long service leave - Department of Health		5,812	5,730
Total contractual receivables		**5,812**	**5,730**
Total non-current receivables and contract assets		**5,812**	**5,730**
Total receivables and contract assets		**12,793**	**11,223**
(i) Financial assets classified as receivables and contract assets (Note 7.1(a))			
Total receivables and contract assets		12,793	11,223
Provision for impairment		58	47
GST receivable		(815)	(655)
Total financial assets	7.1(a)	**12,036**	**10,615**

Note 5: Other assets and liabilities

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

	Total 2021 $'000	Total 2020 $'000
Balance at the beginning of the year	47	35
Increase in allowance	17	29
Amounts written off during the year	(6)	(17)
Reversal of allowance written off during the year as uncollectable	-	-
Balance at the end of the year	**58**	**47**

How we recognise receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes debtors in relation to goods and services. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. The health service holds the contractual receivables with the objective to collect the contractual cash flows and therefore they are subsequently measured at amortised cost using the effective interest method, less any impairment.

- **Statutory receivables**, which mostly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits that are recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. The health service applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

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

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

Latrobe Regional Hospital 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 7.1 (a) for Latrobe Regional Hospital's contractual impairment losses.

Note 5: Other assets and liabilities

Note 5.2 Payables and contract liabilities

	Note	Total 2021 $'000	Total 2020 $'000
Current payables and contract liabilities			
Contractual			
Trade creditors		1,181	1,548
Accrued salaries and wages		2,715	2,147
Accrued expenses		13,257	10,051
Contract liabilities	5.2(a)	2,747	1,814
Amounts payable to governments and agencies		5,230	96
Total contractual payables		**25,130**	**15,656**
Statutory			
Australian Taxation Office		1,141	1,610
Total statutory payables		**1,141**	**1,610**
Total current payables and contract liabilities		**26,271**	**17,266**
Total payables and contract liabilities		**26,271**	**17,266**
(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))			
Total payables and contract liabilities		26,271	17,266
Contract liabilities		(2,747)	(1,814)
Total financial liabilties	7.1(a)	**23,524**	**15,452**

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 Latrobe Regional Hospital prior to the end of the financial year that are unpaid.

- **Statutory payables**, which most includes amount payable to the Victorian Government and Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

Note 5: Other assets and liabilities

Note 5.2 (a) Contract liabilities

	Total 2021 $'000	Total 2020 $'000
Opening balance of contract liabilities	1,814	17
Payments received for performance obligations not yet fulfilled	1,951	294
Revenue recognised for the completion of a performance obligation	(1,018)	1,503
Total contract liabilities	**2,747**	**1,814**
*** Represented by:**		
- Current contract liabilities	2,747	1,814
	2,747	**1,814**

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of Allied Health Clinical Academic Endeavours with Monash University. As per contractual agreement, invoices are raised annually for the calendar year to be expensed fully within that year.

In addition, grant consideration was received from the State Government in support of Regional Partnership Telehealth funding and Mental Health Bushfire Recovery Funding. These funding items were also treated as a contract liability in 2020. New contract liabilities for this financial year include Better at Home Demand WIES and Mental Health COVID 19 initiative funding for assertive assessment outreach and secondary consultation liaison. Grant income is recognised within the specified timeframe once the relevant performance obligations are fulfilled and any corresponding expenditure is incurred. The remaining grant revenue is recognised when the services are rendered in the following year.

The balance of contract liabilities is significantly higher than previous reporting periods due to the newly received Mental Health COVID 19 initiative funding as well as the Better at Home Demand WIES funding. Performance obligations for these funding streams are expected to be met within the 2021/22 financial year.

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

Maturity analysis of payables

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

Note 5: Other assets and liabilities

Note 5.3 Other liabilities

	Notes	Total 2021 $'000	Total 2020 $'000
Current monies held it trust			
Patient monies		15	9
Refundable accommodation deposits		985	600
Employee Salary Packaging Account		830	758
Total current monies held in trust		**1,830**	**1,367**
Total other liabilities		**1,830**	**1,367**
*** Represented by:**			
- Cash assets	6.2	1,830	1,367
		1,830	**1,367**

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 Latrobe Regional Hospital 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 Latrobe Regional Hospital during its operations, along with interest expenses (the cost of borrowings) and other information related to financing activities of Latrobe Regional Hospital.

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.

Note 6: How we finance our operations

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	Latrobe Regional Hospital applies significant judgement to determine if a contract is or contains a lease by considering if the health service: ▪ has the right-to-use an identified asset ▪ has the right to obtain substantially all economic benefits from the use of the leased asset and ▪ can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	Latrobe Regional Hospital applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than $10,000, the health service applies the low-value lease exemption. The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.
Discount rate applied to future lease payments	Latrobe Regional Hospital 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, Latrobe Regional Hospital 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.
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Latrobe Regional Hospital is reasonably certain to exercise such options. Latrobe Regional Hospital determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: ▪ If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6: How we finance our operations

Note 6.1 Borrowings

	Note	Total 2021 $'000	Total 2020 $'000
Current borrowings			
Lease liability [(i)]	6.1 (a)	762	762
Advances from government (ii)		50	50
Total current borrowings		**812**	**812**
Non-current borrowings			
Lease liability [(i)]	6.1 (a)	651	1,329
Advances from government (ii)		150	198
Total non-current borrowings		**801**	**1,527**
Total borrowings		**1,613**	**2,339**

[i] Secured by the assets leased.

[ii] These are secured loans which bear no interest.

How we recognise borrowings

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

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Latrobe Regional Hospital has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or 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: How we finance our operations

Note 6.1 (a) Lease liabilities

Latrobe Regional Hospital's lease liabilities are summarised below:

	Total 2021 $'000	Total 2020 $'000
Total undiscounted lease liabilities	1,444	2,156
Less unexpired finance expenses	(31)	(65)
Net lease liabilities	**1,413**	**2,091**

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

	Total 2021 $'000	Total 2020 $'000
Not longer than one year	783	798
Longer than one year but not longer than five years	661	1,358
Longer than five years	-	-
Minimum future lease liability	**1,444**	**2,156**
Less unexpired finance expenses	(31)	(65)
Present value of lease liability	**1,413**	**2,091**
*** Represented by:**		
- Current liabilities	762	762
- Non-current liabilities	651	1,329
	1,413	**2,091**

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

To apply this definition, Latrobe Regional Hospital 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 Latrobe Regional Hospital and for which the supplier does not have substantive substitution rights
- Latrobe Regional Hospital 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 Latrobe Regional Hospital has the right to direct the use of the identified asset throughout the period of use and
- Latrobe Regional Hospital has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Latrobe Regional Hospital's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased buildings	3 years
Leased plant, equipment, furniture, fittings and vehicles	2 years

Note 6: How we finance our operations

Note 6.1 (a) Lease liabilities

All leases are recognised on the balance sheet, with the exception of low value leases (less than $10,000 AUD) and short term leases of less than 12 months. The following low value, short term and variable lease payments are recognised in profit or loss:

Type of payment	Description of payment	Type of leases captured
Low value lease payments	Leases where the underlying asset's fair value, when new, is no more than $10,000	Minor Equipment

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

Initial measurement
The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Latrobe Regional Hospitals 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: How we finance our operations

Note 6.2 Cash and Cash Equivalents

	Note	Total 2021 $'000	Total 2020 $'000
Cash on hand (excluding monies held in trust)		8	-
Cash at bank (excluding monies held in trust)		11,378	4,606
Cash at bank - CBS (excluding monies held in trust)		45,142	44,995
Term deposits < 3 months (excluding monies held in trust)		50	50
Total cash held for operations		**56,578**	**49,651**
Cash at bank (monies held in trust)		15	9
Cash at bank - CBS (monies held in trust)		985	600
Employee Salary Packaging Account		830	759
Total cash held as monies in trust		**1,830**	**1,368**
Total cash and cash equivalents	7.1 (a)	**58,408**	**51,019**

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: How we finance our operations

Note 6.3 Commitments for expenditure

	Total 2021 $'000	Total 2020 $'000
Capital expenditure commitments		
Less than one year	3,847	5,185
Total capital expenditure commitments	**3,847**	**5,185**
Operating Expenditure Commitments - Maintenance Service Contracts		
Less than one year	6,430	4,247
Longer than one year but not longer than five years	4,377	7,198
Five years or more	-	16
Total non-cancellable short term and low value lease commitments	**10,807**	**11,461**
Non-cancellable short term and low value lease commitments		
Less than one year	107	165
Longer than one year but not longer than five years	184	-
Total non-cancellable short term and low value lease commitments	**291**	**165**
Total commitments for expenditure (exclusive of GST)	**14,945**	**16,811**
Less GST recoverable from Australian Tax Office	(1,359)	(1,528)
Total commitments for expenditure (exclusive of GST)	**13,586**	**15,283**

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.

Short term and low value leases

Latrobe Regional Hospital discloses short term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 for further information.

Refer to Note 6.1 for further information.

Note 7: Risks, contingencies and valuation uncertainties

Latrobe Regional Hospital 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

Note 7: Risks, contingencies and valuation uncertainties

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 Latrobe Regional Hospital'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 30 June 2021	Note	Financial Assets at Amortised Cost $'000	Financial Assets at Fair Value Through Net Result $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets					
Cash and Cash Equivalents	6.2	58,408	-	-	58,408
Receivables and contract assets	5.1	12,036	-	-	12,036
Investments and other financial assets	4.1	-	22,155	-	22,155
Total Financial Assets [i]		**70,444**	**22,155**	**-**	**92,599**
Financial Liabilities					
Payables	5.2	-	-	23,524	23,524
Borrowings	6.1	-	-	1,613	1,613
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	-	985	985
Other Financial Liabilities - Other monies held in trust	5.3	-	-	845	845
Total Financial Liabilities [i]		**-**	**-**	**26,967**	**26,967**

Note 7: Risks, contingencies and valuation uncertainties

Note 7.1 (a) Categorisation of financial instruments

Total 30 June 2020	Note	Financial Assets at Amortised Cost $'000	Financial Assets at Fair Value Through Net Result $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets					
Cash and cash equivalents	6.2	51,019	-	-	51,019
Receivables and contract assets	5.1	10,615	-	-	10,615
Investments and other financial assets	4.1	-	20,547	-	20,547
Total Financial Assets [i]		**61,634**	**20,547**	**-**	**82,181**
Financial Liabilities					
Payables	5.2	-	-	15,452	15,452
Borrowings	6.1	-	-	2,339	2,339
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	-	600	600
Other Financial Liabilities - Other monies held in trust	5.3	-	-	767	767
Total Financial Liabilities [i]		**-**	**-**	**19,158**	**19,158**

[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).

Note 7: Risks, contingencies and valuation uncertainties

Note 7.1 (a) Categorisation of financial instruments

How we categorise financial instruments

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

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

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

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

Financial assets at amortised cost
Financial assets are measured at amortised cost if both of the following criteria are met and the assets are not designated as fair value through net result:

- the assets are held by Latrobe Regional Hospital 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.

Latrobe Regional Hospital recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

Financial assets at fair value through net result
Latrobe Regional Hospital 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.

Latrobe Regional Hospital 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.

Note 7: Risks, contingencies and valuation uncertainties

Categories of financial liabilities

Financial liabilities are recognised when Latrobe Regional Hospital 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 Latrobe Regional Hospital's own credit risk. In this case, the portion of the change attributable to changes in Latrobe Regional Hospital's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised.

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.

Latrobe Regional Hospital 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, Latrobe Regional Hospital 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 Latrobe Regional Hospital 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: Risks, contingencies and valuation uncertainties

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
- Latrobe Regional Hospital 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
- Latrobe Regional Hospital 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 Latrobe Regional Hospital has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Latrobe Regional Hospital'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, Latrobe Regional Hospital'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: Risks, contingencies and valuation uncertainties

Note 7.2: Financial risk management objectives and policies

As a whole, Latrobe Regional Hospital'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.

Latrobe Regional Hospital's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. Latrobe Regional Hospital manages these financial risks in accordance with its financial risk management policy.

Latrobe Regional Hospital 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. Latrobe Regional Hospital's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Latrobe Regional Hospital. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Latrobe Regional Hospital'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, Latrobe Regional Hospital 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, Latrobe Regional Hospital'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 Latrobe Regional Hospital 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 Latrobe Regional Hospital's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Latrobe Regional Hospital's credit risk profile in 2020/21.

Note 7: Risks, contingencies and valuation uncertainties

Note 7.2 (a) Credit risk

Impairment of financial assets under AASB 9
Latrobe Regional Hospital 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
Latrobe Regional Hospital 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. Latrobe Regional Hospital has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Latrobe Regional Hospital's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, Latrobe Regional Hospital determines the closing loss allowance at the end of the financial year as follows:

Note 7: Risks, contingencies and valuation uncertainties

Note 7.2 (a) Contractual receivables at amortised cost

30 June 2021		Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate		0.0%	0.0%	0.0%	45.0%	90.0%	
Gross carrying amount of contractual receivables	5.1	5,899	174	23	128	0	**6,224**
Loss allowance		-	-	-	**(58)**	-	**(58)**

30 June 2020	Note	Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate		0.0%	0.0%	0.0%	10.2%	100.0%	
Gross carrying amount of contractual receivables	5.1	3,652	800	61	362	10	**4,885**
Loss allowance		-	-	-	**(37)**	**(10)**	**(47)**

Note 7: Risks, contingencies and valuation uncertainties

Note 7.2 (a) Contractual receivables at amortised cost

Statutory receivables and debt investments at amortised cost

Latrobe Regional Hospital'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.

Latrobe Regional Hospital also has investments in five-year government bonds and debentures.

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.

Latrobe Regional Hospital 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.

Latrobe Regional Hospital'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 Latrobe Regional Hospital's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

Note 7: Risks, contingencies and valuation uncertainties

Note 7.2 (b) Payables and borrowings maturity analysis

				Maturity Dates				
Total		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
30 June 2021	**Note**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Payables	**5.2**	23,524	23,524	23,524	-	-	-	-
Borrowings	**6.1**	1,613	-	-	-	812	801	-
Other Financial Liabilities - Refundable Accommodation Deposits	**5.3**	985	985	985	-	-	-	-
Other Financial Liabilities - Patient monies held in trust	**5.3**	845	845	845	-	-	-	-
Total Financial Liabilities		**26,967**	**25,354**	**25,354**	**-**	**812**	**801**	**-**

				Maturity Dates				
Total		Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
30 June 2020	**Note**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities at amortised cost								
Payables	**5.2**	15,452	15,452	15,452	-	-	-	-
Borrowings	**6.1**	2,339	-	-	-	812	1,527	-
Other Financial Liabilities - Refundable Accommodation Deposits	**5.3**	600	600	600	-	-	-	-
Other Financial Liabilities - Patient monies held in trust	**5.3**	767	767	767	-	-	-	-
Total Financial Liabilities		**19,158**	**16,819**	**16,819**	**-**	**812**	**1,527**	**-**

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

Note 7: Risks, contingencies and valuation uncertainties

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 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: Other disclosures

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

	Note	Total 2021 $'000	Total 2020 $'000
Net result for the year		(2,048)	(7,697)
Non-cash movements:			
(Gain)/Loss on sale or disposal of non-financial assets	3.4	89	74
Net Gain arising from Revaluation of Financial Instruments		(1,144)	693
Depreciation and amortisation of non-current assets	4.4	16,125	15,448
Reversal of impairment of financial assets		-	(1,240)
Cash inflow from financing activities		(286)	(544)
Assets and services received free of charge	2.2	(2,223)	(64)
Assets provided free of charge		76	
Bad and doubtful debt expense	3.1	11	-
(Gain)/Loss on revaluation of long service leave liability	3.4	(558)	110
Lease Interest		-	50
Other non-cash movements		-	(2,895)
Movements in Assets and Liabilities:			
(Increase)/Decrease in receivables and contract assets		(1,581)	(105)
(Increase)/Decrease in inventories		(69)	(96)
(Increase)/Decrease in prepaid expenses		(25)	(209)
Increase/(Decrease) in payables and contract liabilities		9,005	(7,848)
Increase/(Decrease) in employee benefits		4,829	3,713
Increase/(Decrease) in other liabilities		78	149
Net cash inflow from operating activities		**22,279**	**(461)**

Note 8: Other disclosures

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
The Honourable Martin Foley:	
Minister for Mental Health	1 Jul 2020 - 29 Sep 2020
Minister for Health	26 Sep 2020 - 30 Jun 2021
Minister for Ambulance Services	26 Sep 2020 - 30 Jun 2021
Minister for the Coordination of Health and Human Services: COVID-19	26 Sep 2020 - 9 Nov 2020
The Honourable Jenny Mikakos:	
Minister for Health	1 Jul 2020 - 26 Sep 2020
Minister for Ambulance Services	1 Jul 2020 - 26 Sep 2020
Minister for the Coordination of Health and Human Services: COVID-19	1 Jul 2020 - 26 Sep 2020
The Honourable Luke Donnellan:	
Minister for Child Protection	1 Jul 2020 - 30 Jun 2021
Minister for Disability, Ageing and Carers	1 Jul 2020 - 30 Jun 2021
The Honourable James Merlino:	
Minister for Mental Health	29 Sep 2020 - 30 Jun 2021
Governing Boards	
Linda McCoy (Chair of the Board)	1 Jul 2020 - 30 Jun 2021
John Rasa	1 Jul 2020 - 30 Jun 2021
John Donovan	1 Jul 2020 - 30 Jun 2021
Ian Maxfield	1 Jul 2020 - 30 Jun 2021
Chelsea Caple	1 Jul 2020 - 30 Jun 2021
John Arranga	1 Jul 2020 - 30 Jun 2021
Liesl McKay	1 Jul 2020 - 30 Jun 2021
Bernadette Hickey	1 Jul 2020 - 30 Jun 2021
Kathryn Munro	1 Jul 2020 - 30 Jun 2021
Accountable Officers	
Peter Craighhead (Chief Executive Officer)	1 Jul 2020 - 30 Jun 2021

Note 8: Other disclosures

Note 8.2 Responsible persons (continued)

Remuneration of Responsible Persons

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

Income Band	Total 2021 No	Total 2020 No
$20,000 - $29,999	8	8
$50,000 - $59,999	1	-
$60,000 - $69,999	-	1
$430,000 - $439,999	1	-
$450,000 - $459,999	-	1
Total Numbers	**10**	**10**

	Total 2021 $'000	Total 2020 $'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$678**	**$727**

Note 8: Other disclosures

Note 8.3 Remuneration of executives

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.4)	Total Remuneration	
	2021 $'000	2020 $'000
Short-term benefits	1,501	1,229
Post-employment benefits	131	107
Termination benefits	-	21
Total remuneration[i]	**1,632**	**1,357**
Total number of executives	6	6
Total annualised employee equivalent[ii]	6.0	4.8

i The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Latrobe Regional Hospitals 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: Other disclosures

Note 8.4: Related Parties

The Board of Directors, Chief Executive Officer and the Executive Directors of Latrobe Regional Hospitals are deemed to be KMPs.

Entity	KMPs	Position Title
Latrobe Regional Hospital	Linda McCoy	Chair of the Board
Latrobe Regional Hospital	John Rasa	Board Member
Latrobe Regional Hospital	John Donovan	Board Member
Latrobe Regional Hospital	Ian Maxfield	Board Member
Latrobe Regional Hospital	Chelsea Caple	Board Member
Latrobe Regional Hospital	John Arranga	Board Member
Latrobe Regional Hospital	Liesl McKay	Board Member
Latrobe Regional Hospital	Bernadette Hickey	Board Member
Latrobe Regional Hospital	Kathryn Munro	Board Member
Latrobe Regional Hospital	Peter Craighead	Chief Executive Officer
Latrobe Regional Hospital	Don McRae	Chief Operating Officer/Chief Nurse
Latrobe Regional Hospital	Humsha Naidoo	Chief Medical Officer
Latrobe Regional Hospital	Jon Millar	Executive Director of Information and Regional Services
Latrobe Regional Hospital	Cayte Hoppner	Executive Director of Mental Health/Chief Mental Health Nurse
Latrobe Regional Hospital	Mark Wilkins	Executive Director of People & Culture
Latrobe Regional Hospital	Anita Raymond	Executive Director of Education, Training & Research

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

	Total 2021 $'000	Total 2020 $'000
Compensation - KMPs		
Short-term Employee Benefits [i]	2,157	1,927
Post-employment Benefits	153	135
Termination Benefits	-	21
Total [ii]	**2,310**	**2,083**

[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: Other disclosures

Note 8.4: Related Parties (continued)

Significant transactions with government related entities

Latrobe Regional Hospital received funding from the Department of Health of $270 m (2020: $254 m) and indirect contributions of $0.37 m (2020: $3.01 m). Balances outstanding as at 30 June 2021 are $5.8 m (2020 $5.7 m)

Expenses incurred by Latrobe Regional Hospital 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 Latrobe Regional Hospital 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 Latrobe Regional Hospital, 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 2021 (2020: none).

There were no related party transactions required to be disclosed for the Latrobe Regional Hospital Board of Directors, Chief Executive Officer and Executive Directors in 2021 (2020: none).

During the year, the hospital had the following significant government-related entity transactions:

Revenue received from the following for 2021 ($'000)

ENTITY	2021 $'000	2020 $'000
Alfred Health	2,950	2,775
All TAFE Entities	248	-
Bairnsdale Regional Health Service	288	190
Central Gippsland Health Service	1,189	120
Department of Health and Human Services (grants)	273,273	254,422
Department of Treasury and Finance	150	-
Gippsland Health Alliance	4,017	3,468
Gippsland Southern Health Service	290	349
Monash Health	350	337
Transport Accident Commission	405	192
Victorian Managed Insurance Authority	119	81
West Gippsland Healthcare Group	904	750
Yarram and District Health Service	201	-

Note 8: Other disclosures

Note 8.4: Related Parties (continued)

Payments made to the following for 2021 ($'000)

ENTITY	2021 $'000	2020 $'000
Alfred Health	546	403
Ambulance Victoria	2,085	1,360
Bairnsdale Regional Health Service	267	249
Ballarat Health Services	63	117
Bass Coast Health	620	405
Central Gippsland Health Service	1,893	1,853
Central Gippsland Regional Water Corporation	324	303
Department of Treasury and Finance	-	566
Gippsland Health Alliance	8,451	6,980
Kooweerup Regional Health Service	317	355
Monash Health	1,694	1,519
Omeo District Health	135	146
Orbost Regional Health	146	147
South Gippsland Hospital	454	444
Victorian Managed Insurance Authority	6,920	5,729
West Gippsland Healthcare Group	900	685
Yarram and District Health Service	216	265

Outstanding Revenue at year end from the following ($'000)

ENTITY	2021 $'000	2020 $'000
Alfred Health	520	758
Central Gippsland Health Service	762	309
Department of Health and Human Services (grants)	6,970	5,741
Gippsland Health Alliance	610	249
Gippsland Southern Health Service	73	374
West Gippsland Healthcare Group	515	481

Outstanding Payments at year end from the following ($'000)

ENTITY	2021 $'000	2020 $'000
Ambulance Victoria	298	174
Central Gippsland Health Service	216	211
Department of Health and Human Services	3,714	250
Gippsland Health Alliance	118	324
Monash Health	284	219
West Gippsland Healthcare Group	118	-

Note 8: Other disclosures

Note 8.5: Remuneration of Auditors

	Total 2021 $'000	Total 2020 $'000
Victorian Auditor-General's Office		
Audit of the financial statements	55	55
Total remuneration of auditors	**55**	**55**

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

Note 8: Other disclosures

Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest 2021 %	Ownership Interest 2020 %
Gippsland Health Alliance	Provision of Information Technology Services	21.43	21.66

Latrobe Regional Hospitals interest in the above joint arrangement is detailed below. The amounts are included in the financial statements under their respective categories:

	2021 $'000	2020 $'000
Current assets		
Cash and cash equivalents	1,075	1,326
Receivables	175	182
Prepaid expenses	931	738
Total current assets	**2,181**	**2,246**
Non-current assets		
Property, plant and equipment	271	181
Total non-current assets	**271**	**181**
Total assets	**2,452**	**2,427**
Current liabilities		
Payables	279	153
Borrowings	41	36
Other Current Liabilities	803	1,118
Total current liabilities	**1,123**	**1,307**
Non-current liabilities		
Borrowings	109	60
Total non-current liabilities	**109**	**60**
Total liabilities	**1,232**	**1,367**
Net assets	**1,220**	**1,060**
Equity		
Accumulated surplus	1,220	1,060
Total equity	**1,220**	**1,060**

Note 8: Other disclosures

Note 8.7 Joint arrangements

Latrobe Regional Hospitals interest in revenues and expenses resulting from joint arrangements are detailed below:

	2021 $'000	2020 $'000
Revenue		
Revenue from Operations	3,828	3,754
Interest Income	8	-
Total revenue	**3,836**	**3,754**
Expenses		
Other Expenses from Continuing Operations	3,910	3,713
Depreciation	73	47
Total expenses	**3,983**	**3,760**
Net result	**(147)**	**(6)**

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 Latrobe Regional Hospital.

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 Latrobe Regional Hospital 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

Latrobe Regional Hospital 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 Latrobe Regional Hospital.

Pictured this page: The community shows its appreciation to the Gippsland Region Public Health Unit's vaccination team

Back cover: Gunai Kurnai Elder Bonnie O'Shanassy was a guest at the opening of LRH's Warrin Wannik walking track

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- Phil Smith Design (Financial Report)

Village Avenue, Traralgon West
PO Box 424 Traralgon, Victoria 3844

Tel 03 5173 8000
Fax 03 5173 8444

ABN 18 128 843 652

www.lrh.com.au

Latrobe Regional Hospital is located on the traditional land of the Braiakaulung clan of the Gunaikurnai Nation.

Better health services close to home
That's our commitment to you

Latrobe Regional Hospital