Annual Report 2021/22

LATROBE REGIONAL HOSPITAL

Latrobe Regional Hospital

About this report

This Annual Report outlines Latrobe Regional Hospital's activities and performance from 1 July 2021 to 30 June 2022 and provides detailed financial statements.

Results reflect the available data at the time of writing.

Information relating to Financial Reporting Direction (FRD) 15: 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:
The Hon Martin Foley MP (1 July 2021 to 27 June 2022)
The Hon Mary-Anne Thomas MP (27 June 2022 to 30 June 2022)

The Minister for Mental Health is:
The Hon James Merlino MP (1 July 2021 to 27 June 2022)
The Hon Gabrielle Williams MP (27 June 2022 to 30 June 2022)

Latrobe Regional Hospital acknowledges the Gunaikurnai and Bunurong peoples as the traditional custodians of the land on which our services are located.

Our cover: You may never see or meet Leticia Dalton (Food Services) Rodney Dyson (Security) and Julie Bugeja (Environmental Services) at Latrobe Regional but know they will keep you safe, fed and in clean surrounds during your stay.

This page: The next generation of nursing staff at LRH include Kate Nazari, John Young and (seated) Kieran Georgeson who is a Registered Undergraduate Student of Nursing (RUSON).

Contents

Our story

Latrobe Regional Hospital (LRH) is located 150km east of Melbourne at Traralgon West and is recognised as the regional provider of specialist health services in Gippsland.

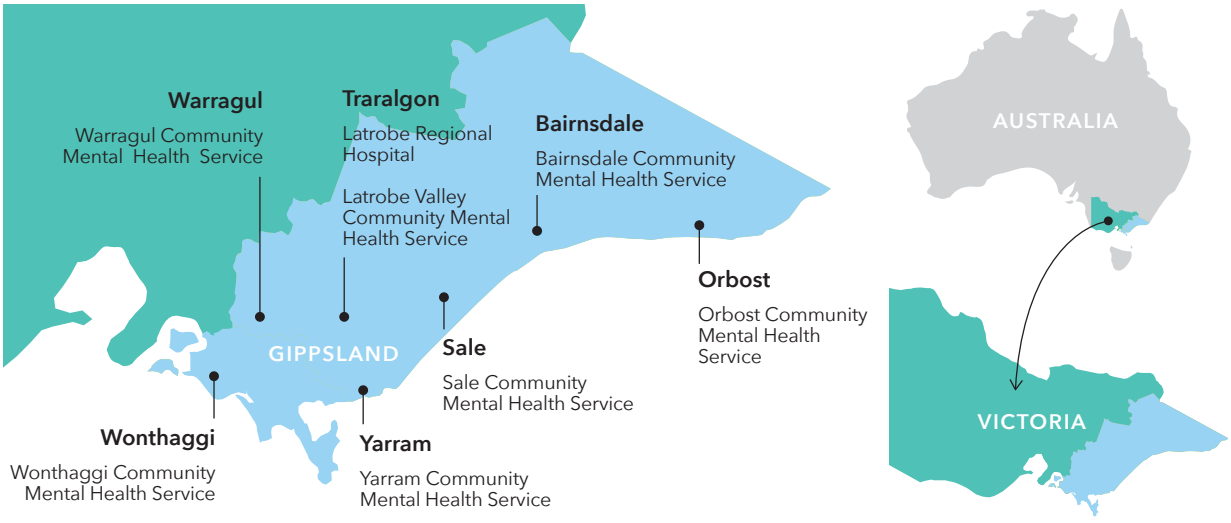
We are a public health service established under the *Health Services Act 1988* (Vic). This followed the amalgamation of public hospitals in Traralgon and Moe and a nursing home in Morwell in 1991. LRH became the major provider of acute mental health services in the region in 1995, taking over from Hobson Park Hospital, Traralgon.

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 321 beds and 36 treatment chairs and cares for a population of more than 290,000. Our catchment covers about 42,000 square kilometres from Phillip Island to Mallacoota in the far east.

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

LRH offers inpatient care to people experiencing mental illness and community mental health services extend across 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 Don McRae

'Where there's a will, there's a way', is a phrase which suggests motivation and determination can lead to a favourable outcome. There is a way forward if you really want to find one.

It's become more than just an optimistic saying at our health service. Over the past 12 months, our staff have collaborated to find solutions to some of the biggest challenges Latrobe Regional Hospital (LRH) has faced, such as more patients with high acuity, low bed availability and staff absences.

In 2021/22 LRH treated 159,498 patients, an eight per cent drop on the previous year's record. This can be attributed to a 14 per cent decline in our outpatient clinics with most of these services put on hold at the height of the COVID-19 pandemic. Surgical procedures were lower than previous years due to the postponement of non-urgent activity. Emergency Department (ED) presentations were 41,340, a few hundred short of the figure recorded last year.

There were 854 births and nine sets of twins.

Achieving these results in challenging circumstances has meant drawing on our resources and talented workforce and avoiding leaning too heavily on our local and metro health partners who faced similar pressures.

Our Education and Training Unit (ETU) worked across the hospital and with education providers, Federation University and TAFE Gippsland to identify sustainable solutions to staffing gaps and future workforce needs.

The introduction of a Registered Undergraduate of Nursing/Midwifery (RUSON/RUSOM) model enabled us to continue delivering quality care and services amid staff shortages caused by the COVID-19 pandemic and influenza. The RUSONs and RUSOMs are nursing students who tend to basic clinical needs and personal care. When patients weren't allowed visitors, the students provided emotional support.

When the students transition to a graduate program, they discover they are well prepared and more confident to undertake patient loads.

Similarly, an extended care model was a solution driven by our staff. It involved utilising the skills of allied health assistants to support the personal care of patients, particularly those identified as a fall risk or displaying challenging behaviours.

We introduced a Patient Flow Coordinator, one of our senior nurse unit managers to collaborate with medical, nursing and allied health teams daily so patients are discharged without delay and beds become available for people requiring care.

We must also acknowledge the work of our non-clinical teams over the past 12 months. Some of them are represented on the cover of this year's annual report.

While they don't wear a stethoscope, scrubs or administer medication, they are directly or indirectly involved in caring for our patients and consumers. They keep our services clean and safe, our patients (and staff) fed, our supplies well stocked and our organisation's business, support, financial and administrative processes running.

Not all of them are on the frontline but their effort and dedication throughout the pandemic is equally important to the health of our community.

The Gippsland Region Public Health Unit (GRPHU) auspiced by LRH, extended its reach across the region to ensure people were able to receive a COVID-19 vaccine.

Vaccine 'sub-hubs' were established at 11 sites and nine high-volume community clinics operated. Outreach services were also provided to bush nursing centres, vulnerable communities, corrections facilities, youth spaces, neighbourhood houses, Aboriginal Community Controlled Health Organisations and supported and high-risk residential accommodation facilities.

The GRPHU team travelled to primary and secondary schools and visited people at home to administer the vaccine.

A highlight was the introduction of a mobile vaccination bus, 'Chitty Chitty Jab Jab' which roamed the region to meet people in their neighbourhoods, shopping centres and communities.

GRPHU has now handed over the management of COVID-positive people in the community to our Hospital in the Home program which is providing clinical care, monitoring and support. The Covid Positive Pathway Program's transition to LRH will give the GRPHU an opportunity to focus on other important public health projects.

Transformation of our mental health services continues, guided by the recommendations of the Royal Commission into Victoria's Mental Health System, consumers and carers.

Consultation with our experienced and valued mental health workforce is continuing and a new local model for community care will commence in 2022.

Growing our mental health, nursing, medical, clinical and allied health workforce will continue to be a focus, as it is for health services across Australia.

Just as important are our efforts to retain staff and our new People and Culture Plan will go some way to addressing this. LRH is committed to investing in our best asset, our people, and the plan presents 50 actions to improve employment pathways, opportunities and workplace culture over the next two years.

We are particularly proud of the work undertaken by our Aboriginal Health Unit and our three highly-respected Aboriginal hospital liaison officers to connect First Nations peoples to our services.

Our Aboriginal Health Unit has continued to promote culture and Country across the organisation and we are confident our staff have a much greater understanding, appreciation and admiration for the world's oldest continuous civilisation. This work was acknowledged during an organisation-wide accreditation assessment by the Australian Council on Healthcare Standards.

We are pleased the assessment also highlighted strong governance oversight and a commitment from staff to quality, safety and risk management. Patients, carers and family members interviewed by the assessment team said their individual needs were met and they felt very well cared for.

Of course, a positive report is no reason to rest on our laurels. We are committed to striving for healthcare excellence.

In August 2021, after an extensive tender process, Australian building company, Built, was named main contractor for LRH's Stage 3A expansion. The $217 million project will ensure we have more intensive care, inpatient and maternity beds. More operating suites will give us the capacity to meet elective surgery demand.

Groundworks commenced in September 2021, and not without some unexpected obstacles, the development is really taking shape. Towering buildings have risen from the ground and staff were given an opportunity to tour the construction site and speak with the leadership team from construction company Built.

Built and its sub-contractors have patiently worked around our operational areas to ensure there is minimal impact to patient care. The company has also pledged to support local industry including 'social benefit suppliers'. The project is forecast to create 600 construction jobs.

Meantime, our work in the community has forged ahead. This year we began rolling out the superb Prevent Alcohol and Risk-related Trauma in Youth (P.A.R.T.Y) program to local secondary school students. LRH is the first hospital in regional Victoria to run its own program having received financial support from power generator Loy Yang B and secured a licence from the Canadian developers.

P.A.R.T.Y is a one-day awareness program aimed at reducing the incidence of trauma-related death and disability. Unfortunately, about a quarter of road trauma-related hospitalisations in the region are under the age of 25.

Emergency Department team members Andrew Simmons and Janet May were instrumental in bringing P.A.R.T.Y to LRH and to their credit, have taken on much of the administrative load in their own time.

In 2022/23 we will embark on a review of the LRH brand which was created in 2001. It was designed to give the health service a 'fresh start' after transitioning from private owners to the public sector. Our current logo reflects the location we serve, Gippsland, with its green hills and blue sea.

Two decades on, with huge growth, a shifting population and a pandemic, LRH is much more than a location-based health service. We believe we are a values-led organisation and it's hoped the review, in consultation with our staff, stakeholders and community will identify our new healthcare narrative.

We also look forward to rolling out a new Community Participation Plan to ensure community voices are heard loud and clear in everything we do. We want to make it easier for members of our community to participate in programs and activities that directly support person-centred care across our organisation and have the right support and training to do so.

Thank you to our Community Champions who voluntarily support patients and visitors at our hospital or as part of our transport service. Their unpaid contribution to patient care was recognised during our accreditation assessment.

We also extend our appreciation to people right across Gippsland who have contributed to our fundraising campaigns despite cost-of-living pressures. Also, the many people who provide in-kind support.

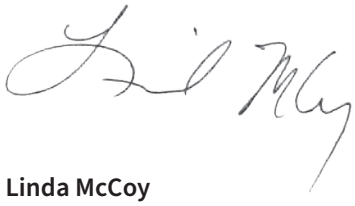
We welcome Leanne Williams to our Board of Directors. Leanne is a chartered accountant and experienced leader who will make a terrific contribution to our health service's strategic priorities and governance.

We farewell John Arranga from the board. LRH has benefited greatly from John's experience in the health sector and as a legal professional.

We also marked the departure of Executive Director and Chief Mental Health Nurse Cayte Hoppner whose leadership inspired innovative care models and an expansion of mental health services across Gippsland.

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 2022.



Linda McCoy

Chair, LRH Board of Directors

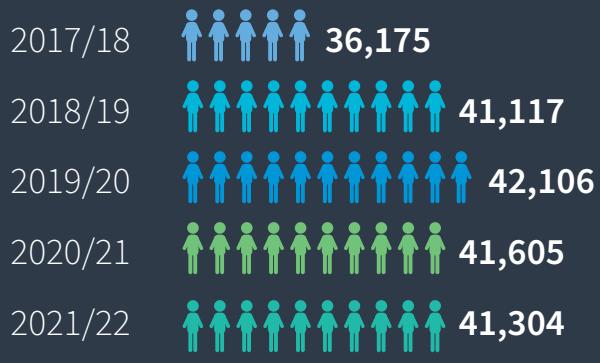
Traralgon West
8 September 2022


Emergency
Main Reception
Gippsland Cancer Care Centre
Endo Suites / Cath Lab
Avon
Bass
Tanjil
Tarra / Thomson
Critical Care
Nicholson Rehab / GEM
Macalister / Flynn
Imaging / X-Ray
HITH
Theatre
Day Procedure
Café
Pre Admission /Agnes
Allied Health
Elective Surgery Enquiries
Latrobe Regional Hospital
Glenys
Regional Hospital
GROUND FLOOR
My hea
This is the second edition of the Australian Charter of Healthcare Rights.
Privacy
AUSTRALIAN COMMISSION ON SAFETY AND QUALITY IN HEALTH CA

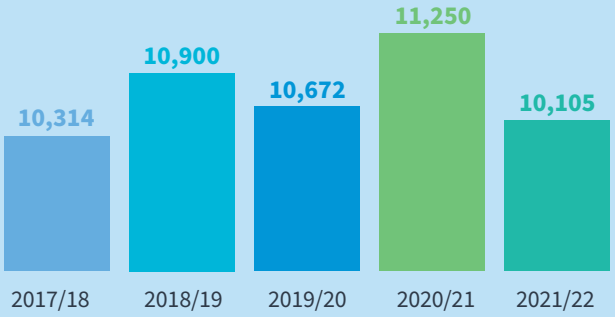
At a glance

PEOPLE TREATED AT LRH

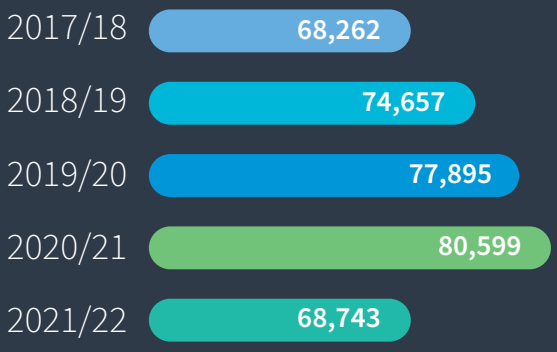
EMERGENCY DEPARTMENT PRESENTATIONS



SURGICAL PROCEDURES



OUTPATIENTS



Highlights of our year

Critical, Acute and Subacute Services

By Jon Millar
Chief Operating Officer

Pandemic response

LRH resources and services have been under considerable pressure as a result of the COVID-19 pandemic. A significant outbreak in the Latrobe Valley during the months of September and October 2021 resulted in a lockdown of the local community for seven days.

The pandemic has also fuelled many organisational changes as staff adapted to caring for large numbers of patients with high acuity. Key changes related to our infrastructure and staff resources.

Infrastructure

- creation of a four-bed area within our Emergency Department (ED) to support COVID-positive patients
- upgrading ventilation in our Thomson Women's and Children's Unit and Flynn mental health inpatient unit to assist with managing COVID-positive patients within their appropriate specialty areas
- creation of an isolation room in our Hospital in the Home unit to enable two COVID-positive dialysis patients to continue to be treated. This involved refining our Dialysis COVID Action Plan
- continuing to use the Avon Unit as the primary COVID inpatient unit at LRH. Staff have the ability to flex between a full COVID unit and combination COVID/ medical unit to meet fluctuating demand.

Resources

- extended care models during the height of the COVID response in which allied health assistants supported the ED, Critical Care Unit (CCU) and inpatient units in caring for COVID-positive patients
- the redeployment of theatre team members to the Emergency Department and Intensive Care to give our hardworking staff a well-earned break
- forging important relationships with sub-regional hospitals to assist with getting elective surgery activity back on track post-COVID
- continuation of visitor screening by our clerical team to keep our staff and patients safe.

Service Delivery

Daily ambulance arrivals and presentations of patients with high acuity have increased. To respond to this pressure, staff and management have worked collaboratively to improve the flow of patients from the 'front door' through the service.

While challenged by COVID, LRH invested time and resources to support new models of care. A waiting room nurse was introduced in the ED to start the admission process for appropriate patients.

LRH has also established a discharge lounge for patients who are ready to go home. The lounge is supported by a nurse and provides a space for patients to wait for medication or transport home. As a result, beds are able to be prepared promptly for new patients.

LRH introduced a Patient Flow Coordinator and multidisciplinary committee to monitor patients' progress through the service. The coordinator helps to clear pathways for patients from the ED which benefits our ambulance offload. The role has also reduced our exposure to 24 hour stays in emergency.

Improvements have also been made to our Hospital in the Home program to better support earlier discharges with increased nursing care. The Better at Home initiative is being used to assist recovery in comfortable and familiar surrounds.

Investing in our services

Investment continues to be a real focus for LRH. It is important our community has access to state-of-the-art equipment and facilities.

There have been a number of key upgrades during the year and our clinical team has made a vital contribution to our Stage 3A expansion project.

Projects completed this year include:

- an upgrade to our radiotherapy linear accelerators (LINAC). Gippsland Radiation Oncology at LRH now has the most advanced LINAC technology which will enable us to offer more cancer treatment sessions.
- installation of a monitoring system for birthing women. Cardiotocography (CTG) traces can now be viewed from computers outside the birth room. This ensures a woman and her unborn baby can be monitored from anywhere in the Thomson maternity unit and even the Emergency Department. Obstetricians who may not be on site will eventually have access to the program to provide expert opinion when required.

Medical Services

By Dr Ian Graham
Interim Chief Medical Officer

Riding the COVID wave

Several waves of COVID and the emergence of new viral strains in the community have increased Emergency Department (ED) attendances and admissions of more seriously ill patients to hospital. This has challenged all clinical staff, including our junior and senior medical staff. Staff absences due to COVID have aggravated the situation and have increased the demands on those who are still able to come to work. We thank and congratulate our junior and senior medical staff for their outstanding work during the COVID pandemic.

Medical Recruitment

As travel restrictions have eased, we have been able to recruit a large cohort of internationally trained medical practitioners to help relieve the pressure on other staff at both junior and senior levels.

While it has taken some time to move these new doctors through the crucial medical registration process, they are now beginning work in a range of medical disciplines throughout the health service.

Increasing numbers have enabled us to review and improve our junior medical staff rosters and ensure there is sufficient clinical support and supervision available in wards, the Emergency Department and other services. Our Medical Workforce Unit has expertly supported all members of the medical staff, particularly during the challenges of the COVID pandemic.

Training and development

Dr Solomon Menahem has been appointed Supervisor of Intern Training. He is working closely with our Medical Workforce team to support 32 interns appointed in January 2022 to ensure their experience at LRH and other Gippsland hospitals is safe, enjoyable and rewarding.

Dr Rob Dawson is the Director of Clinical Training and Drs Tricia Wright and Amanda Ormerod have been appointed as Directors of Specialist Training. Together they support regional training pathways, liaise with the Postgraduate Medical Council of Victoria, specialist medical colleges and metropolitan hospitals to improve the recruitment, retention and training of the medical workforce in Gippsland and enhance the training and clinical experiences at LRH.

LRH has recently been accredited to conduct a workplace-based assessment program developed by the Australian Medical Council, one of only two accredited health services in Victoria. This is an alternative assessment pathway for international medical graduates and is a key element of our recruitment and retention strategy for 2023 and beyond. Emergency Physician Dr Rajan Kailainathan, has been leading this program at LRH.

Clinical Services

Our recent accreditation survey conducted by the Australian Council on Healthcare Standards confirmed the quality and safety of our clinical services.

I thank all clinicians and in particular the leads across all clinical disciplines. In the past year we have welcomed new clinical leads in obstetrics and gynaecology (Dr Pamela Cardoza), paediatrics (Dr Lloyd Bwanaisa), intensive care (Dr Santiago Garcia), and medical oncology (Dr Quan Tran). Dr Reginald Edward and Dr Jay Weeraratne have been appointed as interim clinical leads in anaesthesia and emergency respectively.

LRH medical services have continued to grow and develop. Cardiology is advancing rapidly with new clinical appointments and the expansion of cardiac catheterisation services to include both diagnostic and interventional cardiology.

Collaboration and sharing of staff with Alfred Health has contributed to the expansion of medical oncology services at LRH. Rapid expansion of clinical trials has provided access to new chemotherapy agents and the latest cancer treatments for patients across the Gippsland region.

Support services

The LRH Pharmacy has been closely involved with the COVID vaccination program and the dispensing of new anti-viral drug therapies that are effective in the management of COVID. This has involved building and strengthening relationships with local GPs, the Primary Health Network and community pharmacies.

The BreastScreen Service has been reaccredited with very positive feedback describing "a service that has excellent clinical processes and outcomes, a strong client focus and delivers expert patient care".

The Chief Medical Officer's team

I would like to sincerely thank members of the CMO team: Dr Umesh Gupta, Dr Yohan Nathan, Dr Aruna Chari (Medical Management Registrar) and General Manager Medical Services Sophie Laurence for their outstanding work and support of medical services at Latrobe Regional Hospital.

Health and wellbeing of medical staff

Junior medical staff health and wellbeing has been a priority during COVID. The Junior Medical Society has been developed and strengthened with regular meetings occurring with the Medical Workforce Unit and Chief Medical Officer teams.

Other initiatives have included Wellness Wednesdays, support sessions, the nightly junior medical staff huddle and very welcome additional support for junior staff from their senior medical staff colleagues.

A recent medical staff social function (pictured below) was very well attended by a diverse group of enthusiastic new medical staff members. Our new international medical graduates met with LRH colleagues, shared their life and professional experiences and began building friendships and medical careers in the Gippsland region.

Mental Health Services

By Sebastiano Romano
Executive Director & Chief Mental Health Nurse

Mental health reforms

The Royal Commission into Victoria's Mental Health System outlined an ambitious, comprehensive, once-in-a-lifetime transformation of Victoria's mental health services.

As part of this reform, our mental health leadership team was tasked with developing a transformation plan using a co-designed approach with lived experience experts, staff and regional partners.

The development of the transformation plan has provided an opportunity for LRH to address critical mental health demand pressures and better meet the needs of consumers at risk of acute mental illness and suicide. We will do this through stronger partnerships with mental health and wellbeing agencies and more comprehensive community care.

As a result of mental health system reforms, additional funding has been provided to LRH for a 10-bed child and youth prevention and recovery care service (YPARC) in the Latrobe Valley. The service, which will support young people between the ages of 16-25 years is currently in the design phase and expected to open in 2023.

Plans are also underway for a six-bed mental health and alcohol and other drug assessment unit to be established near the Emergency Department (ED). It will ensure people presenting with a complex mental health or drug-related issue will receive timely assessment, diagnosis and treatment by skilled staff.

LRH has received funding to improve information systems which has led to the recruitment of additional data and administrative support staff.

Currently, we are progressing well with our strategic plan and workforce plan. LRH received funding for additional allied health postgraduates, two transition-to-practice registered nurses and additional educators to build our workforce for the growth required from the reform.

Leading and supporting the mental health system

This year LRH Mental Health Services received surge funding to support child and youth clinicians to form a stronger connection with Headspace services in the Gippsland region. This connection enables young people to utilise area mental health and wellbeing services and Headspace for care. The initiative aims to reduce waiting lists and improve system integration and care coordination.

LRH's Hospital Outreach Post-suicidal Engagement (HOPE) program continued to deliver suicide prevention training. Further funding has enabled the program's clinicians to build their skills in managing people experiencing suicidal ideation.

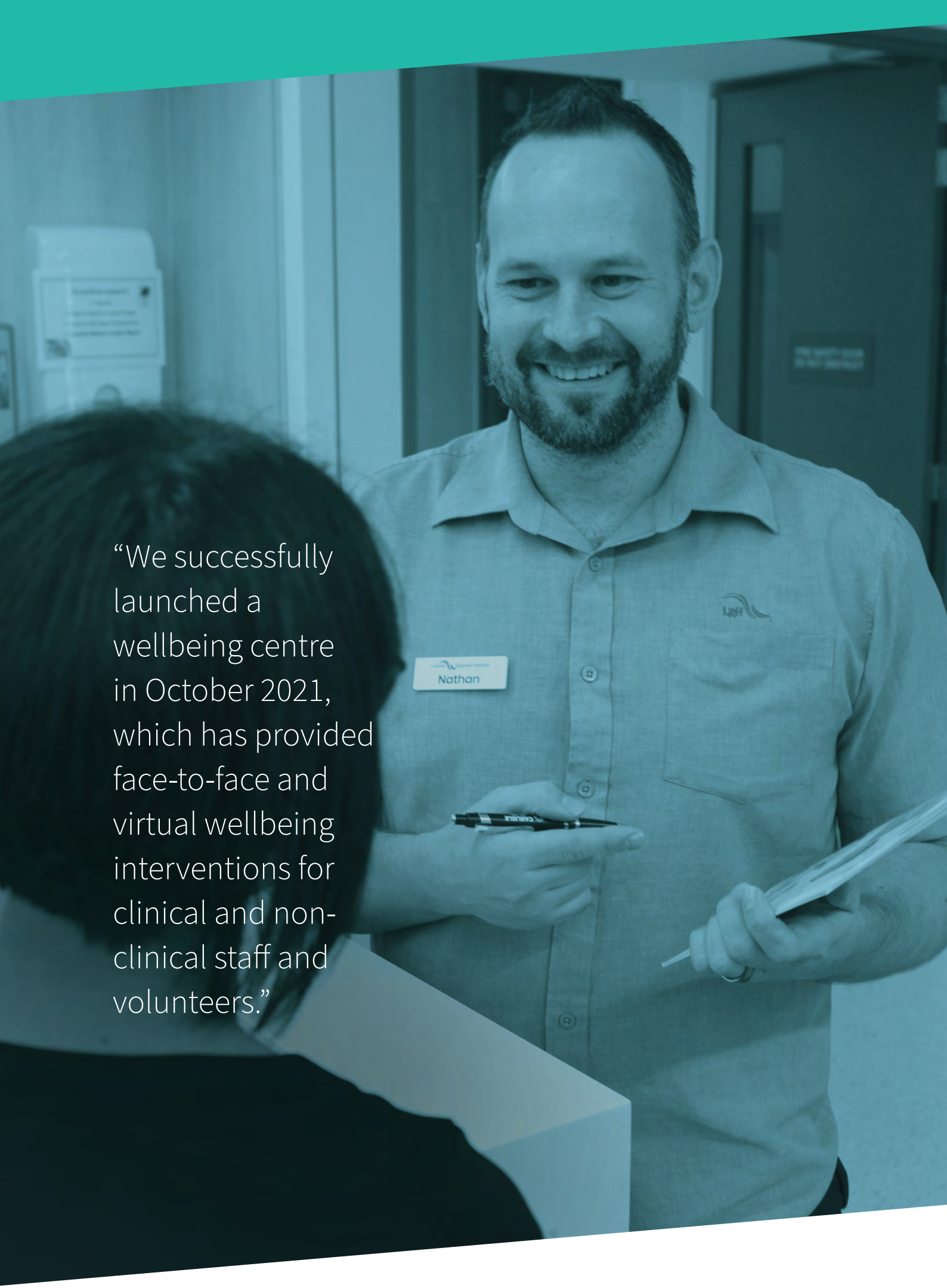
LRH provided mental health consultation services to Bass Coast Health, Bairnsdale Regional Health Service and West Gippsland Healthcare Group to support consumers and their carers during acute/medical admission. We also collaborated with the Gippsland Primary Health Network to increase access to care through the Head to Health program.

Our work with bushfire-affected communities continued. Health promotion officers, mental health clinicians and consultants have undertaken numerous projects including educating community members on how to assist a person developing a mental illness or experiencing a mental health crisis.

Workforce mental health and wellbeing

LRH focused on staff wellbeing, reducing burnout, and staff support during the pandemic. We successfully launched a wellbeing centre in October 2021, which has provided face-to-face and virtual wellbeing interventions for clinical and non-clinical staff and volunteers.

Interventions provided include evidence-based psychological therapy, counselling, health promotion and wellness, nicotine replacement therapy and dietetics services.



"We successfully launched a wellbeing centre in October 2021, which has provided face-to-face and virtual wellbeing interventions for clinical and non-clinical staff and volunteers."

People and Culture

By Mark Wilkins
Executive Director

People and Culture Plan

This year LRH launched its first People and Culture Plan. It aims to ensure the right programs are in place to support and develop our people as we continue to provide person-centred care to our community.

The plan identifies four key focus areas to embed a just culture, strengthen leadership capability, become an employer of choice and build and retain our workforce.

Gender Equality Plan

Following an extensive audit process, the Gender Equality Action Plan was developed and identifies a number of priorities for delivery, including:

- understanding the collective identity of our workforce
- providing flexibility in the workplace
- working towards pay equity
- equitable recruitment and career development
- building an inclusive culture.

Enhancing Aboriginal employment and services

Our Aboriginal Cultural Safety Plan provides an opportunity for LRH to genuinely partner with the Aboriginal community, Elders, Aboriginal Community Controlled Health Organisations (ACCHOs), other health services and community groups. It celebrates and acknowledges significant events for First Nations peoples and encourages staff and the broader community to expand their knowledge and understanding of culture and Country.

A new Aboriginal and Torres Strait Islander resource folder aims to educate and improve communication between LRH teams and our local ACCHOs. The folder was developed by our Aboriginal Health Unit in collaboration with health and community service partners across Gippsland. Working in partnership with Aboriginal and Torres Strait Islander people and organisations is a critical success factor in bridging the gap in healthcare.

New emergency number

In 2022 LRH introduced a new internal emergency number '2222', replacing the old '333'. This change was part of a Department of Health project to standardise all Victorian hospital emergency numbers. As a result of the change, our staff who work at other Victorian hospitals (and vice versa) will use the same internal emergency number to call for support for a patient who has, for example, become seriously ill or in the event of a fire or other internal emergency. It is hoped a standardised number will reduce response times.

Health and wellbeing

A pilot wellbeing program to support staff and our Community Champion volunteers has been established. It includes a staff wellbeing centre which offers psychological support and dietetic advice to LRH employees. In addition, a scope of works has been undertaken for the installation of outdoor amenities and activities to give our staff an opportunity to take their break outside.

Accredited Mental Health First Aid training has been provided to managers and resources have been made available for leaders supporting their teams through challenging times.

LRH has launched a Pride Ambassador initiative, inviting staff to show support for LGBTIQ communities and create a safer and more visibly inclusive service and workplace. LRH employees and Community Champions received resources and education associated with this initiative to support and advocate for people regardless of their sexuality or gender identity. We are committed to providing an inclusive, welcoming and safe service for everyone who engages with our organisation.

Business & Support Services

Projects to enhance patient care, staff safety and LRH services are underway or have been completed:

- Work has been undertaken throughout the hospital to ensure infrastructure and heating, ventilation and air conditioning (HVAC) services meet the Department of Health's COVID Safe Guidelines.
- Business and Support Services teams have assisted the regional response to COVID-19 by providing resource and infrastructure support to the vaccine and testing sites.
- Infrastructure works to enhance patient care, access and experience include:
    - refurbishment of the Flynn (Acute Bed-Based Mental Health) unit
    - design and costing for a health education hub
    - refurbishment of the Prevention and Recovery Care mental health service (PARCS) Bairnsdale facility
    - installation of an outdoor eating area at the hospital café
    - construction of two accessible cabins at Tandara Caravan Park to assist patients waiting for NDIS support to gain independence.
- Food Services is transitioning to a cook-fresh room-service hybrid model which aims to reduce food waste, improve nutritional intake and improve patient experience. The altered food service model will enable some patients to place meal orders and receive meals at a more convenient time.

Education, Research and Governance

By Dr Anita Raymond
Executive Director & Acting Chief Nurse

Our expanded Education, Research and Governance teams have embraced stronger collaboration in the implementation of quality and evidence-based practice into patient care.

Put simply, our teams are working closely to ensure our workforce is up to date with contemporary practice and clinical and corporate risk is managed. We are fortunate to have access to a library service which provides comprehensive literature and data bases to support our efforts.

Governance

The Governance Unit had a busy 12 months preparing for hospital-wide accreditation in March 2022, followed by aged care accreditation in June – an outstanding accomplishment as the pandemic continues. Post-accreditation, the unit has embedded quality and safety activities in daily business and the utilisation of the Standards Performance Pathway (SPP) software program ensures Latrobe Regional Hospital (LRH) is ready for an audit at any time.

The Governance team continues to work with consumers of our services on initiatives to improve the quality of our care. The team has introduced a QR code for consumers to provide real time feedback on their experience at LRH. This has enabled our staff to resolve issues of concern quickly and at the point of service. The feedback is shared with staff across the organisation to drive further improvement.

Governance's partnership with Monash University Rural Health has led to some interesting projects. Fifth year medical students are involved in analysing data relating to delirium management, falls and other issues concerning the safety of patients and staff.

We hope an extensive review and subsequent implementation of a new clinical committee structure will strengthen management of 'risk' and quality improvement activities.

Education

Our Education Unit continues to develop a strong student workforce with growing numbers of undergraduate registered nursing/midwifery students and enrolled nursing students.

Our student workforce has really added value to the care we have been able to provide to patients during the pandemic and our nurses have been grateful for extra hands across inpatient units.

Nursing graduate programs continue to expand and we now have more external partnerships and speciality programs which incorporate community, aged-care, midwifery and mental health.

Over the past 12 months, staff have had an extensive list of professional development activities to choose from. Educators have also incorporated 'Wellness Wednesday' sessions to address staff wellbeing. These complement the programs offered by the Staff Wellbeing Centre which provides wellness support, counselling, health promotion and other therapy and care programs.

The education team has also launched four new eLearning modules to promote Aboriginal cultural awareness. The content of the modules covers local Aboriginal history, health service information, and efforts to support our Aboriginal workforce at LRH.

Research

Our Human Research Ethics Committee (HREC) submissions continue to grow with local and external health service research activities increasing by 40 per cent from last year.

Strong advancement in clinical trials has occurred in cancer services in partnership with Alfred Health with 14 trials now actively recruiting or in follow-up across the hospital.

LRH's main trial activity has occurred in medical oncology targeting lung, gastrointestinal, breast, and prostate cancer with expansion into haematology and multiple myeloma in order to match our regional demographic and community needs. Our trial space has grown with development of our accredited clinical trial pharmacy and appointment of a clinical trial pharmacist. In addition, we have experienced growth in non-cancer domains with trials in orthopaedic surgery, renal services and palliative care.

A successful Safer Care Victoria grant has enabled patient access to a Digital Cardiac Rehab App which provides the option for individuals to undertake cardiac rehabilitation at home (or equivalent), as opposed to the day program run by the hospital.

Gippsland has one of the highest cardiac disease rates in Victoria and this App will provide more flexibility for patients to fit rehabilitation sessions into their daily schedules.

The Research Unit has also been working with Victorian Aboriginal Child Care Agency (VACCA) and The University of Melbourne to initiate processes for the implementation of the Medical Research Future Fund (MRFF) project 'Healing the Past by Nurturing the Future'.

This is an Aboriginal-led project which aims to strengthen support for Aboriginal and Torres Strait Islander parents experiencing complex trauma during pregnancy, birth and the first two years after birth.

Regional Services

This year our Regional Services team was fortunate to have the support and leadership of Interim Executive Officer Health Service Partnership Louise Sparkes. Louise has extensive experience in healthcare management in Gippsland, particularly with Bass Coast Health.

Louise's work included engaging with and supporting collaboration between the 11 public health services involved in the Gippsland Health Service Partnership (GHSP).

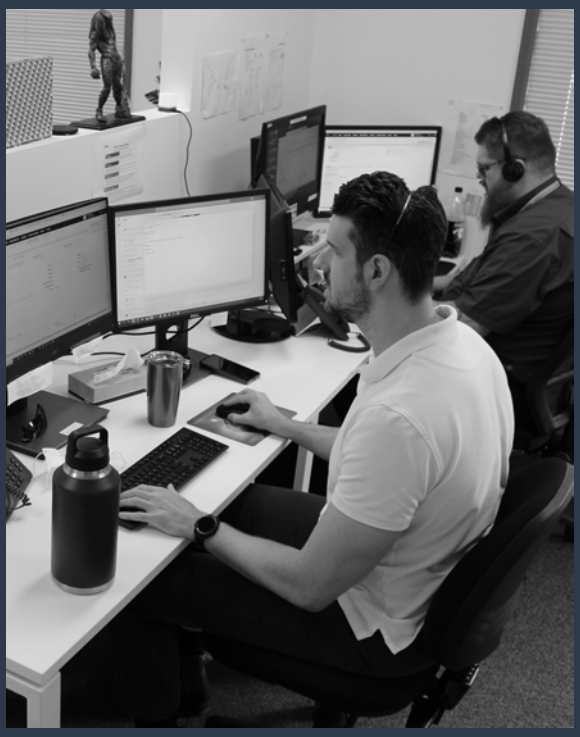
A key project for the GHSP has been elective surgery reforms to get surgical lists back on track as pandemic restrictions have eased. The *Better at Home* initiative is another program with shared GHSP interest.

In addition, the GHSP has developed and implemented the Gippsland COVID Positive Pathways Program. The program provides care and support at home for individuals and families diagnosed with COVID-19 and is delivered by Latrobe Regional Hospital, Bairnsdale Regional Health Service, Bass Coast Health and Central Gippsland Health in collaboration with the Gippsland Primary Health Network and local GP practices. The program ensures clients who are at risk of deteriorating are identified early and are transitioned to higher levels of care.

The GHSP in partnership with the Gippsland Health Alliance was the first regional Health Service Partnership to launch the COVID monitor system to support remote patient monitoring. Health services across Gippsland are diverse in capacity, service provision and involvement with telehealth and virtual care activities. Throughout the pandemic, clinicians have had to think outside the square to provide care. Telehealth systems have helped to respond to the changing health service environment. It is now essential processes are actively driven to create a sustainable and consistent system.

A Regional Telehealth Strategic Plan has been developed with oversight by the GHSP. It follows increased interest in telehealth systems during the pandemic. Increasing specialist outpatient appointments and telehealth systems across the region will contribute to improving outcomes for Gippsland consumers and partnerships.

In September 2021 the GHSP decided to place all non-urgent project activities on hold due to the COVID-19 pandemic. This enabled staff to be redeployed to areas experiencing workforce shortages or high demand such as COVID-19 testing, vaccination and outbreak management.



"A key project for the GHSP has been elective surgery reforms to get surgical lists back on track as pandemic restrictions have eased"

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.

- **Strategic Priorities (formerly Part A) provides an overview of the strategic priorities for 2021/22.**
- **Key Performance Measures (Part B) lists performance priorities and agreed targets.**
- **Part C focuses on activity across acute, subacute and mental health services.**

Results reflect the available data at the time of writing. Data collection, results and outcomes for 2021/22 may have been affected by the COVID-19 pandemic. Mental health service data collection may be incomplete or affected by industrial action.

Strategic Priorities

The Minister for Health provided all health services with the following strategic priorities as a focus during the COVID-19 pandemic in 2021/22.

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 assisting with the implementation of our COVID-19 vaccine immunisation program rollout, ensuring your local community's confidence in the program.

ACHIEVED

Maturation of COVID-19 responses across the region has led to increased collaboration with agencies including emergency services, community health and primary health providers, community groups, media and government departments.

Outbreak management in 2021/22 has mostly centred on residential aged care facilities in Gippsland. The Gippsland Region Public Health Unit (GRPHU) has engaged extensively with aged care facility operators and other stakeholders to ensure best practice is applied to managing a COVID-19 outbreak in a high-risk setting. As a result of this work, outbreak management protocols are able to be implemented quickly and seamlessly.

The GRPHU supported the establishment of nine community clinics and commenced a vaccination outreach program to bush nursing centres, Aboriginal controlled health organisations, neighbourhood houses, correctional facilities, youth organisations and vulnerable communities.

More than 228,000 doses of a COVID-19 vaccine have been administered through community clinics in Gippsland since April 2021.

Pop-up vaccination clinics for primary and secondary school students were also organised and the introduction of a mobile vaccination bus, 'Chitty Chitty Jab Jab' has enabled the GRPHU to take the program to shopping centres, parks, community events and neighbourhoods.

As a service hosting a Local Public Health Unit (LPHU) work collaboratively with my department, other LPHUs, community and primary care providers and local government partners to evolve and deliver a fully integrated and high performing public health network.

ACHIEVED

The Gippsland Region Public Health Unit (GRPHU) has played a leading role in the development of a regional COVID-19 management plan and contributed to numerous industry and community management strategies including the Alpine Response Plan, Summer Preparedness Plan and RACF (residential aged care facility) Preparedness Plan.

In the process, the GRPHU has forged strong partnerships with health agencies, government, emergency responders and community stakeholders. This has laid the foundation for improved community-based public and population health initiatives in the future.

A highlight of the GRPHU's engagement activities includes the formation of an Aboriginal COVID-19 Working Group.

The GRPHU has also developed a strong social media presence and regularly distributes a newsletter to more than 70 local outlets and community groups.

Drive improvements in access to emergency services by reducing emergency department four-hour wait times, improving ambulance to health service handover times, and implementing strategies to reduce bed-blockage to enable improved whole of hospital system flow.

ACHIEVED

While LRH's Emergency Department (ED) presentations have dipped slightly this year, the acuity of patients is higher. Patients are therefore taking longer to assess in the ED and once admitted are staying longer in an inpatient unit for care. As a result of this and staff shortages created by COVID-19 and influenza infection, bed availability has diminished considerably.

LRH has created a Patient Flow Coordinator role which works collaboratively with a multidisciplinary committee to address bed-blockage and follow a patient's journey from the ED through to the ward. A lounge has also been established to improve the timely discharge of patients so a bed can be made available to patients requiring care. The lounge has been a successful venture. In March 2022 for example, 133 patients were discharged to the lounge saving a total of 7.16 bed days.

An ED 'waiting room' nurse role has also been created to start the admission process for appropriate patients and improve ambulance handover times.

In addition, an advanced trainee medical registrar works within the ED during peak periods to expedite assessment and decisions to admit or discharge, as well as facilitating flow from the ED to the inpatient units.

Lead and engage all members of your Health Service Partnership to build a culture of collaboration, forge consensus in decision-making, ensure that any initiatives (in addition to the four priority reforms within your *Health Service Partnership Policy and Guidelines*) are clearly defined and agreed by members, and account to the department for planning and reporting requirements on behalf of the collective membership.

ACHIEVED

The Gippsland Health Services Partnership (GHSP) was established this year by direction of the Victorian Government, under the auspice of Latrobe Regional Hospital (LRH). A governance framework, terms of reference, and a consensus decision making guideline have been established to provide clear direction for the 11 Gippsland public health services to work collaboratively to deliver quality health services to people across the region.

An interim Executive Director Regional Services was appointed to engage with GHSP members and drive initiatives arising from discussions. A new Executive Director will continue this work in 2022/23.

Substantial progress has been made towards State Government priorities like pandemic response and recovery, the Better at Home initiative and elective surgery reform.

Planning is now under way to support roll out of mental health reform across the region along with other local healthcare priorities for the people of Gippsland.

Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary 'catch-up' care to support them to get back on track.

Work collaboratively with your Health Service Partnership to:

- implement the *Better at Home initiative* to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference.
- improve elective surgery performance and ensure that patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority.

ACHIEVED

Better at Home funding has supported the delivery and implementation of more acute, and geriatric evaluation and management services across the region including the expansion of the Hospital in the Home service to our community.

This has reduced time spent in hospital and in some instances has enabled patients to avoid a hospital admission altogether by providing care within the comfort of their own home. The Gippsland Health Service Partnership (GHSP) is currently reviewing research on virtual and remote patient monitoring systems with the aim of rolling out a comprehensive remote patient monitoring system in the next 12 months. This will be a significant step forward in supporting safe, accessible healthcare for the Gippsland community.

The COVID-19 pandemic affected the delivery of elective surgery with outbreaks leading to pauses and increased wait times for Category 3 and non-urgent Category 2 elective surgery. Although these pauses were necessary to ensure Victorian hospitals had the beds, equipment, and staff to deliver life-saving responses, the number of people waiting for surgery rose substantially. Thus, improving elective surgery access is one of the four Ministerial priorities for the recently established Health Service Partnerships.

GHSP has been working to optimise surgical throughput, fast track reassessment of long-waiting patients and complementary reforms.

Elective surgery reform has been made a priority for Latrobe Regional Hospital (LRH) due to the deferred care caused by the pandemic. This year we have fast-tracked reassessments of long-waiting patients, with a number of patients having their care escalated to support better health outcomes.

The GHSP has recruited two full time project leads to drive elective surgery reform in Gippsland. The GHSP team has commenced project planning and health service stakeholder engagement, including the establishment of Tier 2 clinics and implementation of patient support units.

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

ACHIEVED

Latrobe Regional Hospital (LRH) has commenced a co-design process for the transformation of mental health service delivery in Gippsland. We are working with consumers, carers, supporters, staff and regional partners to understand areas to drive expanded care pathways for those experiencing mental illness and suicidal ideation.

As part of this transformation, we have made a further commitment to embed and expand the Hospital Outreach Post-suicidal Engagement (HOPE) initiative in our new service care model.

In March 2022, the HOPE expansion provided consumers and carers access to face-to-face consultations and telehealth. Continued expansion has involved developing referral pathways so consumers are better able to access the service.

LRH continues to look at further integration of the HOPE program into GP clinics and health care hubs. The initiative is also delivering education on suicide prevention to our local partners as they look to upskill in an effort to work more closely with people who may experience or disclose suicidal ideation.

Our mental health consultation to Bass Coast Health, West Gippsland Healthcare Group and Bairnsdale Regional Health Service has been extended following feedback and evidence from consumers, carers and our regional partners. The feedback suggested improved service integration and care pathways for the patient journey into medical/acute inpatient units.

We are working with our regional partners to build integrated pathways. The work has centred on refining our stepped model of care which ensures consumers have a seamless journey across the system and access to the right care at the right time at the right place.

We delivered a regional hospital chief executive workshop in 2022 as part of our transformation co-design process. This has helped us to understand the service needs of our partners and the consumers in the communities they serve. The feedback has enabled us to further refine aspects of the transformation and action plans.

We are committed to working with the Regional Mental Health and Wellbeing Board once it comes online in 2022/23.

Part B Key Performance Measures

Key performance	Target	2021/22 result
High Quality and Safe Care		
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	73%
Percentage of healthcare workers immunised for influenza	92%	79%
Patient Experience*		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	88%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	88%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	91%
* *Patient experience reporting has been affected by delays to surgery, visitor restrictions and increased demand for services as a result of the COVID-19 pandemic*		
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	0.40
Unplanned readmissions		
Unplanned readmissions to any hospital following a hip replacement	≤6%	6%
Mental Health**		
Percentage of closed community cases re-referred within 6 months: CAMHS, adults and aged persons	<25%	15%
Rate of seclusion events relating to a child and adolescent acute mental health admission per 1,000 occupied bed days	≤10	0
Rate of seclusion events relating to an adult acute mental health admission per 1,000 occupied bed days	≤10	5
Rate of seclusion events relating to an aged acute mental health admission per 1,000 occupied bed days	≤5	0
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within 7 days	88%	68%
Percentage of adult acute mental health inpatients who have a post- discharge follow-up within 7 days	*88%*	*77%*
Percentage of aged acute mental health inpatients who have a post- discharge follow-up within 7 days	88%	64%
Percentage of child and adolescent acute mental health inpatients who are readmitted within 28 days of discharge	<22%	12%
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	<14%	16%
Percentage of aged acute mental health inpatients who are readmitted within 28 days of discharge	<14%	3%
** *Mental Health data collection has been affected by industrial action*		

Key performance	Target	2021/22 result
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%	22%
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	0.8
Strong governance, leadership and culture		
Organisational Culture		
People Matter Survey – percentage of staff with an overall positive response to safety culture survey questions	62%	60%
Timely access to care		
Emergency Care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	65%
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%	67%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	50%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	9
Mental Health		
Percentage of 'crisis' (category 'C') mental health triage episodes with a face-to-face contact received within 8 hours	80%	46%
Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours	81%	40%
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%	90%
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	Achieved
Number of patients on the elective surgery waiting list as at 30 June 2022	1,850	1,611
Number of patients admitted from the elective surgery waiting list	3,863	3,860
Number of hospital-initiated postponements per 100 scheduled elective surgery admissions	≤7	7

Key performance	Target	2021/22 result
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	90%
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)	0.00	0.368
Average number of days to paying trade creditors	60 days	38
Average number of days to receiving patient fee debtors	60 days	29
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	1.38
Actual number of days available cash, measured on the last day of each month	14 days	48
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤$250,000	Achieved

Results reflect the available data at the time of writing.

Part C

Funding type	2021/22 Activity Achievement
Consolidated Activity Funding	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	34,736
Acute Admitted	
National Bowel Cancer Screening Program NWAU	22
Acute admitted DVA	194
Acute admitted TAC	149
Acute Non-Admitted	
Home Enteral Nutrition NWAU	19
Subacute/Non-Acute, Admitted and Non-admitted	
Subacute DVA	52
Transition Care – bed days	6,373
Transition Care – home days	3,127
Mental Health and Drug Services*	
Mental Health Ambulatory (number of contacts)	56,260
Mental Health Inpatient – available bed days	14,843
Mental Health Inpatient – Secure Unit available bed days	2,074
Mental Health Residential	3,326
Mental Health Subacute	5,495

** Data collection affected by industrial action*


I've Screened For Me
R U OK?
A conversation could change a life
LRH
KOORI LIAISON OFFICER

Summary of Financial Results

During the 2021/22 financial year, the Victorian Government through the Department of Health (DH) provided $289.4 million in operating grants and $40 million towards targeted capital works and equipment. Commonwealth grants were also provided through the Pharmaceutical Benefits Scheme, and Radiology/ Oncology Equipment Replacement Program totalling $20.1 million. It should also be noted State and Commonwealth funding for Covid-19, the vaccination program and the Public Health Unit totalled $22.7 million for 2021/22.

Revenue from operating activities showed an increase of $63.2 million, 19.4 per cent higher from the previous financial year.

Total expenses (excluding depreciation) increased by $36.6 million, 11.7 per cent from 2020/21. Employee expenses increased by $25.4 million (11.6 per cent), supplies and consumables were up $3.1 million (5.1 per cent) and other operating expenses were $8.1 million higher (23.1 per cent).

Operating activities provided a net cash inflow of $55.8 million. Investing activities provided a net cash outflow of $47.8 million. There was also a net cash outflow from financing activities of $1.6 million. The overall net cash result was an increase of $6.4 million in cash held. Cash and cash equivalents at end of financial year totalled $64.8 million.

The current asset ratio at 30 June 2022 was 0.83, a decrease from 0.96 at 30 June 2021.

Major capital works projects continued in 2021/22 including the Stage 3 hospital expansion. There were also capital works undertaken for water reticulation, cladding and the electrical switchboard replacement.

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

Summary of financial results for the preceding four financial years

	2021/22 $'000	2020/21 $'000	2019/20 $'000	2018/19 $'000	2017/18 $'000
Total Revenue	390,228	326,841	300,318	270,027	274,845
Total Expenses	367,464	330,467	308,340	278,476	260,774
Net Result from transactions	**22,764**	**(3,626)**	**(8,022)**	**(8,449)**	**14,071**
Total other economic flows	(3,638)	1,578	325	(557)	653
Net result	**19,126**	**(2,048)**	**(7,697)**	**(9,006)**	**14,724**
Total Assets	411,487	370,843	358,696	367,661	292,808
Total Liabilities	101,434	81,167	68,154	69,957	60,148
Net Assets/Total Equity	**310,053**	**289,676**	**290,542**	**297,704**	**232,660**

Reconciliation of Net Result from transactions and operating result

	2021/22 $'000
Net operating result	368
Capital purpose income	40,189
Specific Income COVID 19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	3,157
State Supply items consumed up to 30 June 2022	(3,137)
Assets provided free of charge	-
Assets received free of charge	631
Expenditure for capital purpose	(1,915)
Depreciation and amortisation	(16,529)
Impairment of non-financial assets	-
Finance costs (other)	-
Net result from transactions	**22,764**

Note: The Operating Result is the result in which the health service is monitored against in its Statement of Priorities.

Consultancies engaged during 2021/22

Consultancies under $10,000

In 2021/22 there were three consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred in relation to these consultancies is $18,550 (excluding GST).

Consultancies valued at $10,000 or greater

In 2021/22 there were seven consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure in relation to these consultancies is $388,372 (excluding GST).

Details of individual consultancies

Consultant	Purpose of consultancy	Start date	End Date	Total approved project fee (excluding GST)	Expenditure 2021/22 (excluding GST)	Future expenditure (excluding GST)
Health-E Workforce Solutions Pty Lth	Diagnostic Staff Review, Stage 3A Modelling, and implementation per scope	May-22	-		$ 160,550	
Denis O'Leary	Anaesthesia RVG Review	May-21	-		$ 10,200	$ -
Rosanne Louise Bell	Latrobe Regional Hospital Board Strategic Risk Management	Apr-22	Apr-22		$ 12,500	$ -
Healthcare Management Advisors Pty Ltd	Strengthening Regional Cancer Centres Project	Dec-21	-		$ 148,410	$ -
Karoo Consultancy Pty Ltd	Gippsland Regional Telehealth Project	Jul-21	Jun-22		$ 18,239	$ -
Larter Consulting	Mental Health Medical Workforce Review Project	Jan-22	Jun-22		$ 30,973	$ -
The Trustee for Farrar Family Trust	Fraud Risk Assessment	June-22	-	$15,000	$7,500	$7,500

Information and communication technology (ICT) expenditure

The total ICT expenditure incurred during 2021/22 is $12,867,908 (excluding GST) with the details shown below:

ICT expenditure

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)
$12,867,908	-	-	-

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 more than 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

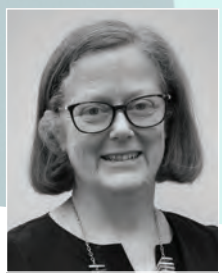
John is the Chair of the Mental Health Professionals Network Australia and healthAbility Community Health Service, as well as Unit Chair in the MBA (Healthcare Management) at Deakin University. He was previously National President of the Australasian College of Health Service Management and CEO Box Hill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

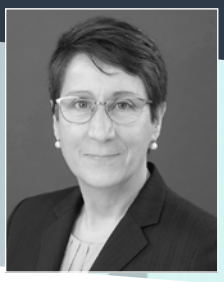
Chelsea Caple

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 Physicians 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 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.

Leanne Williams

Leanne is the Chief Executive Officer of Myli - My Community Library Ltd and holds several Non-Executive Director positions. She is a Chartered Accountant, experienced Chairperson on Audit and Finance Committees, Graduate of AICD and Graduate of Melbourne Business School's Leading Transformational Change. Leanne is also undertaking a Graduate Diploma in Psychology. Leanne brings significant experience in progressive leadership, strategy, audit, finance and local government.

Board Committees

Audit and Risk

Linda McCoy (ex officio), John Arranga (Chair), Kathryn Munro, Liesl McKay, Don McRae, Jon Millar, Mark Wilkins, Michael Glaubitz

Quality Committee

Linda McCoy (ex officio), John Rasa (Chair), John Arranga, Bernadette Hickey, Don McRae, Jon Millar, Sebastiano Romano, Dr Humsha Naidoo (Aug-Oct 2021), Dr Simon Fraser (Dec 2021), Dr Ian Graham (from 2022), Mark Wilkins, Anita Raymond, Kylie Osborne, Dr Tricia Wright, Kelly den Toom, Louise McMahon, Nicole Tierney, Lucie Newberry (community representative)

Community Advisory Committee

Linda McCoy (ex officio), Chelsea Caple (Chair), Liesl McKay, Ian Maxfield, Rika Delaney, Rita Fleming, John Smethurst, Ray Watson, Sharon Kingaby, Don McRae, Kylie Osborne, Celine Foenander

Finance Committee

Linda McCoy (ex officio), Kathryn Munro (Chair), Leanne Williams, Ian Maxfield, Don McRae, Jon Millar, Michael Glaubitz

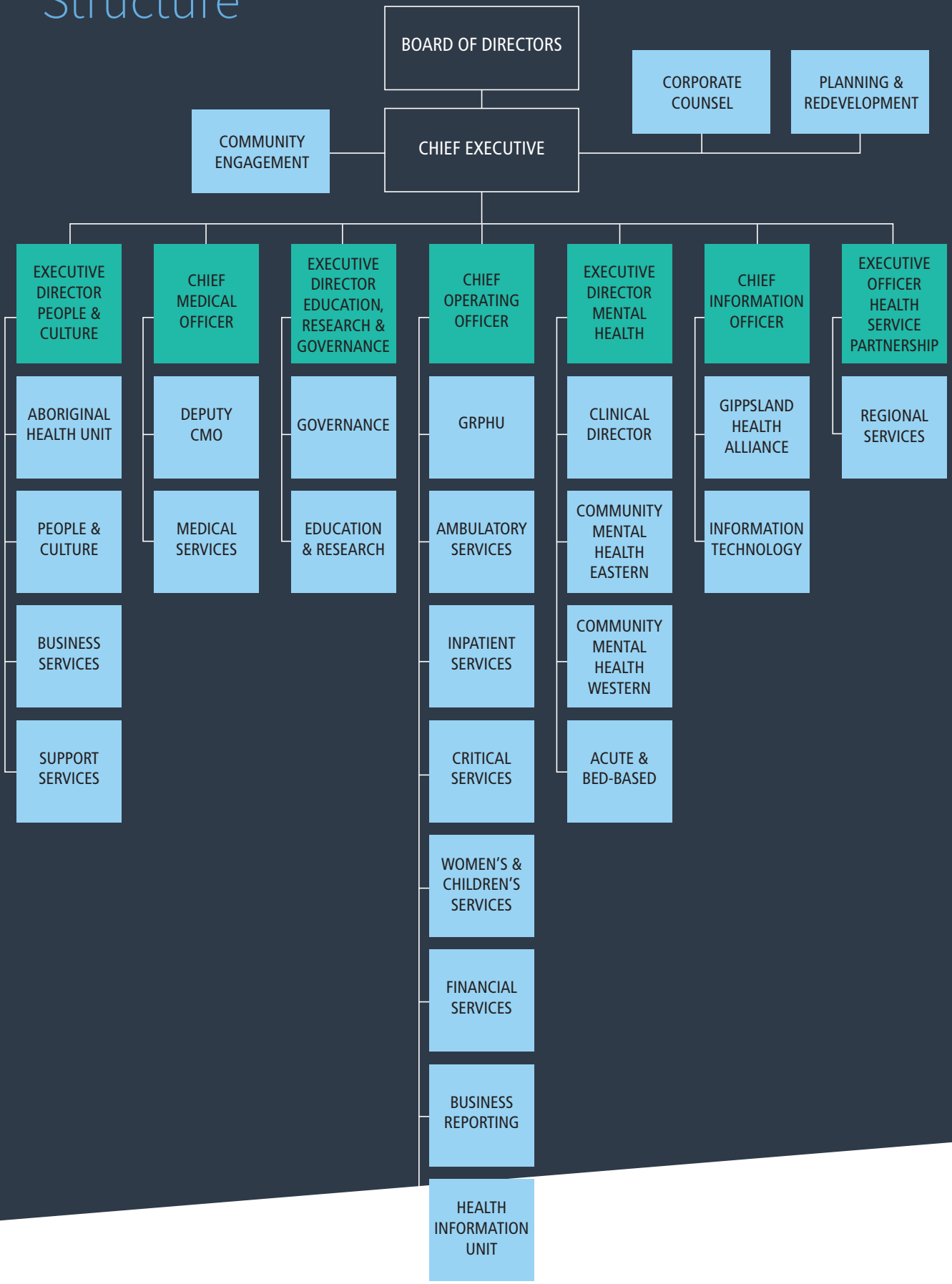
Primary Care and Population Health Committee

Linda McCoy (ex officio), John Rasa (Chair), Chelsea Caple, Leanne Williams, Don McRae, Jon Millar, Annelies Titulaer, Amanda Proposch, Dan Weeks, Nancy Binotto, Mark Dykgraaf, Robyn Hayles, Alison Skeldon (LCHS CEO Delegate), Tim Owen (from June 2022)

Executive Performance & Remuneration Committee

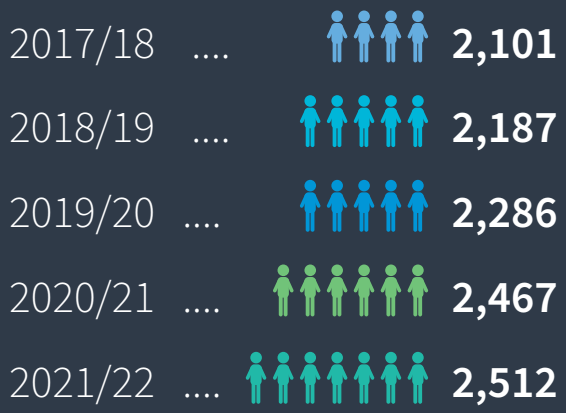
Linda McCoy (Chair), John Rasa, Chelsea Caple, Don McRae

Organisational Structure



Workforce

Latrobe Regional Hospital's goal is to grow and support a skilled and diverse workforce. We are committed to improving public sector employment and career outcomes for Aboriginal people.



In 2021/22 Latrobe Regional Hospital employed 2,512 staff across Gippsland. The largest category of employees is nursing staff.

At 30 June 2022 staffing levels by labour category were as follows:

LRH Labour Category	JUNE Current Month FTE*		Average monthly	
	2021	2022	2021	2022
Nursing	867.45	812.54	797.28	817.91
Administration and Clerical	272.04	296.08	249.76	294.95
Medical Support	100.21	103.90	93.83	99.09
Hotel and Allied Services	119.85	125.64	115.26	126.29
Medical Officers	19.69	22.67	19.78	17.17
Hospital Medical Officers	128.22	150.39	117.73	125.99
Sessional Clinicians	36.40	36.27	36.41	39.55
Ancillary Staff (Allied Health)	107.29	117.32	131.46	117.03
Total Staff Employed – FTE*	1651.15	1664.81	1561.50	1637.98

** 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.

Occupational Health and Safety

In 2021/22 there were a number of complex claims and some which were backdated well after the injury occurred.

These elements have contributed to a significant increase in the cost of claims this financial year.

In addition, there has been a rise in the number of stress-related and psychological claims brought on by the COVID-19 pandemic or fatigue. LRH continues to support staff wellness with pandemic-related, professional and personal concerns by utilising a suite of measures including a staff wellbeing centre offering one-to-one counselling.

LRH is about to embark on a 'best practice review' to ensure the right action is being taken to manage occupational health and safety claims. It is hoped this review will identify risks and actions to address costs within this space.

Occupational health and safety statistics	2021/22	2020/21	2019/20
The number of reported hazards/incidents for the year per 100 FTE	8.60	7.38	6.33
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.86	0.70	0.49
The average cost per WorkCover claim for the year ('000)	$109,313	$54,074	$10,194

LRH has a Health and Safety Committee comprising 15 management and 41 staff as health and safety representatives (HSRs).

The committee has continued to review LRH safety systems, address safety concerns raised by staff and visitors within the hospital and promote positive change in areas of Occupational Health and Safety.

Standing items on the committee's agenda include: reviewing compliance with mandatory training levels and monitoring unit-focussed quarterly health and safety inspection compliance.

The HSRs are invaluable when it comes to safety communications within their designated work groups by bringing concerns to the committee and relaying important decisions back to the groups they represent.

Occupational Violence

The pandemic has unfortunately brought about a surge in abuse and aggressive behaviour from some members of the community towards our staff. Some of these behaviours have stemmed from frustration over reduced visiting hours and visitor restrictions. Similarly, patients have been frustrated by restrictions.

LRH introduced a Behaviour of Concern 'rover'. One of the rover's duties is to address workplace occupational violence events and implement best practice management for patients who have been identified as displaying aggressive behaviour.

LRH now has a governance group and sub-groups to look at clinical practice and data, safety and education to reduce occupational violence and aggression (OVA). Our OVA committee continues to provide oversight of organisational strategies and support prevention and management strategies.

Occupational violence statistics	2021/22
Workcover accepted claims with an occupational violence cause per 100 FTE	0.12
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.62
Number of occupational violence incidents reported	468
Number of occupational violence incidents reported per 100 FTE	28.57
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	16.02

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 2021/22.

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 1982* 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 on the Freedom of Information page at www.lrh.com.au

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.

The application fee is $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 are $22.50 per hour.

In 2021/22 LRH received a total of 936 FOI requests of which 358 were valid requests and met the criteria for processing. At 30 June 2022, 326 requests were completed, 13 were withdrawn and 19 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 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 and properties at 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 2021/22.

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

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.

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 four regional projects which meet the requirements for a Local Industry Development Plan. None satisfy the criteria for Major Project Skills Guarantee.

Of the four regional projects awarded, one has been finalised for reporting with results pending.

LRH had four 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 the 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.

LRH conducted a gender audit in late 2021 and developed a Gender Equality Action Plan (GEAP).

The GEAP was submitted to the Commission for Gender Equality in the Public Sector in early 2022 and deemed compliant. The GEAP identifies a number of priorities to be delivered between now and 2024 including:

- understanding the collective identity of our workforce
- providing flexibility in the workplace
- working towards pay equity
- equitable recruitment and career development
- building an inclusive culture.

These actions will continue to build upon the workforce inclusion work already underway and contribute to a diverse and inclusive workforce which is reflective of the community to which we provide services.

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 Freedom of Information requirements, if applicable):

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by the entity about itself, and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by the entity
- details of any major external reviews carried out on the entity
- details of major research and development activities undertaken by the entity
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and dispute
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved
- details of all consultancies and contractors including:

  (I) consultants/contractors engaged

  (ii) services provided

  (iii) expenditure committed to for each engagement.

Environmental Performance

A 1.3MW solar system installed at Latrobe Regional Hospital last year is showing significant results in the reduction of mains electricity consumption.

Additionally, building automation systems have resulted in improved energy efficiency across the hospital and lower gas and electricity consumption. These recommissioned systems have helped to offset heating and cooling costs which were expected to rise as a result of the installation of clean-air systems to respond to COVID-19.

ENVIRONMENTAL IMPACTS & ENERGY USE			
Energy use	**2019/2020**	**2020/2021**	**2021/2022**
Electricity (MWh)	8,697	7,688	9,833
Natural Gas (gigajoules)	34,743	36,701	33,693
Carbon emissions (thousand tonnes of CO_2e)			
Electricity	9	8	8.95
Natural Gas	2	2	1.74
Total emissions	**11**	**9**	**10.68**
Water use (millions litres)			
Potable water	45	46	45.72

FACTORS INFLUENCING ENVIRONMENTAL IMPACTS			
	2019/2020	**2020/2021**	**2021/2022**
Floor area (m2)	39,500	39,500	39,500
Separations	38,809	40,546	39,201
In-Patient Bed Days	105,890	108,800	106,241
Aged Care Bed Nights	3,511	3,424	3,212

BENCHMARKS 2021/22			
Carbon emissions	**Average for peer group**	**LRH**	**% above/ below average**
CO2e(t) per m2	0.32	0.27	-15%
CO2e(t) per OBD	0.12	0.10	-19%
CO2e(t) per Seps	0.33	0.27	-16%

BENCHMARKS 2021/22			
Water use	**Average for peer group**	**LRH**	**% above/ below average**
kL per m2	1.61	1.16	-28%
kL per OBD	0.61	0.42	-32%
kL per Seps	1.65	1.17	-29%
Expenditure rates			
Total utility spend ($/m2)	70	69.40	-0.5%
Elec ($/kWh)	0	0.20	6.9%
Gas ($/gigajoules)	10	12.02	23.6%
Potable water ($/kL)	4	8.31	106.7%
Cogen ($/kWh)	-	-	N/A
Diesel ($/kL)	1,402	-	-100.0%
Steam ($/tonne)	44	-	-100.0%
	-	-	N/A
	-	-	N/A
Additional measures (not included in benchmarking chart)			
Total utility spend ($/Separations)		69.93	
Total utility spend ($/In-Patient Bed Days)		25.80	
Total utility spend ($/Aged Care Bed Nights)		853.46	

General notes

1 Information in this report is sourced from data provided by retailers and in some cases data manually uploaded by health services into Eden Suite. Data has not been externally validated. All annual values represent a year ending 30 June.

2 Emissions are calculated using the carbon factors for the year in which the emissions were generated. For health services provided with energy (electricity and steam) under the co-generation ESA (energy services agreement) carbon factors provided by the energy retailer are used.

3 Electricity consumption values exclude line losses; some energy retailers include losses in reported values.

4 Occupied bed days (OBD) include both inpatient and aged care data, unless stated otherwise.

Attestations and Declarations

Financial Management Compliance

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
8 September 2022

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
8 September 2022

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
8 September 2022

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.

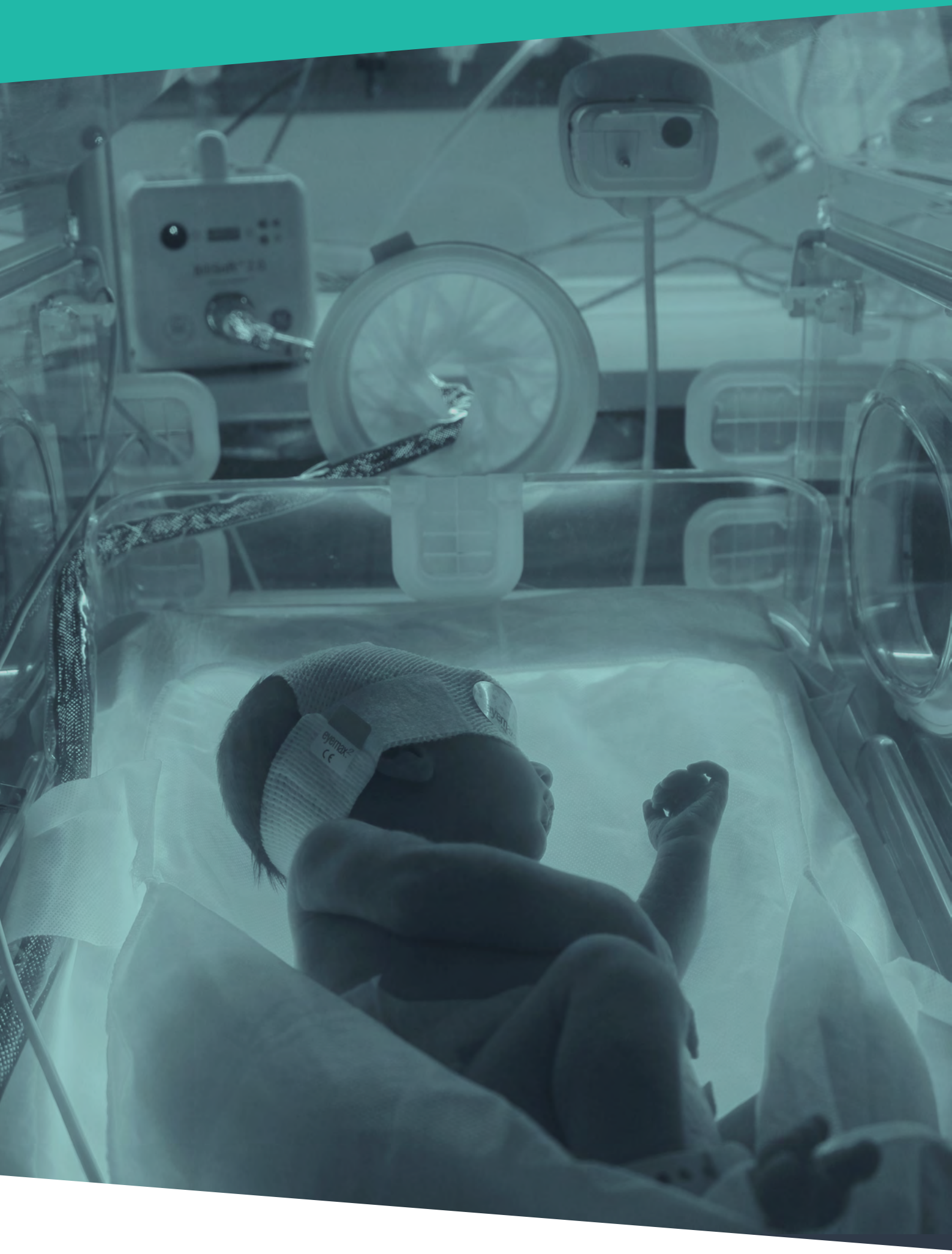
Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Latrobe Regional Hospital and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.

Don McRae

Chief Executive
Latrobe Regional Hospital
8 September 2022

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*.



Disclosure Index

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

Legislation	Requirement	Page Reference
MINISTERIAL DIRECTIONS / REPORT OF OPERATIONS		
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FRD 22	Manner of establishment and the relevant Ministers	Inside front, 1
FRD 22	Purpose, functions, powers and duties	1
FRD 22	Nature and range of services provided	1
FRD 22	Activities, programs and achievements for the reporting period	3-19
FRD 22	Significant changes in key initiatives and expectations for the future	3-5
Management and structure		
FRD 22	Organisational structure	35
FRD 22	Workforce data / employment and conduct principles	36
FRD 22	Occupational Health and Safety	37
Financial information		
FRD 22	Summary of the financial results for the year	28-30
FRD 22	Significant changes in financial position during the year	28
FRD 22	Operational and budgetary objectives and performance against objectives	23-26
FRD 22	Subsequent events	28
FRD 22	Details of consultancies under $10,000	29
FRD 22	Details of consultancies over $10,000	29
FRD 22	Disclosure of ICT expenditure	30
Legislation		
FRD 22	Application and operation of *Freedom of Information Act 1982*	39
FRD 22	Compliance with building and maintenance provisions of *Building Act 1993*	39
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FRD 22	Statement on National Competition Policy	40
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Attestation on Data Integrity		41
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Other reporting requirements		
Reporting of outcomes from the Statement of Priorities 2021/22		20-26
Occupational Violence reporting		38
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Reporting obligations under the *Safe Patient Care Act 2015*		41

Financial Statements

Financial Statements

Financial Year ended 30 June 2022

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

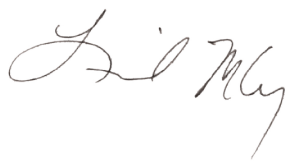
The attached financial statements for Latrobe Regional Hospital have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, 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 2022 and the financial position of Latrobe Regional Hospital at 30 June 2022.

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

We authorise the attached financial statements for issue on 8 September 2022.

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 2022 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *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
5 October 2022

Dominika Ryan
as delegate for the Auditor-General of Victoria

Latrobe Regional Hospital
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2022

	Note	Total 2022 $'000	Total 2021 $'000
Revenue and income from transactions			
Operating activities	2.1	388,989	325,776
Non-operating activities	2.1	1,239	1,065
Total revenue and income from transactions		**390,228**	**326,841**
Expenses from transactions			
Employee expenses	3.1	(243,320)	(217,960)
Supplies and consumables	3.1	(64,201)	(61,072)
Finance costs	3.1	(17)	(38)
Depreciation and amortisation	3.1	(16,529)	(16,125)
Other administrative expenses	3.1	(26,132)	(16,540)
Other operating expenses	3.1	(17,218)	(18,650)
Other non-operating expenses	3.1	(47)	(82)
Total Expenses from transactions		**(367,464)**	**(330,467)**
Net result from transactions - net operating balance		**22,764**	**(3,626)**
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	36	(89)
Net gain/(loss) on financial instruments	3.2	(2,164)	1,109
Other gain/(loss) from other economic flows	3.2	(1,510)	558
Total other economic flows included in net result		**(3,638)**	**1,578**
Net result for the year		**19,126**	**(2,048)**
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.4	1,251	1,182
Total other comprehensive income		**1,251**	**1,182**
Comprehensive result for the year		**20,377**	**(866)**

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

Latrobe Regional Hospital
Balance Sheet
As at 30 June 2022

	Note	Total 2022 $'000	Total 2021 $'000
Current assets			
Cash and cash equivalents	6.2	64,777	58,408
Receivables and contract assets	5.1	10,198	6,981
Inventories	4.6	1,485	1,481
Prepaid expenses		1,406	1,606
Total current assets		**77,866**	**68,476**
Non-current assets			
Receivables and contract assets	5.1	5,712	5,812
Investments and other financial assets	4.1	20,653	22,155
Property, plant and equipment	4.2 (a)	306,386	272,987
Right of use assets	4.3 (a)	870	1,413
Total non-current assets		**333,621**	**302,367**
Total assets		**411,487**	**370,843**
Current liabilities			
Payables and contract liabilities	5.2	42,840	26,271
Borrowings	6.1	632	812
Employee benefits	3.3	50,006	43,718
Other liabilities	5.3	434	1,830
Total current liabilities		**93,912**	**72,631**
Non-current liabilities			
Borrowings	6.1	351	801
Employee benefits	3.3	7,171	7,735
Total non-current liabilities		**7,522**	**8,536**
Total liabilities		**101,434**	**81,167**
Net assets		**310,053**	**289,676**
Equity			
Property, plant and equipment revaluation surplus	4.4	125,860	124,609
Restricted specific purpose reserve	SCE	31,684	31,684
Contributed capital	SCE	27,187	27,187
Accumulated surplus	SCE	125,322	106,196
Total equity		**310,053**	**289,676**

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 2022

Total	Note	Property, Plant and Equipment Revaluation Surplus $'000	Restricted Specific Purpose Reserve $'000	Contributed Capital $'000	Accumulated Surplus $'000	Total $'000
Balance at 30 June 2020		**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**
Net result for the year		-	-	-	19,126	19,126
Other comprehensive income for the year		1,251	-	-	-	1,251
Transfer from/(to) accumulated deficits		-	-	-	-	-
Balance at 30 June 2022		**125,860**	**31,684**	**27,187**	**125,322**	**310,053**

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

Latrobe Regional Hospital
Cash Flow Statement
For the Financial Year Ended 30 June 2022

	Note	Total 2022 $'000	Total 2021 $'000
Cash Flows from operating activities			
Operating grants from government		314,443	276,718
Capital grants from government - State		39,969	12,715
Patient fees received		3,695	4,291
Private practice fees received		2,774	2,595
Donations and bequests received		153	252
Interest and investment income received		1,239	1,065
Commercial Income Received		3,960	3,428
Other receipts		21,964	21,146
Total receipts		**388,197**	**322,210**
Employee expenses		(235,927)	(211,422)
Payments for supplies and consumables		(52,862)	(52,992)
Payments for medical indemnity insurance		(4,570)	(4,254)
Payments for repairs and maintenance		(8,129)	(7,564)
Finance Costs		(17)	(38)
GST paid to ATO		(386)	(160)
Cash outflow for leases		(144)	(55)
Payment for share of rural health alliance		(4,124)	(3,134)
Other payments		(26,208)	(20,312)
Total payments		**(332,367)**	**(299,931)**
Net cash flows from/(used in) operating activities	8.1	**55,830**	**22,279**
Cash Flows from investing activities			
Purchase of investments		(641)	(464)
Purchase of property, plant and equipment		(47,218)	(14,335)
Capital donations and bequests received		186	92
Other capital receipts		-	194
Proceeds from disposal of property, plant and equipment		37	42
Net cash flows from/(used in) investing activities		**(47,636)**	**(14,471)**
Cash flows from financing activities			
Repayment of borrowings		(916)	(804)
Receipt of accommodation deposits		-	891
Repayment of accommodation deposits		(909)	(506)
Net cash flows from /(used in) financing activities		**(1,825)**	**(419)**
Net increase/(decrease) in cash and cash equivalents held		**6,369**	**7,389**
Cash and cash equivalents at beginning of year		58,408	51,019
Cash and cash equivalents at end of year	6.2	**64,777**	**58,408**

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

Latrobe Regional Hospital
Notes to the Financial Statements
For the Financial Year Ended 30 June 2022

Note 1: Basis of preparation

Structure

These financial statements represent the audited general purpose financial statements for Latrobe Regional Hospital for the year ended 30 June 2022. 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.

Note 1.1: Basis of preparation of the financial statements

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

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

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

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.

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.

Note 1: Basis of preparation

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, 2022.

Note 1.2 Impact of COVID-19 pandemic
In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On 2 August 2020 a state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 however the state of emergency has been extended until 12 October 2022.

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

In response to the ongoing COVID-19 pandemic, Latrobe Regional Hospital has:

- introduced restrictions on non-essential visitors
- utilised telehealth services
- deferred elective surgery and reduced activity
- performed COVID-19 testing
- established and operated vaccine clinics
- changed infection control practices
- implemented work from home arrangements where appropriate.

Where financial impacts of the pandemic are material to Latrobe Regional Hospital, they are disclosed in the explanatory notes. For Latrobe Regional Hospital, this includes:

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

Note 1: 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
NWAU	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor General's Office
WIES	Weighted Inlier Equivalent Separation

Note 1.4 Joint arrangements
Interests in joint arrangements are accounted for by recognising in 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 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

There are no other accounting standards and interpretations issued by the AASB that are not yet mandatorily applicable to 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, including:

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

Funding provided included:

- COVID-19 operational funding
- Local Public Health (LPHU) funding
- Vaccination program funding
- COVID-19 Rapid Response Testing Blitz funding
- 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 2022 $'000	Total 2021 $'000
Operating activities			
Revenue from contracts with customers			
Government grants (State) - Operating		132,403	125,564
Patient and resident fees		3,288	4,390
Private practice fees		2,774	2,595
Commercial activities [1]		3,960	3,428
Total revenue from contracts with customers	Note 2.1(a)	**142,425**	**135,977**
Other sources of income			
Government grants (State) - Operating		156,978	132,029
Government grants (Commonwealth) - Operating		20,057	18,290
Government grants (State) - Capital		39,969	12,715
Other capital purpose income		-	194
Capital donations		186	92
Assets received free of charge or for nominal consideration	Note 2.2	3,942	4,176
Other revenue from operating activities (including non-capital donations)		25,432	22,303
Total other sources of income		**246,564**	**189,799**
Total revenue and income from operating activities		**388,989**	**325,776**
Non-operating activities			
Income from other sources			
Other interest		1,239	1,065
Total other sources of income		**1,239**	**1,065**
Total income from non-operating activities		**1,239**	**1,065**
Total revenue and income from transactions		**390,228**	**326,841**

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)

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

	Total 2022 $'000	Total 2021 $'000
Latrobe Regional Hospital disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	138,465	132,549
Over time	3,960	3,428
Total revenue from contracts with customers	**142,425**	**135,977**

How we recognise revenue and income from transactions

Government operating grants

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

When both these conditions are satisfied, the health service:

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

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

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, the health service:

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058 Income for not-for-profit entities.

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

Note 2: Funding delivery of our services

Note 2.1 Revenue and income from transactions (continued)

This policy applies to each of Latrobe Regional Hospital's revenue streams, with information detailed below relating to Latrobe Regional Hospital's signficant revenue streams:

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. 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 (DRG). WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training. Services not transitioning at this time include mental health and small rural services.
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services. NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid. The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity. Revenue is recognised at point in time, which is when a patient is discharged.

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.

Note 2: Funding delivery of our services

Note 2.1 Revenue and income from transactions (continued)

Private practice fees

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

Commercial activities

Revenue from commercial activities includes items such as 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.

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

	Total 2022 $'000	Total 2021 $'000
Cash donations and gifts	153	252
Plant and equipment	631	2,223
Personal protective equipment	3,158	1,701
Total fair value of assets and services received free of charge or for nominal consideration	**3,942**	**4,176**

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.

Note 2: Funding delivery of our services

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

Latrobe Regional Hospital receives volunteer services from members of the community in the following areas:

- Transport of patients for their medical appointments
- Provide directions and assistance to visitors of the hospital
- Provide companionship to patients receiving cancer and dialysis treatment

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

Latrobe Regional Hospital greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of 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 3: The cost of delivering our services

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

Structure

3.1 Expenses from transactions
3.2 Other economic flows
3.3 Employee benefits in the balance sheet
3.4 Superannuation

Telling the COVID-19 story

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

Additional costs were incurred to deliver the following additional services:

- establish facilities within Latrobe Regional Hospital for the treatment of suspected and admitted COVID-19 patients resulting in an increase in employee costs and additional equipment purchases.
- implement COVID safe practices throughout Latrobe Regional Hospital including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge
- assist with COVID-19 case management, contact tracing and outbreak management contributing to an increase in employee costs
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs and consumables, and
- establish COVID-19 testing facilities for staff and the community, resulting in an increase in employee costs and consumables
- implement work from home arrangements resulting in increased ICT infrastructure costs and additional equipment purchases

Note 3: The cost of delivering our services

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
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.
Measuring employee benefit liabilities	Latrobe Regional Hospital applies significant judgment when measuring its employee benefit liabilities. The health service applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period. 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 2022 $'000	Total 2021 $'000
Salaries and wages		183,463	163,954
On-costs		42,157	38,100
Agency expenses		2,016	1,645
Fee for service medical officer expenses		12,527	11,956
Workcover premium		3,157	2,305
Total employee expenses		**243,320**	**217,960**
Drug supplies		19,426	17,601
Medical and surgical supplies (including Prostheses)		26,460	25,462
Diagnostic and radiology supplies		13,502	13,704
Other supplies and consumables		4,813	4,305
Total supplies and consumables		**64,201**	**61,072**
Finance costs		17	38
Total finance costs		**17**	**38**
Other administrative expenses		26,132	16,540
Total other administrative expenses		**26,132**	**16,540**
Fuel, light, power and water		2,567	2,633
Repairs and maintenance		1,605	887
Replacement of minor equipment		1,703	1,532
Maintenance contracts		4,821	5,145
Medical indemnity insurance		4,570	4,254
Expenses related to leases of low value assets		144	55
Expenditure for capital purposes		1,808	4,144
Total other operating expenses		**17,218**	**18,650**
Total operating expense		**350,888**	**314,260**
Depreciation and amortisation	4.5	16,529	16,125
Total depreciation and amortisation		**16,529**	**16,125**
Assets and services provided free of charge or for nominal consideration		-	76
Bad and doubtful debt expense		47	6
Total other non-operating expenses		**47**	**82**
Total non-operating expense		**16,576**	**16,207**
Total expenses from transactions		**367,464**	**330,467**

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 Other economic flows

	Total 2022 $'000	Total 2021 $'000
Net gain/(loss) on disposal of property plant and equipment	36	(89)
Total net gain/(loss) on non-financial assets	**36**	**(89)**
Allowance for impairment losses of contractual receivables	(21)	(35)
Net gain/(loss) on fair value of financial instruments	(2,143)	1,144
Total net gain/(loss) on financial instruments	**(2,164)**	**1,109**
Net gain/(loss) arising from revaluation of long service liability	(1,510)	558
Total other gains/(losses) from other economic flows	**(1,510)**	**558**
Total gains/(losses) from other economic flows	**(3,638)**	**1,578**

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

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 3: The cost of delivering our services

Note 3.3 Employee benefits in the balance sheet

	Total 2022 $'000	Total 2021 $'000
Current employee benefits and related on-costs		
Accrued days off		
Unconditional and expected to be settled wholly within 12 months [i]	696	585
	696	**585**
Annual leave		
Unconditional and expected to be settled wholly within 12 months [i]	15,500	14,000
Unconditional and expected to be settled wholly after 12 months [ii]	4,487	4,271
	19,987	**18,271**
Long service leave		
Unconditional and expected to be settled wholly within 12 months [i]	2,177	2,800
Unconditional and expected to be settled wholly after 12 months [ii]	21,165	17,343
	23,342	**20,143**
Other		
Unconditional and expected to be settled within 12 months	21	32
	21	**32**
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months [i]	2,505	2,170
Unconditional and expected to be settled after 12 months [ii]	3,455	2,517
	5,960	**4,687**
Total current employee benefits and related on-costs	**50,006**	**43,718**
Non-current provisions and related on-costs		
Conditional long service leave [ii]	6,326	6,953
Provisions related to employee benefit on-costs [ii]	845	782
Total non-current employee benefits and related on-costs	**7,171**	**7,735**
Total employee benefits and related on-costs	**57,177**	**51,453**

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

	Total 2022 $'000	Total 2021 $'000
Current employee benefits and related on-costs		
Unconditional accrued days off	696	585
Unconditional annual leave entitlements	22,884	20,692
Unconditional long service leave entitlements	26,405	22,409
Substitution leave	21	32
Total current employee benefits and related on-costs	**50,006**	**43,718**
Conditional long service leave entitlements	7,171	7,735
Total non-current employee benefits and related on-costs	**7,171**	**7,735**
Total employee benefits and related on-costs	**57,177**	**51,453**
Attributable to:		
Employee benefits	50,372	45,984
Provision for related on-costs	6,805	5,469
Total employee benefits and related on-costs	57,177	51,453
Carrying amount at start of year	5,469	5,002
Additional provisions recognised	4,305	3,159
Revaluation impact of changes in discount rate	(181)	(67)
Amounts incurred during the year	(2,788)	(2,625)
Carrying amount at end of year	**6,805**	**5,469**

How we recognise employee benefits
Employee benefit recognition

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

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

Annual leave and accrued days off
Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because 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.

Note 3: The cost of delivering our services

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

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the 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.

Provision for on-costs related to employee benefits

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

Note 3: The cost of delivering our services

Note 3.4 Superannuation

	Paid contribution for the year		Contribution Outstanding at Year-end	
	Total 2022 $'000	Total 2021 $'000	Total 2022 $'000	Total 2021 $'000
Defined benefit plans:[i]				
First State Super	3	3	-	-
Defined contribution plans:				
First State Super	6,561	6,139	547	681
Hesta	9,392	8,193	775	913
Other	2,005	967	179	183
Total	**17,961**	**15,302**	**1,501**	**1,777**

[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 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 Right-of-use assets
4.4 Revaluation surplus
4.5 Depreciation and amortisation
4.6 Inventories
4.7 Impairment of assets

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 and medical ward fit out with appropriate medical equipment to enable treatment of COVID-19 patients.
- Installation of air purifiers for clinical wards
- Specialised birthing equipment purchased for obstetric services provided to COVID-19 positive patients
- Additional infrastructure for COVID-19 testing and vaccination services

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

	Operating Fund		Total	
	2022 $'000	2021 $'000	2022 $'000	2021 $'000
Non-current				
Managed investment schemes	20,653	22,155	20,653	22,155
Total non-current financial assets	**20,653**	**22,155**	**20,653**	**22,155**
Total other financial assets	**20,653**	**22,155**	**20,653**	**22,155**
Represented by:				
Health service investments	20,653	22,155	20,653	22,155
Total other financial assets	**20,653**	**22,155**	**20,653**	**22,155**

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 Property, Plant & Equipment

Note 4.2 (a) Gross carrying amount and accumulated depreciation

	Total 2022 $'000	Total 2021 $'000
Land at fair value - Freehold	10,226	8,975
Total land at fair value	**10,226**	**8,975**
Buildings at fair value	256,177	251,567
Less accumulated depreciation	(35,909)	(23,706)
Total buildings at fair value	**220,268**	**227,861**
Site improvements at fair value	3,430	3,403
Less accumulated depreciation	(164)	(160)
Total leasehold improvements at fair value	**3,266**	**3,243**
Total buildings and improvements	**223,534**	**231,104**
Total land and buildings	**233,760**	**240,079**
Plant and equipment at fair value	6,833	6,341
Less accumulated depreciation	(4,482)	(4,065)
Total plant and equipment at fair value	**2,351**	**2,276**
Motor vehicles at fair value	159	199
Less accumulated depreciation	(49)	(85)
Total motor vehicles at fair value	**110**	**114**
Computer equipment at fair value	2,132	2,158
Less accumulated depreciation	(1,963)	(1,800)
Total computer equipment at fair value	**169**	**358**
Furniture and fittings at fair value	2,673	2,584
Less accumulated depreciation	(2,070)	(1,929)
Total furniture and fittings at fair value	**603**	**655**
Total plant and equipment	**3,233**	**3,403**
Medical equipment at fair value	44,185	41,500
Less accumulated depreciation	(25,818)	(26,061)
Total medical equipment at fair value	**18,367**	**15,439**
Total plant, equipment, furniture, fittings and vehicles at fair value	**21,600**	**18,842**
Work in Progress - At Cost	51,026	14,066
Total Work in Progress	**51,026**	**14,066**
Total property, plant and equipment	**306,386**	**272,987**

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	Buildings $'000	Works in Progress $'000	Plant & equipment $'000	Medical Equipment $'000	Total $'000
Balance at 1 July 2020		**6,838**	**233,879**	**13,957**	**3,622**	**12,560**	**270,856**
Additions		-	-	12,575	296	5,402	18,273
Disposals		-	-	-	(666)	(1,263)	(1,929)
Revaluation increments/(decrements)		1,182	-	-	-	-	1,182
Net transfers between classes		955	9,185	(12,466)	1,006	1,320	-
Depreciation	4.5	-	(11,960)	-	(855)	(2,580)	(15,395)
Balance at 30 June 2021	4.2 (a)	**8,975**	**231,104**	**14,066**	**3,403**	**15,439**	**272,987**
Additions		-	36	42,370	412	7,998	50,816
Disposals		-	(26)	-	(113)	(2,828)	(2,967)
Revaluation increments/(decrements)		1,251	-	-	-	-	1,251
Net Transfers between classes		-	4,636	(5,410)	428	345	(1)
Depreciation	4.5	-	(12,216)	-	(897)	(2,587)	(15,700)
Balance at 30 June 2022	4.2 (a)	**10,226**	**223,534**	**51,026**	**3,233**	**18,367**	**306,386**

Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Latrobe Regional Hospitals 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.

Note 4: Key assets to support service delivery

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

How we recognise property, plant and equipment

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

Subsequent measurement

Items of property, plant and equipment are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

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

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

Revaluation

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

Where an independent valuation has not been undertaken at balance date, 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.

Note 4: Key assets to support service delivery

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

Revaluation (Continued)

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 2022 indicated an overall:

- increase in fair value of land of 13.94% ($1,251 m).
- increase in fair value of buildings of 8.82%.

As the cumulative movement was less than 10% for buildings since the last revaluation a managerial revaluation adjustment was not required as at 30 June 2022.

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

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

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

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

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

Note 4: Key assets to support service delivery

Note 4.3 Right-of-use assets

Note 4.3(a) Gross carrying amount and accumulated depreciation

	Total 2022 $'000	Total 2021 $'000
Right-of-use concessionary land at fair value	158	-
Less accumulated depreciation	-	-
Total right of use land at fair value	**158**	**-**
Right-of-use buildings at fair value	906	793
Less accumulated depreciation	(601)	(317)
Total right of use buildings at fair value	**305**	**476**
Total right of use concessionary land and buildings	**463**	**476**
Right of use plant, equipment, furniture, fittings and vehicles at fair value	2,038	2,024
Less accumulated depreciation	(1,631)	(1,087)
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	**407**	**937**
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	**407**	**937**

Note 4.3(b) Reconciliations of the carrying amounts of each class of asset

	Note	Right-of-use - Concessionary Land $'000	Right-of-use - Buildings $'000	Right-of-use - PE, FF&V $'000	Total $'000
Balance at 1 July 2020		**58**	**579**	**1,421**	**2,058**
Additions		-	79	64	143
Disposals		(58)	-	-	(58)
Depreciation	4.5	-	(182)	(548)	(730)
Balance at 30 June 2021	4.3(a)	**-**	**476**	**937**	**1,413**
Additions		158	114	14	286
Depreciation	4.5	-	(285)	(544)	(829)
Balance at 30 June 2022	4.3(a)	**158**	**305**	**407**	**870**

Note 4: Key assets to support service delivery

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

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(a).

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

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

Subsequent measurement

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

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

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

Note 4.4 Revaluation Surplus

	Note	Total 2022 $'000	Total 2021 $'000
Balance at the beginning of the reporting period		124,609	123,427
Revaluation increment			
- Land	4.2 (b)	1,251	1,182
Balance at the end of the Reporting Period*		**125,860**	**124,609**
*** Represented by:**			
- Land		4,885	3,634
- Buildings		120,975	120,975
		125,860	**124,609**

Note 4: Key assets to support service delivery

Note 4.5 Depreciation

Depreciation	Total 2022 $'000	Total 2021 $'000
Buildings	11,957	11,701
Site Improvements	259	259
Plant and equipment	452	419
Motor vehicles	29	6
Medical equipment	2,587	2,580
Computer equipment	274	297
Furniture and fittings	142	133
Total depreciation - property, plant and equipment	**15,700**	**15,395**
Right-of-use assets		
Right of use buildings	285	182
Right of use - plant, equipment, furniture, fittings and motor vehicles	544	548
Total depreciation - right-of-use assets	**829**	**730**
Total Depreciation	**16,529**	**16,125**
Total depreciation	**16,529**	**16,125**

How we recognise depreciation

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

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

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

	2022	2021
Buildings		
- Structure shell building fabric	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 4: Key assets to support service delivery

Note 4.6 Inventories

	Total 2022 $'000	Total 2021 $'000
Pharmacy supplies at cost	965	975
General stores at cost	520	506
Total inventories	**1,485**	**1,481**

How we recognise inventories

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

Note 4.7: Impairment of assets

How we recognise impairment

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

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

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

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

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

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

Where it is not possible to estimate the recoverable amount of an individual asset, Latrobe Regional Hospital estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Latrobe Regional Hospital did not record any impairment losses for the year ended 30 June 2022.

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from 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 2022 $'000	Total 2021 $'000
Current receivables and contract assets			
Contractual			
Inter hospital debtors		1,655	872
Trade receivables		1,279	1,222
Patient fees		229	691
Allowance for impairment losses - Patient Fees	5.1(a)	(39)	(46)
Allowance for impairment losses - Trade Debtors	5.1(a)	(11)	(12)
Contract assets	5.1(b)	304	-
Accrued revenue		954	729
Amounts receivable from governments and agencies		4,626	2,710
Total contractual receivables		**8,997**	**6,166**
Statutory			
GST receivable		1,201	815
Total statutory receivables		**1,201**	**815**
Total current receivables and contract assets		**10,198**	**6,981**
Non-current receivables and contract assets			
Contractual			
Long service leave - Department of Health		5,712	5,812
Total contractual receivables		**5,712**	**5,812**
Total non-current receivables and contract assets		**5,712**	**5,812**
Total receivables and contract assets		**15,910**	**12,793**
(i) Financial assets classified as receivables and contract assets (Note 7.1(a))			
Total receivables and contract assets		15,910	12,793
Provision for impairment		50	58
GST receivable		(1,201)	(815)
Total financial assets	7.1(a)	**14,455**	**12,036**

Note 5: Other assets and liabilities

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

	Total 2022 $'000	Total 2021 $'000
Balance at the beginning of the year	58	47
Increase in allowance	39	17
Amounts written off during the year	(47)	(6)
Reversal of allowance written off during the year as uncollectable	-	-
Balance at the end of the year	**50**	**58**

How we recognise receivables

Receivables consist of:

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

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

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

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

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

Note 5: Other assets and liabilities

Note 5.1 (b) Contract assets

	Total 2022 $'000	Total 2021 $'000
Balance at the beginning of the year	-	-
Add: Additional costs incurred that are recoverable from the customer	304	-
Less: Transfer to trade receivable or cash at bank	-	-
Less: impairment allowance	-	-
Total contract assets	**304**	**-**
*** Represented by:**		
- Current assets	304	-
	304	**-**

How we recognise contract assets

Contract assets relate to the Latrobe Regional Hospital's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. Contract assets are expected to be recovered early next year.

Note 5: Other assets and liabilities

Note 5.2 Payables and contract liabilities

	Note	Total 2022 $'000	Total 2021 $'000
Current payables and contract liabilities			
Contractual			
Trade creditors		1,367	1,181
Accrued salaries and wages		5,799	2,715
Accrued expenses		13,195	13,257
Contract liabilities	5.2(a)	7,956	2,747
Amounts payable to governments and agencies		13,287	5,230
Total contractual payables		**41,604**	**25,130**
Statutory			
Australian Taxation Office		1,236	1,141
Total statutory payables		**1,236**	**1,141**
Total current payables and contract liabilities		**42,840**	**26,271**
Total payables and contract liabilities		**42,840**	**26,271**
(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))			
Total payables and contract liabilities		42,840	26,271
Contract liabilities		(7,956)	(2,747)
Total financial liabilties	7.1(a)	**34,884**	**23,524**

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

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

Note 5: Other assets and liabilities

Note 5.2 (a) Contract liabilities

	Total 2022 $'000	Total 2021 $'000
Opening balance of contract liabilities	2,747	1,814
Grant consideration for sufficiently specific performance obligations received during the year	7,671	1,951
Revenue recognised for the completion of a performance obligation	(2,462)	(1,018)
Total contract liabilities	**7,956**	**2,747**
*** Represented by:**		
- Current contract liabilities	7,956	2,747
	7,956	**2,747**

How we recognise contract liabilities

Contract liabilties include grant consideration received from the State Government in support of Better at Home NWAU funding and Mental Health Bushfire Recovery Funding. These funding items were also treated as a contract liability in 2021. New contract liabilites for this financial year include Maternity Boost Funding, Hospital Services Partnership (HSP) establishment funding, Elective Surgery Project Lead funding, Child & Adolescent Psychiatry Rotation funding and Latrobe Health Assembly. Grant income is recognsied 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 the contract liabilties was signficantly higher than previous reporting periods due to the newly received Health Services Partnership establishment funding as well as the Latrobe Health Assembly funding. Performance obligations for these funding streams are expected to be met within the 2022/2023 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 2022 $'000	Total 2021 $'000
Current monies held it trust			
Patient monies		23	15
Refundable accommodation deposits		76	985
Employee Salary Packaging Account		335	830
Total current monies held in trust		**434**	**1,830**
Total other liabilities		**434**	**1,830**
*** Represented by:**			
- Cash assets	6.2	434	1,830
		434	**1,830**

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 2022 $'000	Total 2021 $'000
Current borrowings			
Lease liability [(i)]	6.1 (a)	582	762
Advances from government (ii)		50	50
Total current borrowings		**632**	**812**
Non-current borrowings			
Lease liability [(i)]	6.1 (a)	257	651
Advances from government (ii)		94	150
Total non-current borrowings		**351**	**801**
Total borrowings		**983**	**1,613**

[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 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 2022 $'000	Total 2021 $'000
Total undiscounted lease liabilities	852	1,444
Less unexpired finance expenses	(13)	(31)
Net lease liabilities	**839**	**1,413**

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

	Total 2022 $'000	Total 2021 $'000
Not longer than one year	591	783
Longer than one year but not longer than five years	261	661
Longer than five years	-	-
Minimum future lease liability	**852**	**1,444**
Less unexpired finance expenses	(13)	(31)
Present value of lease liability	**839**	**1,413**
*** Represented by:**		
- Current liabilities	582	762
- Non-current liabilities	257	651
	839	**1,413**

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 2022 $'000	Total 2021 $'000
Cash on hand (excluding monies held in trust)		8	8
Cash at bank (excluding monies held in trust)		18,999	11,378
Cash at bank - CBS (excluding monies held in trust)		45,286	45,142
Term deposits < 3 months (excluding monies held in trust)		50	50
Total cash held for operations		**64,343**	**56,578**
Cash at bank (monies held in trust)		23	15
Cash at bank - CBS (monies held in trust)		76	985
Employee Salary Packaging Account		335	830
Total cash held as monies in trust		**434**	**1,830**
Total cash and cash equivalents	7.1 (a)	**64,777**	**58,408**

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 2022 $'000	Total 2021 $'000
Capital expenditure commitments		
Less than one year	11,059	3,847
Total capital expenditure commitments	**11,059**	**3,847**
Operating Expenditure Commitments - Maintenance Service Contracts		
Less than one year	4,397	6,430
Longer than one year but not longer than five years	705	4,377
Five years or more	-	-
Total non-cancellable short term and low value lease commitments	**5,102**	**10,807**
Non-cancellable short term and low value lease commitments		
Less than one year	94	107
Longer than one year but not longer than five years	-	184
Total non-cancellable short term and low value lease commitments	**94**	**291**
Total commitments for expenditure (exclusive of GST)	**16,255**	**14,945**
Less GST recoverable from Australian Tax Office	(1,478)	(1,359)
Total commitments for expenditure (exclusive of GST)	**14,777**	**13,586**

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
7.4 Fair value determination

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use. In determining the highest and best use, Latrobe Regional Hospital has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.

Note 7: Risks, contingencies and valuation uncertainties

Key judgements and estimates (continued)

Key judgements and estimates	Description
Measuring fair value of non-financial assets	Latrobe Regional Hospital uses a range of valuation techniques to estimate fair value, which include the following: ▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Latrobe Regional Hospital's [specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets] are measured using this approach. ▪ Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Latrobe Regional Hospital's [specialised buildings, furniture, fittings, plant, equipment and vehicles] are measured using this approach. The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes: ▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Latrobe Regional Hospital does not categorise any fair values within this level. ▪ Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Latrobe Regional Hospital categorises non-specialised land and right-of-use concessionary land in this level. ▪ Level 3, where inputs are unobservable. Latrobe Regional Hospital categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.

Note 7: 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 2022	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	64,777	-	-	64,777
Receivables and contract assets	5.1	14,455	-	-	14,455
Investments and other financial assets	4.1	-	20,653	-	20,653
Total Financial Assets [i]		**79,232**	**20,653**	**-**	**99,885**
Financial Liabilities					
Payables	5.2	-	-	34,884	34,884
Borrowings	6.1	-	-	983	983
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	-	76	76
Other Financial Liabilities - Other monies held in trust	5.3	-	-	358	358
Total Financial Liabilities [i]		**-**	**-**	**36,301**	**36,301**

Note 7: Risks, contingencies and valuation uncertainties

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**

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

How we categorise financial instruments

Categories of financial assets

Financial assets are recognised when 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.

Note 7: Risks, contingencies and valuation uncertainties

Note 7.1 (a) Categorisation of financial instruments

Financial assets at amortised cost

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

- the assets are held by 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)

Note 7: Risks, contingencies and valuation uncertainties

Note 7.1 (a) Categorisation of financial instruments

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.

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.

Note 7: Risks, contingencies and valuation uncertainties

Note 7.1 (a) Categorisation of financial instruments

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

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 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 2021-22.

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:

30 June 2022		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%	77.6%	100.0%	
Gross carrying amount of contractual receivables	5.1	8,886	55	43	64	1	**9,049**
Loss allowance		-	-	-	**(50)**	**(1)**	**(51)**

30 June 2021	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%	45.0%	90.0%	
Gross carrying amount of contractual receivables	5.1	5,899	174	23	128	0	**6,224**
Loss allowance		-	-	-	**(58)**	-	**(58)**

Note 7: Risks, contingencies and valuation uncertainties

Note 7.2 (a) Credit risk (continued)

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) Liquidity Risk (continued)

				Maturity Dates				
Total 30 June 2022	**Note**	**Carrying Amount $'000**	**Nominal Amount $'000**	**Less than 1 Month $'000**	**1-3 Months $'000**	**3 months - 1 Year $'000**	**1-5 Years $'000**	**Over 5 years $'000**
Payables	**5.2**	34,884	34,884	34,884	-	-	-	-
Borrowings	**6.1**	983	-	-	-	632	351	-
Other Financial Liabilities - Refundable Accommodation Deposits	**5.3**	76	76	76	-	-	-	-
Other Financial Liabilities - Patient monies held in trust	**5.3**	358	358	358	-	-	-	-
Total Financial Liabilities		**36,301**	**35,318**	**35,318**	**-**	**632**	**351**	**-**

				Maturity Dates				
Total 30 June 2021	**Note**	**Carrying Amount $'000**	**Nominal Amount $'000**	**Less than 1 Month $'000**	**1-3 Months $'000**	**3 months - 1 Year $'000**	**1-5 Years $'000**	**Over 5 years $'000**
Financial Liabilities at amortised cost								
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**	**-**

[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 7: Risks, contingencies and valuation uncertainties

Note 7.4: Fair Value Determination

How we measure fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The following assets and liabilities are carried at fair value:

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

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

Valuation hierarchy

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

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

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.

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

Note 7: Risks, contingencies and valuation uncertainties

Note 7.4 (a) Fair value determination of investments and other financial assets

	Note	Total carrying amount 30 June 2022 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Managed investment schemes		20,653	-	20,653	-
Total financial assets held at fair value through net result	4.1	**20,653**	**-**	**20,653**	**-**
Total investments and other financial assets at fair value		**20,653**	**-**	**20,653**	**-**

	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
Managed investment schemes		22,155	-	22,155	-
Total financial assets held at fair value through net result	4.1	**22,155**	**-**	**22,155**	**-**
Total investments and other financial assets at fair value		**22,155**	**-**	**22,155**	**-**

How we measure fair value of investments and other financial assets

Management investment schemes

Latrobe Regional Hospital invests in managed funds, which are not quoted in an active market and which may be subject to restrictions on redemptions.

Latrobe Regional Hospital considers the valuation techniques and inputs used in valuing these funds as part of its due diligence prior to investment, to ensure they are reasonable and appropriate. The net asset value of these funds is used as an input into measuring their fair value, and is adjusted as necessary, to reflect restrictions and redemptions, future commitments and other specific factors of the fund.

Latrobe Regional Hospital classifies these funds as Level 2.

Note 7: Risks, contingencies and valuation uncertainties

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

	Note	Total carrying amount 30 June 2022 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Non-specialised land		2,726	-	2,726	-
Specialised land		7,500	-	-	7,500
Total land at fair value	4.2 (a)	**10,226**	**-**	**2,726**	**7,500**
Specialised buildings		223,534	-	-	223,534
Total buildings at fair value	4.2 (a)	**223,534**	**-**	**-**	**223,534**
Plant and equipment at fair value	4.2 (a)	2,351	-	-	2,351
Motor vehicles at fair value	4.2 (a)	110	-	-	110
Medical equipment at Fair Value	4.2 (a)	18,367	-	-	18,367
Computer equipment at fair value	4.2 (a)	169	-	-	169
Furniture and fittings at fair value	4.2 (a)	603	-	-	603
Total plant, equipment, furniture, fittings and vehicles at fair value		**21,600**	**-**	**-**	**21,600**
Right of use land	4.3 (b)	158	-	158	-
Right of use Buildings	4.3 (b)	305	-	-	305
Right of use assets at fair value	4.3 (b)	407	-	-	407
Total right-of-use assets at fair value		870	-	158	712
Assets Under Construction		51,026	51,026	-	-
Total assets under construction		**51,026**	**51,026**	-	-
Total non-financial physical assets at fair value		**307,256**	**51,026**	**2,884**	**253,346**

Note 7: Risks, contingencies and valuation uncertainties

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

		Total carrying amount 30 June 2021 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Non-specialised land		2,726	-	2,726	-
Specialised land		6,249	-	-	6,249
Total land at fair value	4.2 (a)	**8,975**	**-**	**2,726**	**6,249**
Specialised buildings		231,104	-	-	231,104
Total buildings at fair value	4.2 (a)	**231,104**	**-**	**-**	**231,104**
Plant, equipment and vehicles 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
Total plant, equipment, furniture, fittings and vehicles at fair value		**18,842**	**-**	**-**	**18,842**
Right of use buildings		476	-	-	476
Right of use assets at fair value	4.2 (a)	937	-	-	937
Total right-of-use assets at fair value		1,413	-	-	1,413
Assets Under Construction		**14,066**	14,066	-	-
Total assets under construction		**14,066**	**14,066**	**-**	**-**
Total non-financial physical assets at fair value		**274,400**	**14,066**	**2,726**	**257,608**

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

How we measure fair value of non-financial physical assets

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

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

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

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

Note 7: Risks, contingencies and valuation uncertainties

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

Non-specialised land & non-specialised buildings

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

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

Specialised land and specialised buildings

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

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

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

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

For 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 2022

Note 7: Risks, contingencies and valuation uncertainties

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

Total	Note	Land $'000	Buildings $'000	Plant, equipment, furniture, fittings and vehicles $'000	Right-of-use buildings $'000	Right-of-use plant, equipment, furniture, fittings and vehicles $'000
Balance at 1 July 2020		**4,170**	**233,879**	**16,182**	**579**	**1,421**
Additions/(Disposals)		(58)	-	3,769	79	64
Net Transfers between classes		955	9,185	2,326	-	-
- Depreciation and amortisation		-	(11,960)	(3,435)	(182)	(548)
Items recognised in other comprehensive income						
- Revaluation		1,182	-	-	-	-
Balance at 30 June 2021	7.4 (a)	**6,249**	**231,104**	**18,842**	**476**	**937**
Additions/(Disposals)		-	10	5,469	114	14
Net Transfers between classes		-	4,636	773	-	-
Gains/(Losses) recognised in net result						
- Depreciation and Amortisation		-	(12,216)	(3,484)	(285)	(544)
- Revaluation		1,251	-	-	-	-
Balance at 30 June 2022	7.4 (a)	**7,500**	**223,534**	**21,600**	**305**	**407**

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

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

Note 8: Other disclosures

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

Structure

8.1 Reconciliation of net result for the year to net cash flow from operating activities
8.2 Responsible persons disclosure
8.3 Remuneration of executives
8.4 Related parties
8.5 Remuneration of auditors
8.6 Events occurring after the balance sheet date
8.7 Jointly controlled operations
8.8 Equity
8.9 Economic dependency

Telling the COVID-19 story

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

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

	Note	Total 2022 $'000	Total 2021 $'000
Net result for the year		19,126	(2,048)
Non-cash movements:			
Net (Gain)/Loss on sale or disposal of non-financial assets	3.2	(36)	89
Net (Gain)/Loss arising from Revaluation of Financial Instruments		2,143	(1,144)
Depreciation and amortisation of non-current assets	4.5	16,529	16,125
Cash inflow from financing activities		(186)	(286)
Assets and services received free of charge	2.2	(631)	(2,223)
Assets provided free of charge		-	76
Movement in allowance for impairment	5.1(a)	(8)	11
(Gain)/Loss on revaluation of long service leave liability	3.2	1,510	(558)
Movements in Assets and Liabilities:			
(Increase)/Decrease in receivables and contract assets		(3,109)	(1,581)
(Increase)/Decrease in inventories		(4)	(69)
(Increase)/Decrease in prepaid expenses		200	(25)
Increase/(Decrease) in payables and contract liabilities		16,569	9,005
Increase/(Decrease) in employee benefits		4,214	4,829
Increase/(Decrease) in other liabilities		(487)	78
Net cash inflow from operating activities		**55,830**	**22,279**

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
Minister for Health	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
Minister for Ambulance Services	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
Minister for Mental Health	
The Honourable James Merlino	1 Jul 2021 - 27 Jun 2022
The Honourable Gabrielle Williams	27 Jun 2022 - 30 Jun 2022
Minister for Disability, Ageing and Carers	
The Honourable Luke Donnellan	1 Jul 2021 - 11 Oct 2021
The Honourable James Merlino	11 Oct 2021 - 06 Dec 2021
The Honourable Anthony Carbines	06 Dec 2021 - 27 Jun 2022
The Honourable Colin Brooks	27 Jun 2022 - 30 Jun 2022
Governing Boards	
Linda McCoy (Chair of the Board)	1 Jul 2021 - 30 Jun 2022
John Rasa	1 Jul 2021 - 30 Jun 2022
Ian Maxwell	1 Jul 2021 - 30 Jun 2022
Chelsea Caple	1 Jul 2021 - 30 Jun 2022
John Arranga	1 Jul 2021 - 30 Jun 2022
Liesl McKay	1 Jul 2021 - 30 Jun 2022
Bernadette Hickey	1 Jul 2021 - 30 Jun 2022
Kathryn Munro	1 Jul 2021 - 30 Jun 2022
Leanne Williams	1 Jul 2021 - 30 Jun 2022
Accountable Officers	
Peter Craighhead (Chief Executive Officer)	1 Jul 2021 - 31 Jul 2021
Don McRae	1 Aug 2021 - 30 Jun 2022

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 2022 No	Total 2021 No
$20,000 - $29,999	8	7
$50,000 - $59,999	-	1
$60,000 - $69,999	1	-
$300,000 - $309,999	1	-
$430,000 - $439,999	-	1
$520,000 - $529,999	1	-
Total Numbers	**11**	**9**

	Total 2022 $'000	Total 2021 $'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$1,103**	**$678**

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

Note 8.3 Remuneration of executives

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

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.4)	**Total Remuneration**	
	2022 $'000	**2021 $'000**
Short-term benefits	1,408	1,501
Post-employment benefits	129	131
Termination benefits	-	-
Total remuneration [i]	**1,537**	**1,632**
Total number of executives	11	6
Total annualised employee equivalent [ii]	5.8	6.0

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.

Note 8: Other disclosures

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.
Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

Short-term Employee Benefits

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

Post-employment Benefits

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other Long-term Benefits

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

Termination Benefits

Termination of employment payments, such as severance packages.

Other factors

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

Note 8.4: Related Parties

The Latrobe Regional Hospital is a wholly owned and controlled entity of the State of Victoria. Related parties of the health service include:

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

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

Note 8: Other disclosures

Key management personnel

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	Ian Maxwell	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	Leanne Williams	Board Member
Latrobe Regional Hospital	Peter Craighead	Chief Executive Officer (1/7/21 - 31/7/21)
Latrobe Regional Hospital	Don McRae	Chief Executive Officer (1/8/21 - 30/6/22)
Latrobe Regional Hospital	Jon Millar	Executive Director of Information & Regional Services (1/7/21 - 27/2/22) Chief Operating Officer (28/2/22 - 30/6/22)
Latrobe Regional Hospital	Humsha Naidoo	Chief Medical Officer (1/7/21 - 5/11/21)
Latrobe Regional Hospital	Simon Fraser	Chief Medical Officer (8/11/21 - 31/1/22)
Latrobe Regional Hospital	Ian Graham	Interim Chief Medical Officer (10/02/22-30/06/22)
Latrobe Regional Hospital	Umesh Gupta	Interim Chief Medical Officer/Deputy Chief Medical Officer (1/7/21 - 30/6/22)
Latrobe Regional Hospital	Anita Raymond	Executive Director of Education, Training & Research (1/7/21 - 30/6/22) Acting Chief Nurse (1/8/21 - 30/6/22)
Latrobe Regional Hospital	Sebastiano Romano	Executive Director of Mental Health/Chief Mental Health Nurse
Latrobe Regional Hospital	Mark Wilkins	Executive Director of People & Culture
Latrobe Regional Hospital	Adrian Shearer	Executive Director of Information Services (28/2/22 - 30/6/22)
Latrobe Regional Hospital	Louise Sparkes	Executive Director of Regional Services (28/2/22 - 30/6/22)

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

	Total 2022 $'000	Total 2021 $'000
Compensation - KMPs		
Short-term Employee Benefits [i]	2,100	2,157
Post-employment Benefits	182	153
Other Long-term Benefits	358	21
Termination Benefits	-	-
Total [ii]	**2,640**	**2,331**

[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

Significant transactions with government related entities

Latrobe Regional Hospital received funding from the Department of Health of $341 m (2021: $270 m) and indirect contributions of $0.31 m (2021: $0.37 m). Balances outstanding as at 30 June 2022 are $5.7 m (2021 $5.8 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 2022 (2021: 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 2022 (2021: none).

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

Note 8: Other disclosures

Note 8.4: Related Parties (continued)

Revenue received from the following for 2022 ($'000)

ENTITY	2022 $'000	2021 $'000
Alfred Health	2,290	2,950
All TAFE Entities	207	248
Ambulance Victoria	46	46
Bairnsdale Regional Health Service	415	288
Central Gippsland Health Service	1,384	1,189
Department of Health and Human Services (grants)	340,812	273,273
Department of Jobs Precincts and Regions	197	0
Department of Treasury and Finance	145	150
Gippsland Health Alliance	5,889	4,017
Gippsland Southern Health Service	291	290
Monash Health	366	350
Transport Accident Commission	128	405
Victorian Managed Insurance Authority	26	119
West Gippsland Healthcare Group	790	904
Yarram and District Health Service	68	201

Payments made to the following for 2022 ($'000)

ENTITY	2022 $'000	2021 $'000
Alfred Health	526	546
Ambulance Victoria	1,903	2,085
Bairnsdale Regional Health Service	346	267
Ballarat Health Services	0	63
Bass Coast Health	451	620
Central Gippsland Health Service	1,793	1,893
Central Gippsland Regional Water Corporation	317	324
Gippsland Health Alliance	8,112	8,451
Kooweerup Regional Health Service	272	317
Monash Health	1,446	1,694
Omeo District Health	174	135
Orbost Regional Health	81	146
South Gippsland Hospital	551	454
Victorian Managed Insurance Authority	8,225	6,920
West Gippsland Healthcare Group	684	900
Yarram and District Health Service	145	216

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

ENTITY	2022 $'000	2021 $'000
Alfred Health	488	520
All TAFE Entities	90	88
Bairnsdale Regional Health Service	212	36
Central Gippsland Health Service	790	762
Department of Health and Human Services (grants)	9,710	6,970
Gippsland Health Alliance	349	610
Gippsland Southern Health Service	55	73
Monash Health	36	65
West Gippsland Healthcare Group	348	515

Note 8: Other disclosures

Note 8.4: Related Parties (continued)

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

ENTITY	2022 $'000	2021 $'000
Alfred Health	108	97
Ambulance Victoria	258	298
Central Gippsland Health Service	224	216
Department of Health	12,033	3,714
Gippsland Health Alliance	151	118
Monash Health	138	284
South Gippsland Hospital	88	77
West Gippsland Healthcare Group	120	118

Note 8.5: Remuneration of Auditors

	Total 2022 $'000	Total 2021 $'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 Jointly controlled operations

	Principal Activity	Ownership Interest 2022 %	Ownership Interest 2021 %
Gippsland Health Alliance	Provision of Information Technology Services	24.58	21.43

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

	2022 $'000	2021 $'000
Current assets		
Cash and cash equivalents	773	1,075
Receivables	606	175
Prepaid expenses	662	931
Total current assets	**2,041**	**2,181**
Non-current assets		
Property, plant and equipment	267	271
Total non-current assets	**267**	**271**
Total assets	**2,308**	**2,452**
Current liabilities		
Payables	200	279
Borrowings	55	41
Other Current Liabilities	451	803
Total current liabilities	**706**	**1,123**
Non-current liabilities		
Borrowings	111	109
Total non-current liabilities	**111**	**109**
Total liabilities	**817**	**1,232**
Net assets	**1,491**	**1,220**
Equity		
Accumulated surplus	1,491	1,220
Total equity	**1,491**	**1,220**

Note 8: Other disclosures

Note 8.7 Joint arrangements

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

	2022 $'000	2021 $'000
Revenue		
Revenue from Operations	5,261	3,828
Interest Income	8	8
Total revenue	**5,269**	**3,836**
Expenses		
Other Expenses from Continuing Operations	5,582	3,910
Depreciation	102	73
Total expenses	**5,684**	**3,983**
Net result	**(415)**	**(147)**

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: Staff tour the 3A expansion construction site at Latrobe Regional Hospital.

Photo credits:

- Celine Foenander, LRH
- Kevin Polanske, Community Champions team member

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- Wendy McEwan, Italicherry Design

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Latrobe Regional Hospital and its community-based services are located on the traditional lands of the Gunaikurnai and Bunurong peoples.

Latrobe Regional Hospital