Latrobe Regional Health

Annual Report

2022–2023

About this report

Latrobe Regional Hospital formally changed its name to Latrobe Regional Health (LRH) on 2 July 2023 and will be referred by the new name or the abbreviation LRH throughout this report.

The Annual Report outlines the activities and performance of LRH from 1 July 2022 to 30 June 2023 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 lrh.com.au

The responsible Minister is the Minister for Health:
The Hon Mary-Anne Thomas MP

The Minister for Mental Health is:
The Hon Gabrielle Williams MP

Acknowledgement

Latrobe Regional Health acknowledges the Gunaikurnai and Bunurong peoples as the traditional custodians of the land on which our services are located. We acknowledge the strength, resilience and survival of Aboriginal people and are committed to providing an accessible and culturally responsive service that works in partnership with community members for better health outcomes.

We are committed to improving the health and wellbeing of all Aboriginal and Torres Strait Islander peoples and we recognise and respect their connection to their ancestral lands.

Our cover

Amalia's smile and determination were an inspiration to our Allied Health team who worked with the five-year-old to improve her mobility and communication before starting school this year. Amalia has cerebral palsy and receives regular therapy through the Victorian Paediatric Rehabilitation Service at LRH.

Contents

Our story

Latrobe Regional Health (LRH), formerly known as Latrobe Regional Hospital, 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).

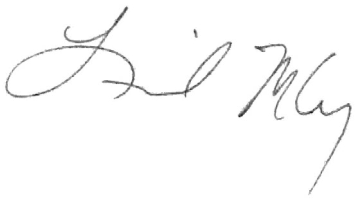
LRH cares for a population of more than 300,000. Our catchment covers about 42,000 square kilometres from Phillip Island to Mallacoota in the far east.

We offer cardiac care, surgery, medical, renal, emergency and critical care, aged care, women's and children's services, pharmacy, allied health and rehabilitation. Medical and radiation oncology are offered by the Gippsland Cancer Care Centre on site. Specialist outpatient services are provided by the Gippsland Private Consulting Suites.

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.

Responsible bodies declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Latrobe Regional Health for the year ending 30 June 2023.



Linda McCoy
Chair, Board of Directors

Latrobe Regional Health
Traralgon West
22 August 2023

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 from our Board Chair and Chief Executive

Our reflection of 2022-23 would not be complete without reference to the pandemic. While the darkest days are behind us, the physical and emotional toll for our community continues and it represents a new challenge for our health service.

We have witnessed more people with complex conditions presenting to our Emergency Department and mental health services. Our patients are requiring longer hospital stays and more intensive treatment plans.

Inpatient admissions in 2022-23 increased by almost four per cent on the previous year while ED presentations were down by a similar figure. Our surgical procedures rose to 10,867, an increase of 7.5 per cent. The number of births increased by five per cent to 898.

For the first time, we are able to utilise real-time data in our analysis of operations across the health service. This enables us to plan for growth and identify any trends or gaps which may affect patient care and treatment.

As a tertiary healthcare provider, LRH is responsible for supporting patients to get well. However, as a health leader in Gippsland, we want to help our community to stay well.

It's one of the reasons why we changed our name from Latrobe Regional Hospital to Latrobe Regional Health on 2 July 2023.

Our new contemporary brand, which we have worked on with staff and stakeholders since May 2022, better reflects who we are and what we stand for as we get closer to completing our $223 million expansion. Our brand ambition is 'Better care everywhere, for everyone' and our purpose is to 'enrich the lives of the people in our communities'.

We pledge to do this by partnering with local health providers and agencies, metropolitan hospitals and universities to offer new services, clinical trials, undertake research and address workforce shortages.

Our plans for the future have taken into account the needs of our community. Managing chronic illness including cardiovascular disease, diabetes, cancer and mental illness is becoming a major issue. However, pooling our expertise and resources with those of our healthcare and tertiary education partners is starting to produce positive outcomes.

As a member of the Gippsland Health Service Partnership (GHSP) LRH is working collaboratively with 10 local health services to realise the vision: 'One voice for better healthcare in Gippsland'.

In 2022-23 the GHSP completed regional service plans for cancer care and surgery and implemented a real-time dashboard that displays a regional elective surgery waiting list and length of stay data. This initiative enables surgical and operational staff to view the waitlist for their health service and across the region and plan bed days accordingly.

Aboriginal hospital and health liaison officers from the GHSP partner services and local Aboriginal Community Controlled Health Organisations are members of an advisory group which is helping to shape initiatives that will reduce health gaps experienced by First Nations peoples in Gippsland.

The Gippsland Region Public Health Unit which is part of LRH has shifted its focus from COVID-19 management to working with the community to drive health awareness and solutions through some engaging initiatives.

LRH's efforts to make quality healthcare accessible to the people of Gippsland were recognised by the 2022 Premier's Health Service of the Year (Medium) award.

Right: Board Chair Linda McCoy, Chief Executive Don McRae and Deputy Chair John Rasa with the Premier's Health Service of the Year award.

Left: LRH General Manager Planning and Development Amy Portelli shows Aboriginal artist Alfred Carter where his design will feature in the hospital expansion.

Right: Handler, Sharyn Thompson and her therapy dogs Kali and Leiha bring positive vibes each week to patients, visitors and staff at our hospital.

The acknowledgement for our 'Call, Don't Fall' campaign to reduce the high number of falls in our hospital and numerous other initiatives to improve the experience for patients and consumers across our service, was an honour. Our staff achieved this exceptional work amid the uncertainty of COVID-19 by collaborating and innovating. Everyone had a seat at the table when it came to finding solutions to some complex issues.

Our Governance Unit changed its name to Quality and Innovation to reflect its broad scope and the thought process required for new responses to long-standing challenges. It has reviewed and updated clinical and corporate committees to produce a more robust governance structure.

The committees are now developing meaningful and relevant recommendations for system improvements and promoting 'just culture', where speaking up for safety is encouraged. Equally important is speaking openly and honestly with our patients, carers and families when there is an unexpected outcome in their care or treatment, under duty of candour laws introduced to Victoria in November 2022.

This year we welcomed a new Community Advisory Committee to guide and support us in improving the experience for patients, carers and visitors to our hospital and consumers of our services across Gippsland. We are delighted our CAC now broadly reflects the community we care for including young people, Aboriginal and LGBTIQA+ communities, people with a mental illness, retirees, people who are culturally and linguistically diverse or live with a disability.

Our Community Champions volunteer and advisors program is growing. In 2022-23 our Champions collectively shared more than 15,000 hours of their time with LRH with new volunteer positions created to support our dog therapy program, high risk foot clinic and corporate and clinical committees and incident reviews.

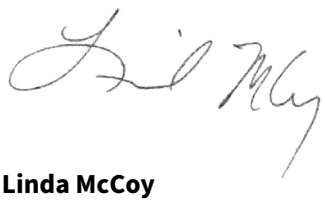
The Wear House at LRH, a clothing facility established with community support for vulnerable patients opened in August 2022. Over the next 10 months it provided more than 300 patients with new clothes, toiletries and footwear. Its objectives are restoring dignity and psychological safety to patients, inclusivity, supporting faster recovery and discharge and community and staff engagement.

The Wear House continues to attract in-kind and financial support from the public and staff who are truly engaged in the quest to help people experiencing trauma, injury or a sudden medical or mental health episode. We thank everyone who has supported this project over the past year as well as our fundraising endeavours for equipment to enhance the care of our patients.

In 2023-24 we look forward to opening our Stage 3A development which will significantly improve our capacity to deliver treatment and care to more people with expanded surgical, maternity, paediatric and intensive care facilities. We are particularly proud of the Aboriginal cultural experience that will greet patients and visitors as they enter the new building thanks to an amazing artwork created by local artist, Alfred Carter.

We farewell John Rasa from the Board of Directors. John has been a passionate supporter of LRH's efforts to provide safe, quality care and has graciously shared his knowledge and many years of healthcare experience with our leadership team. We also appreciate John's generous support of and interest in our community engagement and fundraising endeavours.

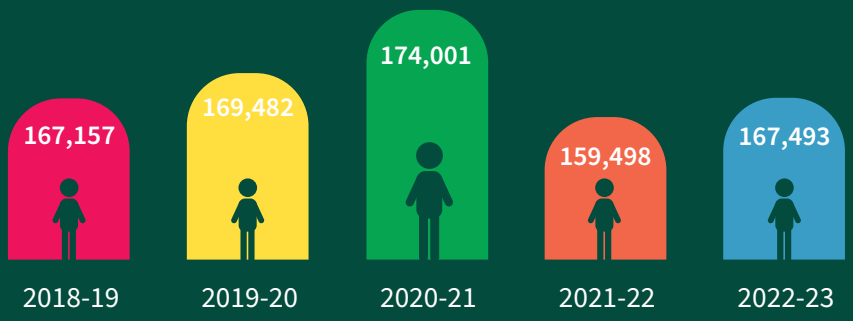
Don McRae
Chief Executive



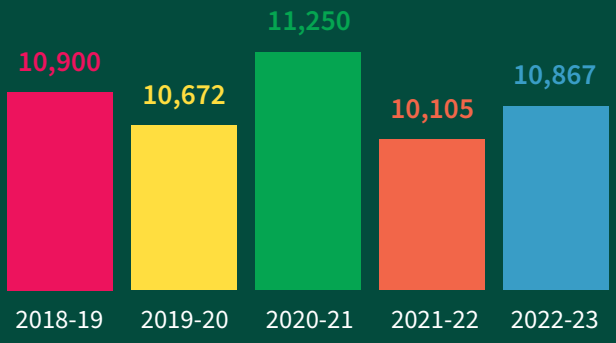
Linda McCoy
Chair, Board of Directors

Operational highlights

People treated at LRH

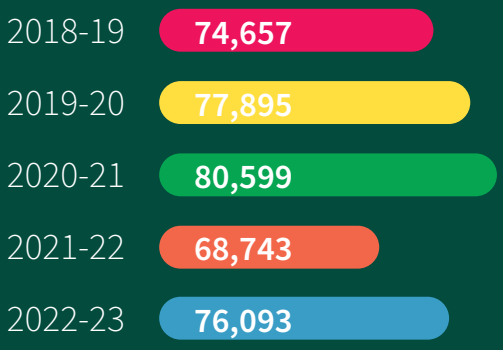


Emergency Department presentations



Surgical procedures

Outpatients



Timely Emergency Care Collaborative

This project started in January 2023 and has produced positive results in easing pressure on the Emergency Department and ensuring patients have access to care in a timely manner.

It has meant reviewing our processes relating to medical rounds in the wards, early discharges and the flow of patients from the ED to the ward.

Our 'SORT' (Sick, Out, Rest, To come in) approach to ward rounds balances clinical urgency with patient flow. The most unwell patients are reviewed by medical teams first, followed by any patients ready for discharge. As a result, there has been an increase in the number of patients discharged before noon - a move which supports a person to settle in at home earlier in the day and assists with bed availability for patients requiring care.

The Timely Emergency Care Collaborative (TECC) team introduced a 'golden patient' initiative with the aim of discharging patients from our short stay unit before 9am to create capacity in the ED early in the day. We are working on ways to embed this protocol.

Under the TECC project, LRH was able to trial two patient flow nurses for eight weeks, one for our medical wards and the other for the ED to monitor bed availability and patient experience. The trial was hugely successful with improvements in length of stay in the ED (14%) and Ambulance Victoria hand-over times (decrease from 59 to 46 minutes).

Our patients told us they had a positive discharge experience from the ED, understood their plan and appreciated being supported in connecting with primary care and community services. Overall, 99 per cent of patients were satisfied with their discharge process.

The number of patients with a length of stay in the emergency department greater than 24 hours has also decreased. While the total for 2022-23 was 256, the number of patients dropped to just one in June 2023 when the new ED initiatives started taking effect.

Cardiology

Our cardiology service has been busy over the past 12 months with procedures in the catheterisation laboratory increasing from 17 in July 2022 to 40 in May 2023. Loop recorder insertion procedures have been introduced and generator changes for pacemakers will be added to the list.

Cardiology expansion continues and we are aiming to develop a service to manage ST-elevation myocardial infarction (STEMI) in the next 12 months.

Service expansion

Stage 3A construction.

Our expansion project has continued amid challenges in the construction industry. While the project was unfortunately affected by the unexpected collapse of a sub-contractor, the main contractor was able to employ a solution to mitigate major disruption to the build. Construction progressed with up to 360 tradespeople on site at times as the new building was slowly integrated with the existing hospital.

Refurbishment of our kitchen involved temporarily relocating catering services to the staff cafeteria for eight weeks. However, with a new kitchen, catering staff now have a slightly larger space and an area to support alternate food service models.

Mental health youth prevention and recovery care service (YPARC)

LRH commenced the design and model of care for this new 10 bed facility in Traralgon. The YPARC will open in 2024 and provide young people with a residential service to support their recovery.

Mental health alcohol and other drugs (AOD) hub

A six-bed facility is being built as part of the Stage 3A expansion and will open in 2024. The service will provide timely specialist assessment, treatment and post-discharge support for people over the age of 16 with a mental illness and drug or alcohol issues. It is a dedicated safe and supportive physical space which is more conducive to the care required by people experiencing significant challenges. Contractor Built provided LRH with access to its virtual reality system to enable the mental health team to ‘walk through’ and ‘see’ the proposed spaces.

Workforce development

The prospect of offering expanded services in 2024 has prompted the development of a workforce plan to determine the skill mix and number of staff required. We know finding experienced healthcare workers will be a challenge, as it is across the sector more broadly but we have had some success with international candidates, employing 31 new staff under a Victorian Government recruitment scheme.

Our university and TAFE partners also play a significant role in developing a talented 'home-grown' workforce. We have created a Workforce Development Planner role to recruit and coordinate an extended workforce including patient care workers, registered undergraduate students of nursing and midwifery, medical students and nursing and allied health assistants. Some of the registered undergraduate students of nursing have gone on to full-time employment as part of LRH's Graduate Nurse Program.

Non-clinical trainees in information technology and hospital support services have begun on the job rotations at LRH under a unique graduate program with TAFE Gippsland. The trainees are being skilled in catering, cleaning, environmental services, security, IT and administration with the prospect of securing a qualification and a job at the end of the course.

Aboriginal health and cultural safety

In 2022, LRH signed a memorandum of understanding (MOU) with Ramahyuck District Aboriginal Corporation. The signing of the MOU has again strengthened our relationship with Ramahyuck, the local Aboriginal Community Controlled Health Organisation (ACCHO).

We are learning and working together while sharing great opportunities to meet the needs of our Aboriginal and Torres Strait Islander communities.

Our Aboriginal Health Unit team has doubled in size and now includes three Aboriginal hospital liaison officers and a clinical nurse coordinator to support patients requiring ongoing care, changes to their treatment plan or referrals. The coordinator provides leadership and guidance on strategies to reduce the number of Aboriginal patients leaving hospital against medical advice.

The team has been instrumental in connecting the local Aboriginal community to LRH for significant events such as Closing the Gap and NAIDOC Week. The number of Aboriginal people attending these events has grown year after year, giving us confidence the local community feels safe and supported walking through our doors. Aboriginal Elders have helped us to spiritually cleanse many of our wards and community sites during a number of smoking ceremonies in 2022-23.

We are striving to provide more career opportunities for Aboriginal people. LRH has achieved more than one per cent of Aboriginal employment and is on track to reach two per cent by 2025. As well as our Aboriginal Employment Plan, LRH has an Aboriginal Identified Position Strategy and has appointed an advisor to implement and monitor key initiatives. We also have strong partnerships with the Steps to the Future Indigenous Employment Program and Latrobe City Council.

In 2022-23 LRH presented its recruitment strategies to industry leaders across Gippsland and provided guidance on the importance of leading and supporting Aboriginal recruitment.

Gippsland Region Public Health Unit

The GRPHU was initially established to deliver local COVID-19 case, contact, and outbreak management. Since July 2022, GRPHU has taken on broader public health functions and responsibilities. These include managing notifiable diseases, chronic disease prevention, health promotion, environmental health, and emergency management.

These key public health functions are strengthened by Aboriginal health leadership, health data analytics, surveillance, communications, community engagement and research. The GRPHU population health arm is led by three place-based teams located across the Gippsland region in east, south coast and central areas working across three priorities: reducing tobacco-related harm (including e-cigarettes), increasing active living and increasing healthy eating.

Mental health service transformation

LRH commenced the delivery of its transformation plan to meet the requirements of eight priorities identified by the Royal Commission into Victoria's Mental Health System.

In 2022-23, a co-design process with our lived experience workers helped us to map out the consumer journey through our mental health service model of care. As a result, a new community-based model has been developed with two streams - children and young people and the other for adults and older adults.

The models focus on contemporary practice to promote and deliver therapeutic outcomes and best practice pharmacological and psychology therapies. It also makes provision for more clinical activity outside of standard business hours.

During the transformation of the mental health service, LRH introduced a new governance structure and workforce strategy to deliver operational and clinical accountability in line with the model of care. LRH continues to develop regional partnerships as part of the transformation.

Clinical trials and research

At the end of 2022-23 there were 23 clinical trials at LRH, an increase of 63 per cent on the previous year. Our clinical trial activity has increased significantly in number and stature.

LRH is involved in a global clinical trial to improve outcomes for patients with advanced or metastatic melanoma. Stratford woman, Marilyn De Haas is the first Australian patient to join the trial and is able to receive treatment at LRH, just an hour from her home.

This is just one of a number of cancer-related trials offered at LRH which complements the established model provided by the Gippsland Cancer Care Centre.

We acknowledge the outstanding support and investment provided by the TrialHub program based at Alfred Health and our partnerships with the Regional Trials Network and the Australian Teletrial program which have contributed to helping us grow our trials portfolio.

LRH has introduced trials to several specialty areas in our hospital including orthopaedic surgery, renal services, stroke care, cardiovascular disease and palliative care.

While we continue to open new trials, we have also had the opportunity to reflect on our humble beginnings. This year marked the anniversary of the first local patient recruited onto the Dynamic Rectal trial. The trial opened in 2019 and was LRH's first clinical trial in cancer services.

In relation to research, LRH is collaborating with Melbourne University on the Healing the Past by Nurturing the Future project. It aims to strengthen support for Aboriginal and Torres Strait Islander patients experiencing complex trauma during pregnancy, birth and the first two years after birth. After initial consultation sessions, we are looking forward to moving onto the next phase of this important piece of work.

Above: Marilyn De Haas is taking part in a world-first clinical trial.

Statement of Priorities

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

- **Part A provides an overview of the strategic priorities for 2022-23.**
- **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 2022-23 may have been affected by the COVID-19 pandemic.

Part A

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Keep people healthy and safe in the community	**Maintain COVID-19 readiness** Maintain a robust COVID-19 readiness and response, working with the department, Health Service Partnership and Local Public Health Unit to ensure effective responses to changes in demand and community pandemic orders. This includes, but is not limited to participation in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing.	**ACHIEVED** LRH has refined its response to COVID-19 management within the hospital. Infrastructure has been modified and additional air purifiers have been purchased to allow COVID-positive patients to be cared for on the ward rather than the designated COVID unit. The COVID wing in the Avon inpatient unit is able to be scaled down and beds opened for medical patients. The wing can be upscaled quickly should COVID beds be required. The COVID-19 vaccination program ended in December 2022 but the Gippsland Region Public Health Unit, which is part of LRH, continues to play an integral role in managing communicable diseases and public health initiatives. LRH's Winter Strategy was updated to reflect the potential challenge of influenza, respiratory illnesses and COVID-19. Planning involved an assessment of strategies implemented the previous year including extended workforce models which were effective in managing staff absences as a result of illness.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Keep people healthy and safe in the community	**Drive continued improvement of public health outcomes** Encourage and facilitate partnerships between the LPHU and primary and community care networks to equitably improve public health outcomes throughout the LPHU catchment. Support the evaluation of services delivered and outcomes achieved by the LPHU as described by the LPHU Outcomes Framework 2022-23.	**PARTLY ACHIEVED** In 2022-23, the Gippsland Region Public Health Unit (GRPHU) redefined its role in population health and health protection functions. While response to and management of communicable diseases is still a priority, the GRPHU is also focusing on initiatives such as healthy eating, physical activity and minimising harm from tobacco and e-cigarettes/ vapes. These initiatives were identified and developed collaboratively with local stakeholders. A regional population health steering committee and place-based population health working groups have been established under the GRPHU's governance model. The campaign 'Choose Gippsland, Stay Healthy' was launched by the GRPHU and encouraged visitors to the region to stay hydrated, prevent mosquito-borne diseases, keep up to date with vaccinations and take a rapid antigen test before travelling. The GRPHU continues to engage the community to increase its understanding of the region's health needs and is working with Aboriginal health and community agencies. It is also forming active partnerships in environmental health and emergency management activities such as a communications campaign for Q-Fever.
Care closer to home	**Delivering more care in the home or virtually** Increase the provision of home-based or virtual care, where appropriate and preferred, by the patient, including via the Better at Home Program.	**PARTLY ACHIEVED** LRH has been involved in several initiatives to make healthcare accessible to people who live within our large Gippsland catchment. Expansion of the region's Hospital in the Home (HITH) capability involves a plan for remote technology and Emergency Department pathways for conditions such as cellulitis and pneumonia. A new high risk foot clinic established by LRH and Latrobe Community Health Service includes quarterly outreach clinics to Bairnsdale with the aim of increasing access to diabetes foot care to Aboriginal communities. Telehealth is now being used for insulin supervision and infectious disease reviews.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Keep improving care	**Improve quality and safety of care** Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired complications, low value care and targeting preventable harm to ensure that limited resources are optimised without compromising clinical care and outcomes.	**PARTLY ACHIEVED** Efforts to improve wait times for elective surgery are also underway. A 'hip and knee school' commenced in April 2023 enabling a group of patients to meet their surgeon, anaesthetist and allied health staff before their surgery. Pre-admission information is gathered and tests carried out during the session. The initiative reduces individual wait times for pre-admission appointments. LRH has completed the requirements for the Statutory Duty of Candour, a legal obligation which ensures patients, family and carers are communicated with openly and honestly when an adverse event affects a patient's safety.
	Contribute to a responsive and integrated mental health and wellbeing system	**PARTLY ACHIEVED** LRH is working with three non-government organisations to develop partnerships which deliver integrated treatment and support to people seeking mental health care in Gippsland.
	Continue to transform Area Mental Health and Wellbeing Services that deliver wellbeing supports and are delivered through partnerships between public health services (or public hospitals) and non-government organisations.	Transformation of area mental health services in collaboration with consumers and our lived experience workforce is well underway.
	Develop/refine services that will be provided across two aged-based streams: infant, child and youth (0-25), and adult and older adult (26+).	**PARTLY ACHIEVED** LRH has commenced the redesign of 0-25 and 26+ age streams. This has required changes to the governance structure, models of care, consumer pathways and workforce for infant, child and youth, and adult and older adult area mental health services.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Keep improving care	Provide integrated treatment, care and support to people living with mental illness and substance use or addiction.	**PARTLY ACHIEVED** LRH continues the roll out of the eight priorities of the mental health transformation plan which include: • embedded lived experience • establishing the Infant, Child and Youth and Adult and Older Adult Area Mental Health Services • expanding core clinical services • delivering more clinical activity outside of standard business hours • primary/secondary consultation and shared care models • supporting the adult and older adult local mental health service. Pathways to support adults and older adults have been established with mental health and wellbeing agency, Neami.
	Subject to the passage of the *Mental Health and Wellbeing Act 2022*, actively participate in the implementation of new legislative requirements and embed the legislation's rights-based objectives and principles.	**ACHIEVED** LRH has provided feedback on the Act and recruited a practitioner to roll out and embed the new legislation.
	Work with the department to test ('shadow') and implement activity-based funding models initially for bed-based and adult ambulatory mental health and wellbeing services.	**PARTLY ACHIEVED** LRH is currently reviewing data and providing feedback to the Department of Health. The development of activity-based models for mental health services continues.
	Continue towards implementation and routine use of the electronic statewide mental health and wellbeing record to underpin best practice mental health care and improve the experience of Victorians with lived experience of mental health as they move between providers.	**PARTLY ACHIEVED** LRH has provided feedback on the preferred system and is awaiting advice from the Department of Health regarding the new state system.
	Asset Maintenance and Management Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery.	**PARTLY ACHIEVED** LRH is introducing an asset management system to streamline and improve processes to monitor the life cycle of all assets to better assist with planning, acquisition, maintenance and disposal. A new committee combining procurement and assets will support efforts to meet AMAF governance requirements.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Keep improving care	**Improve Emergency Department access** Improve access to emergency services by implementing strategies to reduce bed access blockage to facilitate improved whole of system flow, reduce emergency department four-hour wait times, and improve ambulance to health service handover times.	**PARTLY ACHIEVED** LRH is one of 14 health services in Victoria to participate in the Timely Emergency Care Collaborative (TECC) to improve access to care and the flow of patients from the Emergency Department (ED) to our inpatient units. A 'patient flow nurse' position was created for a trial period to help overcome the barriers to a smooth transition from the ED, to an inpatient unit and home. There have also been significant changes to models of care in the Tambo short stay unit to ensure admissions are appropriate. LRH has introduced a 'golden patient' initiative which involves identifying patients for discharge before 9am with the aim of getting them home by lunchtime. The TECC project has produced positive results in its first six months with more timely and efficient patient care and flow from the Emergency Department. This has contributed to shorter ED wait times in some instances.
	Plan update to nutrition and food quality standards Develop a plan to implement nutrition and quality of food standards in 2022-23, implemented by December 2023.	**PARTLY ACHIEVED** LRH has formed a working group of food services and dietetics staff to drive implementation of the standards. A gap analysis has been undertaken and recommendations developed to meet the standards. Food Services has analysed the nutritional value of the regular inpatient menu.
	Climate Change commitments Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change.	**PARTLY ACHIEVED** LED lights have been installed across all inpatient units and public access areas. A new waste and logistics hub has been created to improve processes prior to LRH's expanded services coming online. The Stage 3A expansion project includes potable water offset initiatives such as increased rainwater and stormwater harvesting. Additional rainwater tanks are being installed. The hospital's solar power system is also being expanded to reduce reliance on the grid. New regulations minimising single use plastic have been implemented. Plans are underway to switch hot water boilers for energy efficient technology.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Improve Aboriginal health and wellbeing	**Improve Aboriginal cultural safety** Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care.	**PARTLY ACHIEVED** LRH has made further progress to enhance cultural safety by promoting significant days and events such as National Close the Gap Day, NAIDOC Week, National Sorry Day and National Reconciliation Week. All are well attended by staff and Aboriginal community members. We have expanded our Aboriginal Health Unit to include a third hospital liaison officer and a clinical nurse coordinator to support patients. During 2022-2023 smoking ceremonies were held to cleanse LRH community and bed-based mental health services. A member of the Aboriginal community has been reappointed to LRH's Community Advisory Committee.
	Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations.	**ACHIEVED** A new Memorandum of Understanding has been signed with Ramahyuck District Aboriginal Corporation. A new clinical nurse coordinator at LRH is working with local ACCHOs to minimise the number of Aboriginal people leaving hospital without treatment.
	Implement strategies and processes to actively increase Aboriginal employment.	**PARTLY ACHIEVED** LRH has appointed a People and Culture Advisor to implement and monitor key initiatives in our Aboriginal Employment Plan. The organisation has achieved more than one per cent of Aboriginal employment and is on track to reach two per cent by 2025.
	Improve patient identification of Aboriginal people presenting for health care, and to address variances in health care and provide equitable access to culturally safe care pathways and environments.	**ACHIEVED** A clinical nurse coordinator has been employed to provide clinical advocacy and support culturally safe pathways for Aboriginal patients. Face-to-face cultural training continues to be delivered by our Aboriginal Health Unit across the organisation.
	Develop discharge plans for every Aboriginal patient.	**PARTLY ACHIEVED** A sub-group of LRH's Aboriginal Services Development Forum has been established to improve and streamline the discharge process for Aboriginal patients.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Moving from competition to collaboration	**Foster and develop local partnerships** Strengthen cross-service collaboration, including through active participation in health service partnerships. (HSP).	**ACHIEVED** Planning meetings for Gippsland chief executives are held twice a year to progress shared initiatives. Health service board chairs have also been engaged. A robust funding allocation framework has been developed to ensure equitable and informed allocation of grant funds based on genuine need and regional benefit rather than competition. Social media platforms have been launched to profile partners working together.
	Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better at Home program and mental health reform.	**PARTLY ACHIEVED** Partnerships and memorandums of understanding have been developed for greater reach and impact related to Better at Home and elective surgery reform initiatives. HSP members have collaborated to define a regional approach to enhancing technology that addresses connectivity issues and access to specialist care through programs like Better at Home.
	Planned Surgery Recovery and Reform Program Maintain commitment to deliver goals and objectives of the Planned Surgery Recovery and Reform Program, including initiatives as outlined, agreed and funded through the HSP workplan. Health services are expected to work closely with HSP members and the department throughout the implementation of this strategy, and to collaboratively develop and implement future reform initiatives to improve the long-term sustainability of safe and high quality planned surgical services to Victorians.	**PARTLY ACHIEVED** We continue working with sub-regional health services and a local private hospital to provide greater access to surgery. A 'hip and knee school' was established to optimise the condition of patients before surgery with the aim of reducing pain, length of stay and improving mobility post-surgery. LRH is in discussion with The Alfred to partner with us in the delivery of anaesthesia services. Additional surgical liaison nurses have been employed to focus on pre-admission and address the elective surgery waiting list.
	Support mental health and wellbeing Support the implementation of recommendations arising from the Royal Commission into Victoria's Mental Health system, by improving compliance with legislative principles supporting self-determination and self-directed care.	**PARTLY ACHIEVED** LRH is progressing its mental health transformation plan which aligns with the eight priorities identified by the Royal Commission. Initiatives are being co-designed with lived experience workers, consumers and community.
	Embed consumer, family, carer and supporter lived experience at all levels, in leadership, governance, service design, delivery, and improvement.	**ACHIEVED** Lived experience workers are embedded in LRH community mental health service teams and leadership opportunities are progressing.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
	Work towards treatment, care and support being person-centred, rights-based, trauma informed, and recovery orientated, respecting the human rights and dignity of consumers, families, carers and supporters.	**PARTLY ACHIEVED** Our extensive co-design with consumers, carers and supporters has resulted in a model of care with a recovery focus and a consumer-driven, person-centred approach. The model has been rolled out in the 0-25 year age group.
A stronger workforce	**Improve workforce wellbeing** Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022-23.	**PARTLY ACHIEVED** LRH has appointed an OVA clinical lead and OVA coordinator. The team has scoped new approaches for OVA management with The Alfred and Western Health. An OVA management plan is being rolled out across LRH and builds upon a suite of measures to better support patients with behaviours of concern. Staff training to manage aggressive members of the public and patients continues.
	Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework.	**PARTLY ACHIEVED** LRH is seeking to appoint a regional lead for SHRFV. All staff are allocated an online training model aligned to their responsibilities to assist with strengthening their response.
	Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.	**PARTLY ACHIEVED** LRH's staff wellbeing centre operates twice a week and provides dietitian, chronic disease, weight loss, nicotine replacement and AOD management. An outreach service is offered to staff based in the community. The centre has also led mindfulness activities for staff.

PART B

KEY PERFORMANCE MEASURE	TARGET	RESULT
HIGH QUALITY AND SAFE CARE		
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	84%
Percentage of healthcare workers immunised for influenza	92%	93%
Continuing care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	0.81
Healthcare associated infections		
Rate of surgical site infections for selected procedures (aggregate)	No outliers	Achieved
Rate of central line (catheter) associated blood stream infections (CLABSI) in intensive care units, per 1,000 central line days	0	Achieved
Rate of healthcare-associated *S. aureus* bloodstream infections per 10,000 bed days	≤ 0.7	0.5
Patient experience		
Percentage of patients who reported positive experiences of their hospital stay – Quarter 1	95%	93%
Percentage of patients who reported positive experiences of their hospital stay – Quarter 2	95%	91%
Percentage of patients who reported positive experiences of their hospital stay – Quarter 3	95%	86%
Maternity and newborn		
Percentage of full-term babies (without congenital anomalies) who are considered in poor condition shortly after birth (APGAR score <7 to 5 minutes)	≤ 1.4%	3.6%
Percentage of singleton babies with severe fetal growth restriction (FGR) delivered at 40 or more weeks gestation	≤ 28.6%	6.7%
MENTAL HEALTH		
Patient Experience		
Percentage of mental health consumers who rated their overall experience of care with a service in the last 3 months as positive	80%	43%
Percentage of mental health consumers reporting they 'usually' or 'always' felt safe using this service	90%	43%
Percentage of families/carers reporting a positive experience of the service	80%	32%
Percentage of families/carers who report they were 'always' or 'usually' felt their opinions as a carer were respected	90%	62%
Closed Community Cases		
Percentage of closed community cases re-referred within six months: CAMHS, adults and aged persons	< 25%	19%

KEY PERFORMANCE MEASURE	TARGET	RESULT
Post-Discharge Follow-up		
Percentage of consumers followed up within 7 days of separation – Inpatient (CAMHS)	88%	93%
Percentage of consumers followed up within 7 days of separation – Inpatient (adult)	88%	93%
Percentage of consumers followed up within 7 days of separation – Inpatient (older persons)	88%	90%
Readmission		
Percentage of consumers re-admitted within 28 days of separation – Inpatient (CAMHS)	< 14%	3%
Percentage of consumers re-admitted within 28 days of separation – Inpatient (adult)	< 14%	16%
Percentage of consumers re-admitted within 28 days of separation – Inpatient (older persons)	< 7%	2%
Seclusion		
Rate of seclusion episodes per 1,000 occupied bed days – Inpatient (CAMHS)	≤ 5	31
Rate of seclusion episodes per 1,000 occupied bed days – Inpatient (adult)	≤ 8	9
Rate of seclusion episodes per 1,000 occupied bed days – Inpatient (older persons)	≤ 5	0
Unplanned Readmissions		
Unplanned readmissions to any hospital following a hip replacement	< 6%	7.8%
STRONG GOVERNANCE, LEADERSHIP AND CULTURE		
Organisational culture		
People Matter Survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	63%
TIMELY ACCESS TO CARE		
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 clinically recommended time	94%	82%
Number of patients on the elective surgery waiting list	1,380	1,758
Number of patients admitted from the elective surgery waiting list	5,966	4,451
Number of patients (in addition to base) admitted from the elective surgery waiting list	0	Achieved
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	Not Achieved
Number of hospital-initiated postponements per 100 scheduled elective surgery admissions	≤ 7	10.3

KEY PERFORMANCE MEASURE	TARGET	RESULT
Emergency Care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	54%
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%	59%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	42%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	256
Mental Health		
Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours	81%	28%
Percentage of triage episodes requiring an urgent response (triage scale C) where a face-to-face response was provided by the mental health service within 8 hours	80%	43%
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	97%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	96%
EFFECTIVE FINANCIAL MANAGEMENT		
Operating result ($m)	$0.00	$0.00
Average number of days to paying trade creditors	60 days	33 days
Average number of days to receiving patient fee debtors	60 days	21 days
Adjusted current asset ratio (Variance between actual ACAR and target, including performance improvement over time or maintaining actual performance)	0.7 or 3% improvement from health service base target	1.3
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ $250,000	Not Achieved
Actual number of days available cash, measured on the last day of each month	14	40.5

Part C

FUNDING TYPE	ACTIVITY RESULT
Consolidated Activity Funding	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	37,867
Acute Admitted	
National Bowel Cancer Screening Program NWAU	23
Acute admitted DVA	237
Acute admitted TAC	161
Acute Non-Admitted	
Home Enteral Nutrition NWAU	28
Subacute/Non-Acute, Admitted & Non-admitted	
Subacute - DVA	46
Transition Care - Bed days	5,722
Transition Care - Home days	4,178
Mental Health and Other Drugs	
Mental Health Ambulatory	74,927
Mental Health Inpatient - Available bed days	15,637
Mental Health Inpatient - Secure Unit	2,038
Mental Health Residential	3,580
Mental Health Service System Capacity	n/a
Mental Health Subacute	5,800

Summary of Financial Results

During the 2022-23 financial year, the Victorian Government through the Department of Health (DH) provided $324 million in operating grants and $127.5 million towards targeted capital works and equipment to LRH.

Commonwealth grants were also provided through the Pharmaceutical Benefits Scheme, Aged Care and Radiology/Oncology Equipment Replacement Program totalling $18.9 million. It should also be noted State and Commonwealth funding for COVID-19 and the vaccination program totalled $11.5 million for 2022-23 (compared to $18.3 million for 2021-22).

Revenue from operating activities showed an increase of $122.4 million, 31.5 per cent higher from the previous financial year.

Total expenses (excluding depreciation) increased by $41.4 million, 11.8 per cent from 2021-22. Employee Expenses increased by $27.6 million (11.3 per cent), Supplies and Consumables were up $2.8 million (4.3 per cent), and Other Operating Expenses were $11.1 million higher (25.62 per cent).

Operating activities provided a net cash inflow of $113.9 million. Investing activities provided a net cash outflow of $125.8 million. There was also a net cash outflow from financing activities of $0.73 million. The overall net cash result was a decrease of $11.1 million in cash held. Cash and cash equivalents at end of financial year totalled $53.6 million.

The current asset ratio at 30 June 2023 was 0.76, a decrease from 0.83 at 30 June 2022.

Major capital works projects continued in 2022-23 including the Stage 3A hospital expansion. There were also capital works undertaken for kitchen and mental health inpatient upgrades and residential units.

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 financial years

	2022-23 $'000	2021-22 $'000	2020-21 $'000	2019-20 $'000	2018-19 $'000
Operating result	-	368	1,389	331	953
Total revenue	514,749	390,228	326,841	300,318	270,027
Total expenses	409,374	367,464	330,467	308,340	278,476
Net result from transactions	**105,375**	**22,764**	**(3,626)**	**(8,022)**	**(8,449)**
Total other economic flows	(649)	(3,638)	1,578	325	(557)
Net result	**104,726**	**19,126**	**(2,048)**	**(7,697)**	**(9,006)**
Total assets	546,812	411,487	370,843	358,696	367,661
Total liabilities	94,787	101,434	81,167	68,154	69,957
Net assets/total equity	**452,025**	**310,053**	**289,676**	**290,542**	**297,704**

Reconciliation of Net Result from Transactions and Operating Result

	2022-23 $'000
Net operating result	-
Capital purpose income	127,066
Specific Income	
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	1,370
State Supply items consumed up to 30 June 2023	(1,509)
Assets provided free of charge	-
Assets received free of charge	438
Expenditure for capital purpose	(5,692)
Depreciation and amortisation	(16,947)
Impairment of non-financial assets	-
Finance costs (other)	-
Net result from transactions	**104,726**

The Operating Result is the result in which the Health Services is monitored against in its Statement of Priorities.

ICT expenditure

The total ICT expenditure incurred during 2022-23 is $13,187,530 (excluding GST) with the details shown below:

BUSINESS AS USUAL (BAU) ICT EXPENDITURE	NON-BUSINESS AS USUAL (NON- BAU) ICT EXPENDITURE		
Total (excluding GST)	Total = Operational expenditure and Capital Expenditure (excluding GST)	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
$ 13,167,202	$ 20,328	-	-

Consultancies engaged during 2022-23

A number of consultants were contracted to work for Latrobe Regional Health in 2022-23. As required by the *Victorian Industry Participation Policy Act 2003*, a summary of the extent of contractual costs or consultants is provided below.

	2022-23
Number of consultants used to a value greater than $10,000	7
Total cost of consultants used to a value greater than $10,000	$ 675,820
Number of consultants used to a value less than $10,000	1
Total cost of consultants used to a value less than $10,000	$ 2,835

Details of individual consultancies

CONSULTANT	PURPOSE OF CONSULTANCY	START DATE	END DATE	TOTAL APPROVED PROJECT FEE (EXCLUDING GST)	EXPENDITURE 2022-23 (EXCLUDING GST)	FUTURE EXPENDITURE (EXCLUDING GST)
The Trustee for Directors Australia Unit Trust	Latrobe Health Assembly (LHA) Board performance Evaluation	Apr-22	Oct-22		$ 14,850	0
Health-E Workforce Solutions Pty Ltd	Diagnostic Staff Review, Stage 3A Modelling, and implementation per scope	May-22	-		$ 399,552	0
Timar Consulting	Surgery Services Review	Jul-22	-		$ 20,130	0
Healthcare Management Advisors Pty Ltd	Strengthening Regional Cancer Centres Project	Aug-22	Dec-22		$ 136,587	0
Ninety Mile Consulting	Planning and facilitation for Latrobe Health Assembly (LHA) Team Strategic Planning Day	Dec-22	Feb-23		$ 28,150	0
Open Advisory Pty Ltd	Clinical Service Plan Refresh & Regional Planned Surgery Plan	Mar-23	-		$ 51,550	0
The Aligned Group Health Pty Ltd	Governance Review & Strategic Planning	Jun-23	Jun-23		$ 25,000	0

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 Healthcare Financing 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 has worked in community consultation, stakeholder engagement and sports administration with organisations such as the AFL, Calisthenics Victoria and Tennis Australia for more than 15 years. Chelsea has a passion for governance, strategy, policy and business development, specifically to our local region, as a current Director at Bass Coast Community Foundation, current Convenor of Gymnastics Victoria South East Region and previous board member at Gippsland Women's Health.

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 more than 25 years of experience in senior executive leadership roles in regulation, service delivery, program delivery and business transformation, mostly at the Australian Securities and Investment Commission. She holds a Bachelor of Business from Monash University, a Graduate Diploma in Organisational Behaviour from Swinburne Institute of Technology and is a graduate of the Australian Institute of Company Directors.

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.

Elizabeth Delahunty

Elizabeth brings extensive experience as a CEO and Executive in various leading software and technology businesses in the health sector for Australia and Asia Pacific over an extended period. She brings business acumen, governance, strategy, communications, digital technology and cyber security experience. Elizabeth is also a board member of The Baker Foundation.

Executive Team

Chief Executive

Don McRae

Chief Operating Officer

Jon Millar

Chief Medical Officer

Dr Ian Graham

Chief Nurse, Executive Director Education, Quality and Research

Anita Raymond

Executive Director Mental Health

Sebastiano Romano

Executive Director People and Culture

Mark Wilkins

Chief Information Officer

Adrian Shearer

Board Committees

Audit & Risk Committee

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

Quality Committee

Linda McCoy (ex officio), John Rasa (Chair), Elizabeth Delahunty, Bernadette Hickey, Don McRae, Jon Millar, Sebastiano Romano, Ian Graham, Mark Wilkins, Anita Raymond, Kylie Osborne, Tricia Wright, Kate Brown (from Feb 2023), Louise McMahon, Nicole Tierney, Lucie Newberry (community representative)

Community Advisory Committee

Linda McCoy (ex officio), Chelsea Caple (co-chair), Janine Waters (co-chair), Annie Day, Colin Fleming, Sharon Kingaby, Kay McShane, Clare Plozza, Graeme Sennett, Christina Richardson, Paul Fry, Ian Maxfield, Liesl McKay

Finance Committee

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

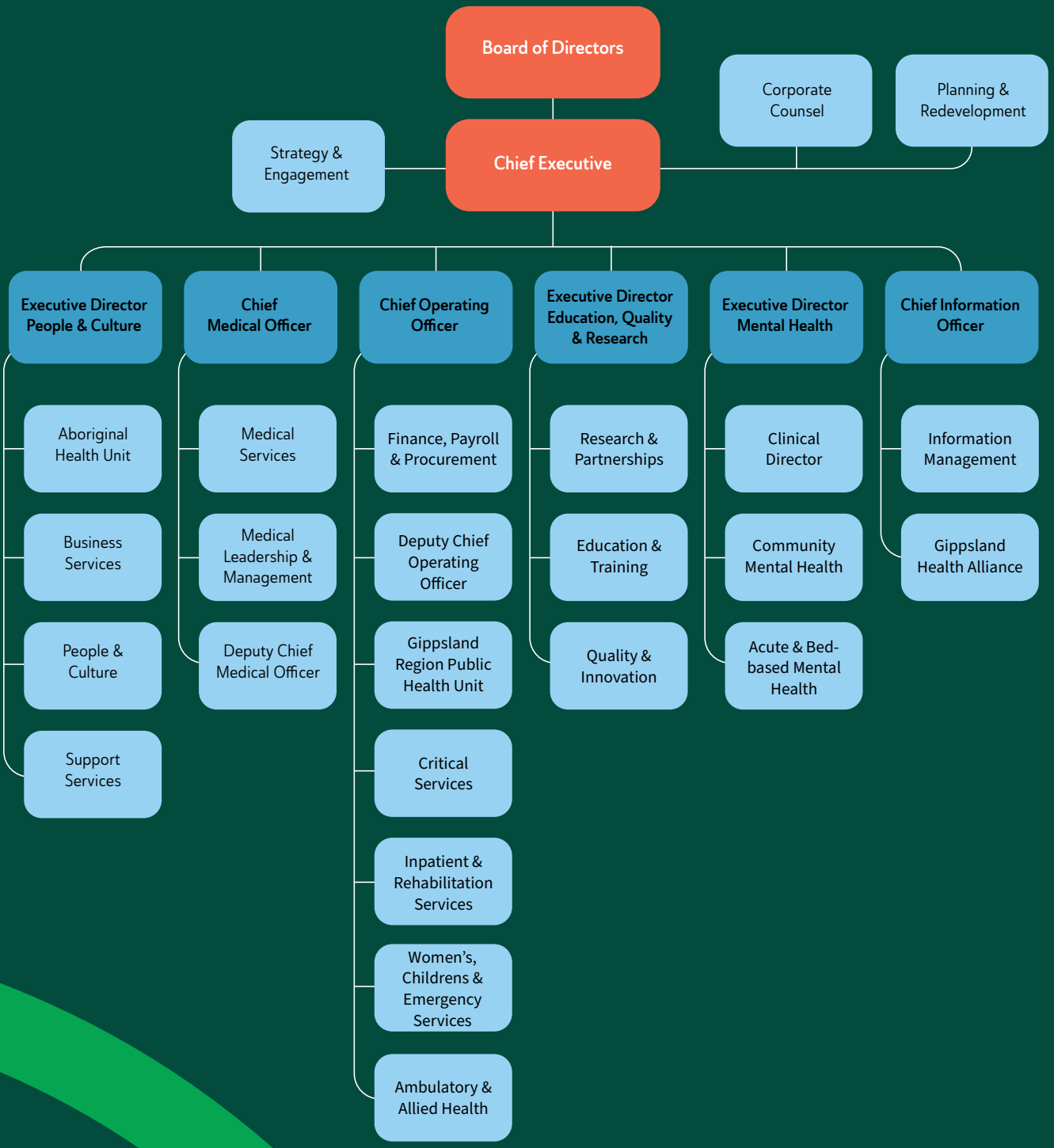
Primary Care and Population Health Committee

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 (to Feb 2023), Vicki Farthing (from Feb 2023), Alison Skeldon (LCHS CEO Delegate to Oct 2022), Michelle Ravesi (LCHS CEO rep from Oct 2022) Tim Owen

Executive Performance & Remuneration Committee

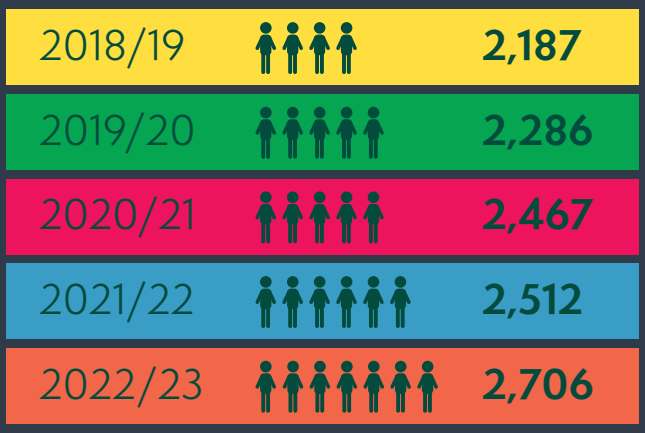
Linda McCoy (Chair), John Rasa, Chelsea Caple, Don McRae

Organisational Structure



Workforce

Latrobe Regional Health'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 2022-23 Latrobe Regional Health employed 2,706 staff across Gippsland. The largest category of employees is nursing staff.

At 30 June 2023 staffing levels by labour category were as follows:

LABOUR CATEGORY	JUNE CURRENT MONTH FTE*		AVERAGE MONTHLY FTE**	
	2022	2023	2022	2023
Nursing	812.54	867.94	817.91	842.82
Administration & Clerical	296.08	323.28	294.95	312.99
Medical Support	103.90	103.13	99.09	95.06
Hotel & Allied Services	125.64	149.62	126.29	150.34
Medical Officers	22.67	25.66	17.17	24.60
Hospital Medical Officers	150.39	156.13	125.99	146.91
Sessional Clinicians	36.27	42.09	39.55	36.74
Ancillary Staff (Allied Heath)	117.32	113.12	117.03	119.32
Total Staff Employed – FTE	**1664.81**	**1780.97**	**1637.98**	**1728.77**

Employees have been correctly classified in workforce data collections.

** FTE stands for full-time equivalent positions.*

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 Code of Conduct for Victorian Public Sector Employees issued by the Victorian Public Sector Commission. 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 2022-23 LRH continued to manage a number of complex claims including a significant increase in psychological injuries. The increase to the average claim cost can be attributed to the nature of these injuries, and the Statistical Case Estimation (SCE) algorithm set by WorkSafe Victoria.

LRH proactively supports staff to be physically and psychologically healthy, with initiatives such as the Staff Wellbeing Centre, presentations by The Resilience Project, and the provision of wellbeing resources.

Additionally, LRH has implemented a Health, Safety and Wellbeing Operational Plan, with the aim to ensure best practice is achieved and maintained.

OCCUPATIONAL HEALTH AND SAFETY STATISTICS	2022-23	2021-22	2020-21
The number of reported hazards/incidents for the year per 100 FTE	8.21	8.60	7.38
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.79	0.86	0.70
The average cost per WorkCover claim for the year ('000)	$126,046	$109,313	$54,074

Occupational Violence

Our work to address high numbers of occupational violence and aggression (OVA) incidents experienced by staff continues. We have created two dedicated OVA positions to lead our efforts and are examining successful strategies implemented by metropolitan hospitals.

OCCUPATIONAL VIOLENCE STATISTICS	2022-23
Workcover accepted claims with an occupational violence cause per 100 FTE	0.11
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	1.73
Number of occupational violence incidents reported	428
Number of occupational violence incidents reported per 100 FTE	24.76
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	11.91

Definitions of occupational violence

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

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

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2022-23.

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 about personal affairs and medical records held by government agencies including public hospitals and community health centres.

Information on how to lodge a FOI to Latrobe Regional Health, an application form and useful links to the FOI Act and FOI website are available on the Freedom of Information page at lrh.com.au

FOI requests must be made in writing to:

The Freedom of Information Officer
Latrobe Regional Health
PO Box 424, Traralgon Vic 3844

or email foi@lrh.com.au

There are two costs associated with making a FOI request – an application fee of $31.80 and access charges starting at $22.50 per hour which may apply to searching for and processing documents.

In 2022-23 LRH received a total of 486 FOI requests of which 456 were valid requests and met the criteria for processing. At 30 June, 433 requests were completed, 13 were withdrawn and 22 were yet to be completed.

Building Act 1993

Latrobe Regional Health 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 at its Traralgon West campus which operate as specialist consulting clinics and administration offices, a property in Macleod Street, Bairnsdale and Murray Street, Wonthaggi.

LRH also provides non-residential health services from seven properties not under its direct control located throughout Gippsland. We control a number of houses and units for accommodation purposes – six owned by LRH and 23 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 Disclosure Act 2012

Latrobe Regional Health has a policy consistent with the requirements of the *Public Interest Disclosure 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 Disclosure Act* in 2022-23.

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.

Lived experience carers 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 First Act 2003

LRH has commenced one regional project that meets the requirements for a Local Industry Development Plan, with none meeting the requirements for Major Project Skills Guarantee.

There were no regional projects awarded however one project is yet to be finalised for reporting with results pending.

LRH had one conversation with the Industry Capability Network that corresponds 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). We delivered on the following priorities in the first year:

- encouraging the addition of pronouns to our email signature and use of these in general conversation
- updating the leave application form by removing gendered language and adding carers leave as a selection
- documenting and promoting flexible work options, with a review of policy to broaden the scope of availability
- designing and implementing a merit-based recruitment toolkit for managers
- reviewing the range of uniforms to provide gender neutral options
- reviewing the Workplace Support Officer Program to identify and remove barriers to incident reporting
- providing resources on gender diversity and equality on the staff intranet to empower personal learning
- delivering Wellness Wednesday sessions which reflect equality, diversity and inclusion.

A new Diversity and Inclusion Committee has been established to continue to drive initiatives.

Environmental data

The introduction of 1.5MW of solar PV at Latrobe Regional Health is showing significant results through reduced mains electricity consumption. Additionally, work being done in recommissioning building automation has resulted in improved efficiency of the building and lower gas and electricity consumption. This comes amid increased fresh air intake as part of our COVID response which would usually result in increased heating and cooling costs. Waste management has also improved significantly compared with previous years.

ELECTRICITY USE	JUL 22 - JUN 23	JUL 21 - JUN 22	JUL 20 – JUN 21
Total electricity consumption segmented by source [MWh]			
Purchased	7,859.68	10,433.32	8,229.25
Self-generated	377.20	666.99	
Total electricity consumption [MWh]	**8,236.88**	**11,100.30**	**8,229.25**
On site-electricity generated [MWh] segmented by:			
Consumption behind-the-meter			
Solar electricity	377.20	666.99	
Total Consumption behind-the-meter [MWh]	**377.20**	**666.99**	
Exports			
Solar electricity	0.00	0.00	0.00
Total electricity exported [MWh]	**0.00**	**0.00**	**0.00**
Total on-site electricity generated [MWh]	**377.20**	**666.99**	
On-site installed generation capacity [kW converted to MW] segmented by:			
Diesel generator	7.85	7.85	7.85
Solar system	1.30	1.30	
Total on-site installed generation capacity [MW]	**9.15**	**9.15**	**7.85**
Total electricity offsets segmented by offset type [MWh]			
RPP (Renewable Power Percentage in the grid)	7,859.68	10,433.32	8,229.25
Total electricity offsets [MWh]	**7,859.68**	**10,433.32**	**8,229.25**

STATIONARY ENERGY	JUL 22 - JUN-23	JUL 21 – JUN 22	JUL 20 – JUN 21
Total fuels used in buildings and machinery segmented by fuel type [MJ]			
Natural gas	35,102,286.10	34,130,909.40	36,749,447.40
Total fuels used in buildings [MJ]	**35,102,286.10**	**34,130,909.40**	**36,749,447.40**
Greenhouse gas emissions from stationary fuel consumption segmented by fuel type [Tonnes CO2-e]			
Natural gas	1,808.82	1,758.77	1,893.70
Greenhouse gas emissions from stationary fuel consumption [Tonnes CO2-e]	**1,808.82**	**1,758.77**	**1,893.70**

TRANSPORTATION ENERGY	JUL 22- JUN 23	JUL 21- JUN 22	JUL 20 - JUN 21
Total energy used in transportation (vehicle fleet) within the Entity, segmented by fuel type [MJ]			
Non-executive fleet – gasoline	6,656,831.60		
Petrol	**6,656,831.60**		
Non-executive fleet – diesel	1,617,509.80		3,686,307.80
Diesel	**1,617,509.80**		**3,686,307.80**
Total energy used in transportation (vehicle fleet) [MJ]	**8,274,341.40**		**3,686,307.80**
Greenhouse gas emissions from transportation (vehicle fleet) segmented by fuel type [tonnes CO2-e]			
Non-executive fleet – gasoline	450.14		
Petrol	**450.14**		
Non-executive fleet – diesel	113.89		259.55
Diesel	**113.89**		**259.55**
Total greenhouse gas emissions from transportation (vehicle fleet) [tonnes CO2-e]	**564.02**		**259.55**
Total vehicle travel associated with entity operations [1,000 km]			
Total vehicle travel associated with entity operations [1,000 km]	2,447.05		
Greenhouse gas emissions from vehicle fleet [tonnes CO2-e per 1,000 km]			
tonnes CO2-e per 1,000 km	0.23		

TOTAL ENERGY USE	JUL 22- JUN 23	JUL 21-JUN 22	JUL 20-JUN 21
Total energy usage from fuels, including stationary fuels and transport fuels [MJ]			
Total energy usage from stationary fuels [MJ]	35,102,286.10	34,130,909.40	36,749,447.40
Total energy usage from transport [MJ]	8,274,341.40		3,686,307.80
Total energy usage from fuels, including stationary fuels and transport fuels [MJ]	**43,376,627.50**	**34,130,909.40**	**40,435,755.20**
Total energy usage from electricity [MJ]			
Total energy usage from electricity [MJ]	29,652,779.83	39,961,090.19	29,625,301.97
Total energy usage segmented by renewable and non-renewable sources [MJ]			
Renewable	6,677,356.53	9,383,545.47	5,608,069.67
Non-renewable	66,352,050.80	64,708,454.12	64,452,987.50
Units of Stationary Energy used normalised			
Energy per unit of aged care occupied bed days [MJ]	18,565.10	22,547.78	19,385.15
Energy per unit of length of stay [MJ]	570.35	698.04	610.06
Energy per unit of separations [MJ]	1,589.51	1,894.84	1,637.02
Energy per unit of floor space [MJ/m^2]	1,291.51	1,477.73	1,323.81

SUSTAINABLE PROCUREMENT	JUL 22-JUN 23
Number of social benefit suppliers	21
Number of Victorian Aboriginal businesses engaged	3
Number of social enterprises supporting people with a disability	8
Number of social enterprises supporting disadvantaged people	10
Social benefit suppliers as a proportion of total suppliers	**1.7%**
Spend with social benefit suppliers	$2,255,093
Social benefit supplier spend as a proportion of total supplier spend	**1.9%**

WATER USE	JUL 22-JUN 23	JUL 21- JUN 22	JUL 20-JUN 21
Total units of metered water consumed by water source (kl)			
Potable water [kL]	75,527.22	65,656.32	48,476.44
Total units of water consumed [kl]	**75,527.22**	**65,656.32**	**48,476.44**
Units of metered water consumed normalised by FTE, headcount, floor area, or other entity or sector specific quantity			
Water per unit of aged care occupied bed days [kL]	21.65	19.98	14.16
Water per unit of length of stay [kL]	0.67	0.62	0.45
Water per unit of separations [kL]	1.85	1.68	1.20
Water per unit of floor space [kL/m2]	1.51	1.31	0.97

WASTE AND RECYCLING	JUL 22-JUN 23	JUL 21-JUN 22	JUL 20-JUN 21
Total units of waste disposed of by waste stream and disposal method [kg]			
Landfill (total)			
General waste	529,357.09	847,529.80	883,960.22
Offsite treatment			
Clinical waste - incinerated	7,585.71	9,859.97	8,965.04
Clinical waste - sharps	9,267.51	8,591.77	7,492.97
Clinical waste - treated	35,918.26	44,171.00	41,988.11
Recycling/recovery (disposal)			
Batteries	518.40	518.40	345.60
Cardboard	124,498.51	20,147.74	7,377.81
Commingled	26,553.12	20,016.48	14,219.04
E-waste	1,300.00		
Fluorescent tubes	212.00	369.00	88.00
Total units of waste disposed [kg]	**735,210.60**	**951,204.16**	**964,436.79**
Total units of waste disposed of by waste stream and disposal method [%]			
Landfill (total)			
General waste	72.00%	89.10%	91.66%
Offsite treatment			
Clinical waste - incinerated	1.03%	1.04%	0.93%
Clinical waste - sharps	1.26%	0.90%	0.78%
Clinical waste - treated	4.89%	4.64%	4.35%
Recycling/recovery (disposal)			
Batteries	0.07%	0.05%	0.04%
Cardboard	16.93%	2.12%	0.76%
Commingled	3.61%	2.10%	1.47%
E-waste	0.18%		
Fluorescent tubes	0.03%	0.04%	0.01%
WR3 Total units of waste disposed normalised by FTE, headcount, floor area, or other entity or sector specific quantity, by disposal method			
Total waste to landfill per PPT [(kg general waste)/PPT]	2.68	4.46	4.55
Total waste to offsite treatment per PPT [kg]	0.27	0.33	0.30
Total waste recycled and reused per PPT [kg]	0.78	0.22	0.11
Recycling rate [%]			
Weight of recyclable and organic materials [kg]	153,082.03	41,051.62	22,030.45
Weight of total waste [kg]	735,210.60	951,204.16	964,436.79
Recycling rate [%]	**20.82%**	**4.32%**	**2.28%**
Greenhouse gas emissions associated with waste disposal [tonnes CO2-e]			
tonnes CO2-e	753.58	1,179.05	1,221.36

GREENHOUSE GAS EMISSIONS	JUL 22- JUN 23	JUL 21-JUN 22	JUL 20-JUN 21
Total scope one (direct) greenhouse gas emissions [tonnes CO2e]			
Carbon Dioxide	2,365.99	1,754.33	2,146.59
Methane	3.66	3.41	3.71
Nitrous Oxide	3.19	1.02	2.95
Total	**2,372.84**	**1,758.77**	**2,153.25**
Scope 1 GHG emissions from stationary fuel [tonnes CO2-e]	**1,808.82**	**1,758.77**	**1,893.70**
Scope 1 GHG emissions from vehicle fleet [tonnes CO2-e]	**564.02**		**259.55**
Total scope one (direct) greenhouse gas emissions [tonnes CO2e]	**2,372.84**	**1,758.77**	**2,153.25**
Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]			
Electricity	5,399.22	7,618.90	6,417.94
Greenhouse gas emissions [tonnes CO2e]	**5,399.22**	**7,618.90**	**6,417.94**
Total scope three (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal (tonnes CO2e)			
Commercial air travel			
Waste emissions	753.58	1,179.05	1,221.36
Indirect emissions from stationary energy	836.05	968.91	887.53
Indirect emissions from transport energy	142.48		13.27
Paper emissions			
Any other Scope 3 emissions	127.93	123.33	79.94
Total scope three greenhouse gas emissions [tonnes CO2e]	**1,860.04**	**2,271.29**	**2,202.10**

Additional information available on request

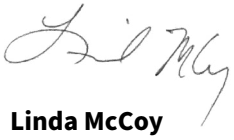
Details in respect of the items listed below have been retained by the health service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to Freedom of Information requirements, if applicable):

- 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.

Attestations and Declarations

Financial Management Compliance

I, Linda McCoy, certify that Latrobe Regional Health 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 Health
22 August 2023

Data Integrity Declaration

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

Don McRae

Chief Executive
Latrobe Regional Health
22 August 2023

Integrity, Fraud and Corruption Declaration

I, Don McRae, certify that Latrobe Regional Health 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 Health during the year.

Don McRae

Chief Executive
Latrobe Regional Health
22 August 2023

Conflict of Interest Declaration

I, Don McRae, certify that Latrobe Regional Health 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 Health 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 Health
22 August 2023

Compliance with Health Share Victoria (HSV) Purchasing Policies

I, Don McRae, certify that Latrobe Regional Health has put in place appropriate internal controls and processes to ensure that it has materially complied with all requirements set out in the HSV Purchasing Policies including mandatory HSV collective agreements as required by the *Health Services Act 1988* (Vic) and has critically reviewed these controls and processes during the year.

Don McRae

Chief Executive
Latrobe Regional Health
22 August 2023

Safe Patient Care Act 2015

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

LEGISLATION	REQUIREMENT	PAGE REFERENCE
MINISTERIAL DIRECTIONS / REPORT OF OPERATIONS		
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	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	31
FRD 22	Workforce data / employment and conduct principles	32
FRD 22	Occupational Health and Safety	33
Financial information		
FRD 22	Summary of the financial results for the year	24
FRD 22	Significant changes in financial position during the year	24
FRD 22	Operational and budgetary objectives and performance against objectives	20-23
FRD 22	Subsequent events	24
FRD 22	Details of consultancies under $10,000	26
FRD 22	Details of consultancies over $10,000	26
FRD 22	Disclosure of ICT expenditure	25
Legislation		
FRD 22	Application and operation of *Freedom of Information Act 1982*	34
FRD 22	Compliance with building and maintenance provisions of *Building Act 1993*	34
FRD 22	Application and operation of *Public Interest Disclosure Act 2012*	34
FRD 22	Statement on National Competition Policy	35
FRD 22	Application and operation of *Carers Recognition Act 2012*	34
FRD 22	Additional information available on request	40
FRD 24	Environmental data reporting	36-40
FRD 25	*Local Jobs First Act 2003* disclosures	35
SD 5.1.4	Financial Management Compliance attestation	41
SD 5.2.3	Declaration in report of operations	2
Attestations		
Attestation on Data Integrity		41
Attestation on managing Conflicts of Interest		41
Attestation on Integrity, Fraud and Corruption		41
Compliance with HealthShare Victoria (HSV) Purchasing Policies		41
Other reporting requirements		
Reporting of outcomes from the Statement of Priorities 2022-2023		12-23
Occupational Violence reporting		33
Gender Equality Act 2020		35
Reporting obligations under the *Safe Patient Care Act 2015*		41


LRH

Financial Statements

Declaration Letter

Financial Year ended 30 June 2023

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

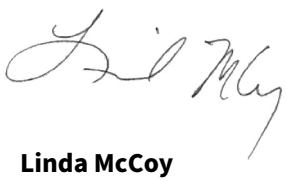
The attached financial statements for Latrobe Regional Health have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations,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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and the financial position of Latrobe Regional Health at 30 June 2023.

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

We authorise the attached financial statements for issue on 22 August 2023.

Board member
Officer



Linda McCoy
Board Chair

Accountable Officer

Don McRae
Chief Executive Officer

Chief Finance & Accounting

Michael Glaubitz
Chief Finance & Accounting Officer

Latrobe Regional Health
Traralgon West
22 August 2023

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Latrobe Regional Health

Opinion	I have audited the financial report of Latrobe Regional Health (the health service) which comprises the: • balance sheet as at 30 June 2023 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
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
12 September 2023

Dominika Ryan
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement
For the Financial Year Ended 30 June 2023

	Note	Total 2023 $'000	Total 2022 $'000
Revenue and income from transactions			
Operating activities	2.1	511,393	388,989
Non-operating activities	2.1	3,356	1,239
Total revenue and income from transactions		**514,749**	**390,228**
Expenses from transactions			
Employee expenses	3.1	(270,889)	(243,320)
Supplies and consumables	3.1	(67,005)	(64,201)
Finance costs	3.1	(31)	(17)
Depreciation and amortisation	3.1	(16,947)	(16,529)
Other administrative expenses	3.1	(32,733)	(26,132)
Other operating expenses	3.1	(21,713)	(17,218)
Other non-operating expenses	3.1	(56)	(47)
Total Expenses from transactions		**(409,374)**	**(367,464)**
Net result from transactions - net operating balance		**105,375**	**22,764**
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	14	36
Net gain/(loss) on financial instruments	3.2	552	(2,164)
Other gain/(loss) from other economic flows	3.2	(1,215)	(1,510)
Total other economic flows included in net result		**(649)**	**(3,638)**
Net result for the year		**104,726**	**19,126**
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.4	37,246	1,251
Total other comprehensive income		**37,246**	**1,251**
Comprehensive result for the year		**141,972**	**20,377**

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

Balance Sheet
As at 30 June 2023

	Note	Total 2023 $'000	Total 2022 $'000
Current assets			
Cash and cash equivalents	6.2	53,654	64,777
Receivables and contract assets	5.1	8,625	10,198
Inventories	4.6	1,330	1,485
Prepaid expenses		1,995	1,406
Total current assets		**65,604**	**77,866**
Non-current assets			
Receivables and contract assets	5.1	5,907	5,712
Investments and other financial assets	4.1	21,978	20,653
Property, plant and equipment	4.2 (a)	452,042	306,386
Right of use assets	4.3 (a)	1,281	870
Total non-current assets		**481,208**	**333,621**
Total assets		**546,812**	**411,487**
Current liabilities			
Payables and contract liabilities	5.2	27,524	42,840
Borrowings	6.1	870	632
Employee benefits	3.3	57,716	50,006
Other liabilities	5.3	675	434
Total current liabilities		**86,785**	**93,912**
Non-current liabilities			
Borrowings	6.1	332	351
Employee benefits	3.3	7,670	7,171
Total non-current liabilities		**8,002**	**7,522**
Total liabilities		**94,787**	**101,434**
Net assets		**452,025**	**310,053**
Equity			
Property, plant and equipment revaluation surplus	4.4	163,106	125,860
Restricted specific purpose reserve	SCE	31,227	31,684
Contributed capital	SCE	27,187	27,187
Accumulated surplus	SCE	230,505	125,322
Total equity		**452,025**	**310,053**

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

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

Consolidated	Property, Plant and Equipment Revaluation Surplus $'000	Restricted Specific Purpose Reserve $'000	Contributed Capital $'000	Accumulated Surplus $'000	Total $'000
Balance at 1 July 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 surplus/(deficit)	-	-	-		-
Movement in reserves	-	-	-	-	-
Capital contribution	-	-	-	-	-
Transfer to Victorian Government	-	-	-	-	-
Balance at 30 June 2022	**125,860**	**31,684**	**27,187**	**125,322**	**310,053**
Net result for the year	-	-	-	104,726	104,726
Other comprehensive income for the year	37,246	-	-	-	37,246
Transfer from/(to) accumulated surplus/(deficit)	-	(457)	-	457	-
Movement in reserves	-	-	-	-	-
Capital contribution	-	-	-	-	-
Transfer to Victorian Government	-	-	-	-	-
Balance at 30 June 2023	**163,106**	**31,227**	**27,187**	**230,505**	**452,025**

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

Cash Flow Statement
For the Financial Year Ended 30 June 2023

	Note	Total 2023 $'000	Total 2022 $'000
Cash Flows from operating activities			
Operating grants from government		341,319	314,443
Capital grants from government - State		127,504	39,969
Patient fees received		3,995	3,695
Private practice fees received		2,862	2,774
Donations and bequests received		153	153
Interest and investment income received		3,356	1,239
Commercial Income Received		4,415	3,960
Other receipts		26,506	21,964
Total receipts		**510,110**	**388,197**
Payments to Employees		(265,090)	(235,927)
Payments for supplies and consumables		(75,973)	(52,862)
Payments for medical indemnity insurance		(5,058)	(4,570)
Payments for repairs and maintenance		(8,198)	(8,129)
Finance Costs		(31)	(17)
GST paid to ATO		(153)	(386)
Cash outflow for leases		(277)	(144)
Payment for share of rural health alliance		(3,645)	(4,124)
Other payments		(37,703)	(26,208)
Total payments		**396,128**	**(332,367)**
Net cash flows from/(used in) operating activities	8.1	**113,982**	**55,830**
Cash Flows from investing activities			
Purchase of investments		(676)	(641)
Purchase of property, plant and equipment		(125,252)	(47,218)
Capital donations and bequests received		14	186
Other capital receipts		-	-
Proceeds from disposal of property, plant and equipment		75	37
Net cash flows from/(used in) investing activities		**(125,839)**	**(47,636)**
Cash flows from financing activities			
Receipt (Repayment) of borrowings		141	(916)
Receipt of accommodation deposits		600	-
Repayment of accommodation deposits		(7)	(909)
Net cash flows from /(used in) financing activities		**734**	**(1,825)**
Net increase/(decrease) in cash and cash equivalents held		**(11,123)**	**6,369**
Cash and cash equivalents at beginning of year		64,777	58,408
Cash and cash equivalents at end of year	6.2	**53,654**	**64,777**

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

Note 1: Basis of preparation

Structure

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Latrobe Regional Health for the year ended 30 June 2023. The report provides users with information about Latrobe Regional Health'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 2022 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 Health 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.

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 Health on 22nd August, 2023.

Note 1.2 Impact of COVID-19 pandemic

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-Up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

Where financial impacts of the pandemic are material to Latrobe Regional Health, they are disclosed in the explanatory notes. For Latrobe Regional Health, 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 1.3 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 Health's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

Latrobe Regional Health 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 1.6 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 Health and their potential impact when adopted in future periods is outlined below:

Standard	Adoption Date	Impact
AASB 17: *Insurance Contracts*	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-5: *Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback*	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
AASB 2022-6: *Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants*	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: *Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments*	Reporting periods beginning on or after January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: *Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector*	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: *Amendments to Australian Accounting standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities*	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.

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

Note 1.7 Goods and Services Tax (GST)

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

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

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

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

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

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

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

On the 2nd of July 2023, Latrobe Regional Hospital formally changed their name to Latrobe Regional Health. This was done so with approval by Department of Health. This change of name has had no impact on our operations.

Note 2: Funding delivery of our services

Latrobe Regional Health'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 Health is predominantly funded by grant funding for the provision of outputs. Latrobe Regional Health 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 and income recognised to fund the delivery of our services increased during the financial year which was attributable to the COVID-19 Coronavirus pandemic. Whilst the COVID-19 public health response during the year ended 30 June 2023 was scaled down, this was offset by additional funding provided under Victoria's COVID-19 Catch-Up Plan, which aims to address Victoria's COVID-19 case load and restore surgical capacity and activity.

Additional funding was also provided to:

- connect COVID-19 patients with the right level of care
- fund the acquisition of assets, to provide continued support for patients in recovery from COVID-19
- target outbreak management in high-risk aged care and health settings via local public health units and multidisciplinary mobile teams
- vaccinate Victorians against COVID-19.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Identifying performance obligations	Latrobe Regional Health 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 Health 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 Health 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 Health applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.
Assets and services received free of charge or for nominal consideration	Latrobe Regional Health applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value.

Note 2.1 Revenue and income from transactions

		Total 2023 $'000	Total 2022 $'000
Operating activities			
Revenue from contracts with customers			
Government grants (State) - Operating		128,963	132,403
Patient and resident fees		4,348	3,288
Private practice fees		2,862	2,774
Commercial activities [1]		4,415	3,960
Total revenue from contracts with customers	Note 2.1(a)	**140,588**	**142,425**
Other sources of income			
Government grants (State) - Operating		195,090	156,978
Government grants (Commonwealth) - Operating		18,945	20,057
Government grants (State) - Capital		127,504	39,969
Other capital purpose income		-	-
Capital donations		74	186
Assets received free of charge or for nominal consideration	Note 2.2	1,961	3,942
Other revenue from operating activities (including non-capital donations)		27,231	25,432
Total other sources of income		**370,805**	**246,564**
Total revenue and income from operating activities		**511,393**	**388,989**
Non-operating activities			
Income from other sources			
Other interest		3,356	1,239
Total other sources of income		**3,356**	**1,239**
Total income from non-operating activities		**3,356**	**1,239**
Total revenue and income from transactions		**514,749**	**390,228**

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

Note 2.1 Revenue and income from transactions (continued)

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

	Total 2023 $'000	Total 2022 $'000
Latrobe Regional Health disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	136,173	138,465
Over time	4,415	3,960
Total revenue from contracts with customers	**140,588**	**142,425**

How we recognise revenue and income from transactions

Government operating grants

To recognise revenue, Latrobe Regional Health 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 a point in time or over time as and when services are rendered.

If a contract liability is recognised, Latrobe Regional Health 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 Health's goods or services. Latrobe Regional Health's funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

Note 2.1 Revenue and income from transactions (continued)

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	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 Health 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 Health's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

Patient and resident fees

Patient and resident fees are charges that can be levied on patients for some services they receive. Patient and resident fees are recognised at a point in time when the performance obligation, the provision of services, is satisfied, except where the patient and resident fees relate to accommodation charges. Accommodation charges are calculated daily and are recognised over time, to reflect the period accommodation is provided.

Private practice fees

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

Commercial activities

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

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

	Total 2023 $'000	Total 2022 $'000
Cash donations and gifts	153	153
Plant and equipment	438	631
Personal protective equipment	1,370	3,158
Total fair value of assets and services received free of charge or for nominal consideration	**1,961**	**3,942**

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 Health 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 Health as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

Contributions

Latrobe Regional Health may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when Latrobe Regional Health 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 Health 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 Health 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 Health as a capital contribution transfer.

Voluntary Services

Latrobe Regional Health 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 Health 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 Health 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 Health as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Latrobe Regional Health 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 attributable to the COVID-19 Coronavirus pandemic. Specifically, additional costs were incurred to deliver additional services under Victoria's COVID Catch-Up Plan aimed at addressing Victoria's COVID-19 case load and restoring surgical capacity and activity.

This includes costs associated with:

- continued support for patients in recovery from COVID-19
- targeted outbreak management in high-risk aged care and health settings via local public health units and multidisciplinary mobile teams
- vaccination of Victorians against COVID-19.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	Latrobe Regional Health applies significant judgment when measuring and classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if Latrobe Regional Health 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 Health 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 Health applies significant judgment when measuring its employee benefit liabilities. The health service applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees. Expected future payments incorporate: • an inflation rate of 4.35%, reflecting the future wage and salary levels • durations of service and employee departures, which are used to determine the estimated value of long service leave that will be taken in the future, for employees who have not yet reached the vesting period. The estimated rates are between 25.89% and 87.36% • discounting at the rate of 4.063%, as determined with reference to market yields on government bonds at the end of the reporting period. All other entitlements are measured at their nominal value.

Note 3.1 Expenses from transactions

	Note	Total 2023 $'000	Total 2022 $'000
Salaries and wages		194,609	183,463
On-costs		52,480	42,157
Agency expenses		8,715	2,016
Fee for service medical officer expenses		12,273	12,527
Workcover premium		2,812	3,157
Total employee expenses		**270,889**	**243,320**
Drug supplies		18,701	19,426
Medical and surgical supplies (including Prostheses)		29,082	26,460
Diagnostic and radiology supplies		13,758	13,502
Other supplies and consumables		5,464	4,813
Total supplies and consumables		**67,005**	**64,201**
Finance costs		31	17
Total finance costs		**31**	**17**
Other administrative expenses		32,733	26,132
Total other administrative expenses		**32,733**	**26,132**
Fuel, light, power and water		2,571	2,567
Repairs and maintenance		1,491	1,605
Replacement of minor equipment		1,640	1,703
Maintenance contracts		5,067	4,821
Medical indemnity insurance		5,058	4,570
Expenses related to leases of low value assets		277	144
Expenditure for capital purposes		5,609	1,808
Total other operating expenses		**21,713**	**17,218**
Total operating expense		**392,371**	**350,888**
Depreciation and amortisation	4.5	16,947	16,529
Total depreciation and amortisation		**16,947**	**16,529**
Assets and services provided free of charge or for nominal consideration		-	-
Bad and doubtful debt expense		56	47
Total other non-operating expenses		**56**	**47**
Total non-operating expense		**17,003**	**16,576**
Total expenses from transactions		**409,374**	**367,464**

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 Health. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

Non-operating expenses

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

Note 3.2 Other economic flows

	Total 2023 $'000	Total 2022 $'000
Net gain/(loss) on disposal of property plant and equipment	14	36
Total net gain/(loss) on non-financial assets	**14**	**36**
Allowance for impairment losses of contractual receivables	(97)	(21)
Net gain/(loss) on fair value of financial instruments	649	(2,143)
Total net gain/(loss) on financial instruments	**552**	**(2,164)**
Net gain/(loss) arising from revaluation of long service liability	(1,215)	(1,510)
Total other gains/(losses) from other economic flows	**(1,215)**	**(1,510)**
Total gains/(losses) from other economic flows	**(649)**	**(3,638)**

How we recognise other economic flows

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

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

Note 3.3 Employee benefits in the balance sheet

	Total 2023 $'000	Total 2022 $'000
Current employee benefits and related on-costs		
Accrued days off		
Unconditional and expected to be settled wholly within 12 months [i]	678	696
	678	**696**
Annual leave		
Unconditional and expected to be settled wholly within 12 months [i]	19,500	15,500
Unconditional and expected to be settled wholly after 12 months [ii]	3,875	4,487
	23,375	**19,987**
Long service leave		
Unconditional and expected to be settled wholly within 12 months [i]	2,418	2,177
Unconditional and expected to be settled wholly after 12 months [ii]	24,348	21,165
	26,766	**23,342**
Other		
Unconditional and expected to be settled within 12 months	16	21
	16	**21**
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months [i]	3,078	2,505
Unconditional and expected to be settled after 12 months [ii]	3,803	3,455
	6,881	**5,960**
Total current employee benefits and related on-costs	**57,716**	**50,006**
Non-current provisions and related on-costs		
Conditional long service leave [ii]	6,765	6,326
Provisions related to employee benefit on-costs [ii]	905	845
Total non-current employee benefits and related on-costs	**7,670**	**7,171**
Total employee benefits and related on-costs	**65,386**	**57,177**

[i] The amounts disclosed are nominal amounts.

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

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

	Total 2023 $'000	Total 2022 $'000
Current employee benefits and related on-costs		
Unconditional accrued days off	678	696
Unconditional annual leave entitlements	26,706	22,884
Unconditional long service leave entitlements	30,316	26,405
Substitution leave	16	21
Total current employee benefits and related on-costs	**57,716**	**50,006**
Conditional long service leave entitlements	7,670	7,171
Total non-current employee benefits and related on-costs	**7,670**	**7,171**
Total employee benefits and related on-costs	**65,386**	**57,177**
Attributable to:		
Employee benefits	57,600	50,372
Provision for related on-costs	7,786	6,805
Total employee benefits and related on-costs	65,386	57,177
Carrying amount at start of year	6,805	5,469
Additional provisions recognised	4,140	4,305
Revaluation impact of changes in discount rate	(265)	(181)
Amounts incurred during the year	(2,894)	(2,788)
Carrying amount at end of year	**7,786**	**6,805**

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 Health 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 Health expects to wholly settle within 12 months or
- Present value – if Latrobe Regional Health does not expect to wholly settle within 12 months.

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

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

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

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

Termination benefits

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

Provision for on-costs related to employee benefits

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

Note 3.4 Superannuation

	Paid contribution for the year		Contribution Outstanding at Year-end	
	Total 2023 $'000	Total 2022 $'000	Total 2023 $'000	Total 2022 $'000
Defined benefit plans:[i]				
First State Super	2	3	-	-
Defined contribution plans:				
First State Super	7,401	6,561	537	547
Hesta	10,596	9,392	863	775
Other	3,078	2,005	236	179
Total	**21,077**	**17,961**	**1,636**	**1,501**

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

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

Note 4: Key assets to support service delivery

Latrobe Regional Health 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 Health 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

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	Latrobe Regional Health 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 Health 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 Health 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 Health 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 Health 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 4.1 Investments and other financial assets

	Operating Fund		Total	
	2023 $'000	2022 $'000	2023 $'000	2022 $'000
Non-current				
Managed investment schemes	21,978	20,653	21,978	20,653
Total non-current financial assets	**21,978**	**20,653**	**21,978**	**20,653**
Total other financial assets	**21,978**	**20,653**	**21,978**	**20,653**
Represented by:				
Health service investments	21,978	20,653	21,978	20,653
Total other financial assets	**21,978**	**20,653**	**21,978**	**20,653**

How we recognise investments and other financial assets

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

Investments are recognised when Latrobe Regional Health 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 Health 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 Health 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 4.2 Property, Plant & Equipment
Note 4.2 (a) Gross carrying amount and accumulated depreciation

	Total 2023 $'000	Total 2022 $'000
Land at fair value - Freehold	10,226	10,226
Total land at fair value	**10,226**	**10,226**
Buildings at fair value	256,693	256,177
Less accumulated depreciation	(1,744)	(35,909)
Total buildings at fair value	**254,949**	**220,268**
Site improvements at fair value	3,565	3,430
Less accumulated depreciation	(178)	(164)
Total leasehold improvements at fair value	**3,387**	**3,266**
Total buildings and improvements	**258,336**	**223,534**
Total land and buildings	**268,562**	**233,760**
Plant and equipment at fair value	6,995	6,833
Less accumulated depreciation	(4,663)	(4,482)
Total plant and equipment at fair value	**2,332**	**2,351**
Motor vehicles at fair value	105	159
Less accumulated depreciation	(56)	(49)
Total motor vehicles at fair value	**49**	**110**
Computer equipment at fair value	2,113	2,132
Less accumulated depreciation	(2,021)	(1,963)
Total computer equipment at fair value	**92**	**169**
Furniture and fittings at fair value	2,692	2,673
Less accumulated depreciation	(2,090)	(2,070)
Total furniture and fittings at fair value	**602**	**603**
Total plant and equipment	**3,075**	**3,233**
Medical equipment at fair value	45,258	44,185
Less accumulated depreciation	(27,996)	(25,818)
Total medical equipment at fair value	**17,262**	**18,367**
Total plant, equipment, furniture, fittings and vehicles at fair value	**20,337**	**21,600**
Work in Progress - At Cost	163,143	51,026
Total Work in Progress	**163,143**	**51,026**
Total property, plant and equipment	**452,042**	**306,386**

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 2021		**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**
Additions		-	53	122,910	645	2,173	125,781
Disposals		-	-	-	(552)	(723)	(1,275)
Revaluation increments/(decrements)		-	37,246	-	-	-	37,246
Net Transfers between classes		-	9,883	(10,793)	565	345	-
Depreciation	4.5	-	(12,380)	-	(816)	(2,900)	(16,096)
Balance at 30 June 2023	4.2 (a)	**10,226**	**258,336**	**163,143**	**3,075**	**17,262**	**452,042**

Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Latrobe Regional Health's 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 4.2 (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 Health 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,

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

An independent valuation of Latrobe Regional Health's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. As an independent valuation was not undertaken on 30 June 2023, a managerial assessment was performed at 30 June 2023, which indicated an overall:

- increase in fair value of buildings of 17.14% ($37.246m).
- Increase in fair value of land of 0.86%.

As the cumulative movement was less than 10% for land since the last revaluation, a managerial revaluation adjustment was not required as at 30 June 2023.

As the cumulative movement was greater than 10% but less than 40% for buildings since the last revaluation, a managerial revaluation adjustment was required as at 30 June 2023.

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

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

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

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

Note 4.3 Right-of-use assets

Note 4.3(a) Gross carrying amount and accumulated depreciation

	Total 2023 $'000	Total 2022 $'000
Right-of-use concessionary land at fair value	158	158
Less accumulated depreciation	-	-
Total right of use land at fair value	**158**	**158**
Right-of-use buildings at fair value	982	906
Less accumulated depreciation	(821)	(601)
Total right of use buildings at fair value	**161**	**305**
Total right of use concessionary land and buildings	**319**	**463**
Right of use plant, equipment, furniture, fittings and vehicles at fair value	1,279	2,038
Less accumulated depreciation	(317)	(1,631)
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	**962**	**407**
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	**1,281**	**870**

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 2021		**-**	**476**	**937**	**1,413**
Additions		158	114	14	286
Disposals		-	-	-	-
Depreciation	4.5	-	(285)	(544)	(829)
Balance at 30 June 2022	4.3(a)	**158**	**305**	**407**	**870**
Additions		-	228	2,981	3,209
Disposals	4.5	-	(77)	(1,870)	(1,947)
Depreciation	4.3(a)		(295)	(556)	(851)
Balance at 30 June 2023		**158**	**161**	**962**	**1,281**

How we recognise right-of-use assets

Where Latrobe Regional Health 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 Health 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 Health 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 2023 $'000	Total 2022 $'000
Balance at the beginning of the reporting period		125,860	124,609
Revaluation increment			
- Land		-	1,251
- Buildings	4.2 (b)	37,246	-
Balance at the end of the Reporting Period*		**163,106**	**125,860**
*** Represented by:**			
- Land		4,885	4,885
- Buildings		158,221	120,975
		163,106	**125,860**

Note 4.5 Depreciation

Depreciation	Total 2023 $'000	Total 2022 $'000
Buildings	12,222	11,957
Site Improvements	158	259
Plant and equipment	461	452
Motor vehicles	23	29
Medical equipment	2,900	2,587
Computer equipment	174	274
Furniture and fittings	158	142
Total depreciation - property, plant and equipment	**16,096**	**15,700**
Right-of-use assets		
Right of use buildings	295	285
Right of use - plant, equipment, furniture, fittings and motor vehicles	556	544
Total depreciation - right-of-use assets	**851**	**829**
Total Depreciation	**16,947**	**16,529**

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.

	2023	2022
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 4.6 Inventories

	Total 2023 $'000	Total 2022 $'000
Pharmacy supplies at cost	878	965
General stores at cost	452	520
Total inventories	**1,330**	**1,485**

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 Health 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 Health 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 Health 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 Health estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Latrobe Regional Health did not record any impairment losses for the year ended 30 June 2023.

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from Latrobe Regional Health'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 not materially impacted by the COVID-19 Coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Latrobe Regional Health 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	Where Latrobe Regional Health has received funding to construct an income identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed. Latrobe Regional Health 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 Health applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5.1 Receivables and contract assets

	Notes	Total 2023 $'000	Total 2022 $'000
Current receivables and contract assets			
Contractual			
Inter hospital debtors		984	1,655
Trade receivables		1,601	1,279
Patient fees		578	229
Allowance for impairment losses - Patient Fees	5.1(a)	(91)	(39)
Allowance for impairment losses - Trade Debtors	5.1(a)	(11)	(11)
Contract assets	5.1(b)	707	304
Accrued revenue		1,488	954
Amounts receivable from governments and agencies		2,015	4,626
Total contractual receivables		**7,271**	**8,997**
Statutory			
GST receivable		1,354	1,201
Total statutory receivables		**1,354**	**1,201**
Total current receivables and contract assets		**8,625**	**10,198**
Non-current receivables and contract assets			
Contractual			
Long service leave - Department of Health		5,907	5,712
Total contractual receivables		**5,907**	**5,712**
Total non-current receivables and contract assets		**5,907**	**5,712**
Total receivables and contract assets		**14,532**	**15,910**
(i) Financial assets classified as receivables and contract assets (Note 7.1(a))			
Total receivables and contract assets		14,532	15,910
Provision for impairment		102	50
GST receivable		(1,354)	(1,201)
Total financial assets	7.1(a)	**13,280**	**14,455**

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

	Total 2023 $'000	Total 2022 $'000
Balance at the beginning of the year	50	58
Increase in allowance	108	39
Amounts written off during the year	(56)	(47)
Reversal of allowance written off during the year as uncollectable	-	-
Balance at the end of the year	**102**	**50**

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 Health 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 Health's contractual impairment losses.

Note 5.1 (b) Contract assets

	Total 2023 $'000	Total 2022 $'000
Balance at the beginning of the year	304	-
Add: Additional costs incurred that are recoverable from the customer	707	304
Less: Transfer to trade receivable or cash at bank	(304)	-
Less: impairment allowance		-
Total contract assets	**707**	**304**
*** Represented by:**		
- Current assets	707	304
	707	**304**

How we recognise contract assets

Contract assets relate to the Latrobe Regional Health'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 during the next financial year.

Note 5.2 Payables and contract liabilities

	Note	Total 2023 $'000	Total 2022 $'000
Current payables and contract liabilities			
Contractual			
Trade creditors		3,202	1,367
Accrued salaries and wages		4,506	5,799
Accrued expenses		12,034	13,195
Contract liabilities	5.2(a)	4,173	7,956
Amounts payable to governments and agencies		2,275	13,287
Total contractual payables		**26,190**	**41,604**
Statutory			
Australian Taxation Office		1,334	1,236
Total statutory payables		**1,334**	**1,236**
Total current payables and contract liabilities		**27,524**	**42,840**
Total payables and contract liabilities		**27,524**	**42,840**
(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))			
Total payables and contract liabilities		27,524	42,840
Contract liabilities		(4,173)	(7,956)
Total financial liabilties	7.1(a)	**23,351**	**34,884**

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 Health 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 5.2 (a) Contract liabilities

	Total 2023 $'000	Total 2022 $'000
Opening balance of contract liabilities	7,956	2,747
Grant consideration for sufficiently specific performance obligations received during the year	62	7,671
Revenue recognised for the completion of a performance obligation	(3,845)	(2,462)
Total contract liabilities	**4,173**	**7,956**
*** Represented by:**		
- Current contract liabilities	4,173	7,956
	4,173	**7,956**

How we recognise contract liabilities

Contract liabilities include grant consideration received from State Government in support of Latrobe Health Assembly. This grant was also treated as a contract liability in 2022.

Grant income is recognised within the specified timeframe once the relevant performance obligations are fulfilled, and any corresponding expenditure is incurred. The remaining grant revenue is recognised when the services are rendered in the following year.

The balance of the contract liabilities was significantly lower than the previous reporting period due to the performance obligations of multiple State Government grants having been met and revenue recognised within this financial year.

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

Note 5.3 Other liabilities

	Notes	Total 2023 $'000	Total 2022 $'000
Current monies held it trust			
Patient monies		6	23
Refundable accommodation deposits		669	76
Employee Salary Packaging Account		-	335
Total current monies held in trust		**675**	**434**
Total other liabilities		**675**	**434**
*** Represented by:**			
- Cash assets	6.2	675	434
		675	**434**

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

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 decreased during the financial year which was attributable to the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

Key judgements and estimates

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 Health 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 Health 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 Health 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 Health uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. For leased land and buildings, Latrobe Regional Health estimates the incremental borrowing rate to be between 2.0% and 5.0% For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 2.0% and 5.0%
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 Health is reasonably certain to exercise such options. Latrobe Regional Health determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: ▪ If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. ▪ The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1 Borrowings

	Note	Total 2023 $'000	Total 2022 $'000
Current borrowings			
Lease liability [i]	6.1 (a)	820	582
Advances from government [ii]		50	50
Total current borrowings		**870**	**632**
Non-current borrowings			
Lease liability [i]	6.1 (a)	286	257
Advances from government [ii]		46	94
Total non-current borrowings		**332**	**351**
Total borrowings		**1,202**	**983**

[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 Health has categorised its liability as financial liabilities at 'amortised cost'.

Subsequent measurement

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

Maturity analysis

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

Defaults and breaches

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

Note 6.1 (a) Lease liabilities

Latrobe Regional Health's lease liabilities are summarised below:

	Total 2023 $'000	Total 2022 $'000
Total undiscounted lease liabilities	1,135	852
Less unexpired finance expenses	(29)	(13)
Net lease liabilities	**1,106**	**839**

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

	Total 2023 $'000	Total 2022 $'000
Not longer than one year	845	591
Longer than one year but not longer than five years	290	261
Longer than five years	-	-
Minimum future lease liability	**1,135**	**852**
Less unexpired finance expenses	(29)	(13)
Present value of lease liability	**1,106**	**839**
*** Represented by:**		
- Current liabilities	820	582
- Non-current liabilities	286	257
	1,106	**839**

How we recognise lease liabilities

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

To apply this definition, Latrobe Regional Health 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 Health and for which the supplier does not have substantive substitution rights
- Latrobe Regional Health 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 Health has the right to direct the use of the identified asset throughout the period of use and
- Latrobe Regional Health 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 Health'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 6.1 (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 Health's 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 the substance fixed payments.

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

Note 6.2 Cash and Cash Equivalents

	Note	Total 2023 $'000	Total 2022 $'000
Cash on hand (excluding monies held in trust)		8	8
Cash at bank (excluding monies held in trust)		6,225	18,999
Cash at bank - CBS (excluding monies held in trust)		46,696	45,286
Term deposits < 3 months (excluding monies held in trust)		50	50
Total cash held for operations		**52,979**	**64,343**
Cash at bank (monies held in trust)		6	23
Cash at bank - CBS (monies held in trust)		669	76
Employee Salary Packaging Account		-	335
Total cash held as monies in trust		**675**	**434**
Total cash and cash equivalents	7.1 (a)	**53,654**	**64,777**

How we recognise cash and cash equivalents

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

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

Note 6.3 Commitments for expenditure

	Total 2023 $'000	Total 2022 $'000
Capital expenditure commitments		
Less than one year	9,739	11,059
Total capital expenditure commitments	**9,739**	**11,059**
Operating Expenditure Commitments - Maintenance Service Contracts		
Less than one year	6,346	4,397
Longer than one year but not longer than five years	13,570	705
Five years or more	646	-
Total non-cancellable short term and low value lease commitments	**20,562**	**5,102**
Non-cancellable short term and low value lease commitments		
Less than one year	203	94
Longer than one year but not longer than five years	-	-
Total non-cancellable short term and low value lease commitments	**203**	**94**
Total commitments for expenditure (exclusive of GST)	**30,504**	**16,255**
Less GST recoverable from Australian Tax Office	(2,773)	(1,478)
Total commitments for expenditure (exclusive of GST)	**27,731**	**14,777**

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 Health 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 Health 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 Health 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.

Key judgements and estimates (continued)

Key judgements and estimates	Description
Measuring fair value of non-financial assets	Latrobe Regional Health 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 Health'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 Health'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 Health 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 Health categorises non-specialised land and right-of-use concessionary land in this level. ▪ Level 3, where inputs are unobservable. Latrobe Regional Health categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.

Note 7.1: Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Latrobe Regional Health'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 2023	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	53,654	-	-	53,654
Receivables and contract assets	5.1	13,280	-	-	13,280
Investments and other financial assets	4.1	-	21,978	-	21,978
Total Financial Assets [i]		**66,934**	**21,978**	**-**	**88,912**
Financial Liabilities					
Payables	5.2	-	-	23,351	23,351
Borrowings	6.1	-	-	1,202	1,202
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	-	669	669
Other Financial Liabilities - Other monies held in trust	5.3	-	-	6	6
Total Financial Liabilities [i]		**-**	**-**	**25,228**	**25,228**

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**

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

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

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

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

Note 7.1 (a) Categorisation of financial instruments

Financial assets at amortised cost

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

- the assets are held by Latrobe Regional Health 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 Health recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

Note 7.1 (a) Categorisation of financial instruments

Financial assets at fair value through net result

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

Note 7.1 (a) Categorisation of financial instruments

Financial liabilities at amortised cost

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

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

Latrobe Regional Health 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 Health 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 Health does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

Note 7.1 (a) Categorisation of financial instruments

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired or
- Latrobe Regional Health 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 Health 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 Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Latrobe Regional Health'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 Health's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

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

Latrobe Regional Health 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 Health'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 Health. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Latrobe Regional Health'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 Health 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 Health'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 Health 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 Health'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 Health's credit risk profile in 2022-23.

Note 7.2 (a) Credit risk

Impairment of financial assets under AASB 9

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

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

30 June 2023		**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%	74.6%	100.0%	
Gross carrying amount of contractual receivables	5.1	6,181	660	395	134	3	**7,373**
Loss allowance		-	-	-	**(100)**	**(3)**	**(103)**

30 June 2022	**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%	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)**

Note 7.2 (a) Credit risk (continued)

Statutory receivables and debt investments at amortised cost

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

Note 7.2 (b) Liquidity Risk (continued)

Total		Carrying Amount	Nominal Amount	Maturity Dates: Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
30 June 2023	**Note**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Payables	**5.2**	23,351	23,351	23,351	-	-	-	-
Borrowings	**6.1**	1,202	-	-	-	870	332	-
Other Financial Liabilities - Refundable Accommodation Deposits	**5.3**	669	669	669	-	-	-	-
Other Financial Liabilities - Patient monies held in trust	**5.3**	6	6	6	-	-	-	-
Total Financial Liabilities		**25,228**	**24,026**	**24,026**	**-**	**870**	**332**	**-**

Total		Carrying Amount	Nominal Amount	Maturity Dates: Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
30 June 2022	**Note**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities at amortised cost								
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**	**-**

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

Note 7.3: Contingent assets and contingent liabilities

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

How we measure and disclose contingent assets and contingent liabilities

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

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

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

Note 7.4: Fair Value Determination

How we measure fair value

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

The following assets and liabilities are carried at fair value:

- 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 Health 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 Health 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 Health's independent valuation agency for property, plant and equipment.

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

	Note	Total carrying amount 30 June 2023 $'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		**21,978**	-	21,978	-
Total financial assets held at fair value through net result	4.1	**21,978**	**-**	**21,978**	**-**
Total investments and other financial assets at fair value		**21,978**	**-**	**21,978**	**-**

		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**	**-**

How we measure fair value of investments and other financial assets

Management investment schemes

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

Latrobe Regional Health 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 Health classifies these funds as Level 2.

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

		Total carrying amount 30 June 2023	Fair value measurement at end of reporting period using:		
			Level 1 [i]	Level 2 [i]	Level 3 [i]
	Note	$'000	$'000	$'000	$'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		258,337	-	-	258,337
Total buildings at fair value	4.2 (a)	**258,337**	**-**	**-**	**258,337**
Plant and equipment at fair value	4.2 (a)	2,332	-	-	2,332
Motor vehicles at fair value	4.2 (a)	49	-	-	49
Medical equipment at Fair Value	4.2 (a)	17,262	-	-	17,262
Computer equipment at fair value	4.2 (a)	92	-	-	92
Furniture and fittings at fair value	4.2 (a)	601	-	-	601
Total plant, equipment, furniture, fittings and vehicles at fair value		**20,336**	**-**	**-**	**20,336**
Right of use land	4.3 (b)	158	-	158	-
Right of use Buildings	4.3 (b)	161	-	-	161
Right of use assets at fair value	4.3 (b)	962	-	-	962
Total right-of-use assets at fair value		1,281	-	158	1,123
Assets Under Construction		163,143	163,143	-	-
Total assets under construction		**163,143**	**163,143**	-	-
Total non-financial physical assets at fair value		**453,323**	**163,143**	**2,884**	**287,296**

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

		Total carrying amount 30 June 2022	Fair value measurement at end of reporting period using:		
			Level 1 [i]	Level 2 [i]	Level 3 [i]
		$'000	$'000	$'000	$'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, equipment and vehicles 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**

[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 Health has assumed the current use of a non-financial physical asset is its highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

Note 7.4 (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 Health 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 Health, 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 Health'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 Health acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by the health service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Furniture, fittings, plant and equipment

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

There were no changes in valuation techniques throughout the period to 30 June 2023

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 2021		**6,249**	**231,104**	**18,842**	**476**	**937**
Additions/(Disposals)		-	10	5,469	114	14
Net Transfers between classes		-	4,636	773	-	-
- Depreciation and amortisation			(12,216)	(3,484)	(285)	(544)
Items recognised in other comprehensive income		-			-	
- Revaluation		1,251	-	-		-
Balance at 30 June 2022	7.4 (a)	**7,500**	**223,534**	**21,600**	**305**	**407**
Additions/(Disposals)		-	54	1,542	151	1,111
Net Transfers between classes		-	9,883	910	-	-
Gains/(Losses) recognised in net result						
- Depreciation and Amortisation		-	(12,380)	(3,716)	(295)	(556)
- Revaluation		-	37,246	-	-	-
Balance at 30 June 2023	7.4 (a)	**7,500**	**258,337**	**20,336**	**161**	**962**

[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 Health'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 2023 $'000	Total 2022 $'000
Net result for the year		104,726	19,126
Non-cash movements:			
Net (Gain)/Loss on sale or disposal of non-financial assets	3.2	(14)	(36)
Net (Gain)/Loss arising from Revaluation of Financial Instruments		(649)	2,143
Depreciation and amortisation of non-current assets	4.5	16,947	16,529
Cash inflow from financing activities			(186)
Assets and services received free of charge	2.2	(74)	(631)
Assets provided free of charge		(444)	-
Movement in allowance for impairment	5.1(a)	52	(8)
(Gain)/Loss on revaluation of long service leave liability	3.2	1,215	1,510
Movements in Assets and Liabilities:			
(Increase)/Decrease in receivables and contract assets		1,326	(3,109)
(Increase)/Decrease in inventories		155	(4)
(Increase)/Decrease in prepaid expenses		(590)	200
Increase/(Decrease) in payables and contract liabilities		(15,310)	16,569
Increase/(Decrease) in employee benefits		6,994	4,214
Increase/(Decrease) in other liabilities		(352)	(487)
Net cash inflow from operating activities		**113,982**	**55,830**

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.

A caretaker period was enacted during the year ended 30 June 2023 which spanned the time the Legislative Assembly expired, until the Victorian election results were clear or a new government was commissioned. The caretaker period for the 2022 Victorian election commenced at 6pm on Tuesday the 1st of November and new ministers were sworn in on the 5th of December.

	Period
The Honourable Mary-Anne Thomas:	
Minister for Health	1 Jul 2022 - 30 Jun 2023
Minister for Ambulance Services	1 Jul 2022 - 30 Jun 2023
The Honourable Gabrielle Williams:	
Minister for Mental Health	1 Jul 2022 - 30 Jun 2023
The Honourable Colin Brooks:	
Minister for Disability, Ageing and Carers	1 Jul 2022 - 30 Jun 2023
Governing Boards	
Linda McCoy (Chair of the Board)	1 Jul 2022 - 30 Jun 2023
John Rasa	1 Jul 2022 - 30 Jun 2023
Ian Maxwell	1 Jul 2022 - 30 Jun 2023
Chelsea Caple	1 Jul 2022 - 30 Jun 2023
Elizabeth Delahunty	1 Jul 2022 - 30 Jun 2023
Liesl McKay	1 Jul 2022 - 30 Jun 2023
Bernadette Hickey	1 Jul 2022 - 30 Jun 2023
Kathryn Munro	1 Jul 2022 - 30 Jun 2023
Leanne Williams	1 Jul 2022 - 30 Jun 2023
Accountable Officers	
Don McRae (Chief Executive Officer)	1 Jul 2022 - 30 Jun 2023

Total 2023

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 2023 No	Total 2022 No
$20,000 - $29,999	7	8
$50,000 - $59,999	1	-
$60,000 - $69,999	1	1
$230,000 - $239,999	1	-
$300,000 - $309,999	-	1
$390,000 - $400,000	1	-
$520,000 - $529,999	-	1
Total Numbers [i]	**11**	**11**

	Total 2023 $'000	Total 2022 $'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to: [i]	**$919**	**$1,103**

[i] Total number of responsible persons and total remuneration received by responsible persons includes former accountable officer (CEO) who received long service leave payments during the financial year.

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**	
	2023 $'000	**2022 $'000**
Short-term benefits	1,668	1,408
Post-employment benefits	169	129
Termination benefits	-	-
Total remuneration [i]	**1,837**	**1,537**
Total number of executives	8	11
Total annualised employee equivalent [ii]	7.15	5.8

i The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Latrobe Regional Health under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

[ii] Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

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

Short-term Employee Benefits

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

Post-employment Benefits

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

Other Long-term Benefits

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

Termination Benefits

Termination of employment payments, such as severance packages.

Other factors

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

Note 8.4: Related Parties

The Latrobe Regional Health 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 Health and its controlled entities, directly or indirectly.

Key management personnel

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

Entity	KMPs	Position Title
Latrobe Regional Health	Linda McCoy	Chair of the Board
Latrobe Regional Health	John Rasa	Board Member
Latrobe Regional Health	Ian Maxwell	Board Member
Latrobe Regional Health	Chelsea Caple	Board Member
Latrobe Regional Health	Elizabeth Delahunty	Board Member
Latrobe Regional Health	Liesl McKay	Board Member
Latrobe Regional Health	Bernadette Hickey	Board Member
Latrobe Regional Health	Kathryn Munro	Board Member
Latrobe Regional Health	Leanne Williams	Board Member
Latrobe Regional Health	Don McRae	Chief Executive (1/07/22 – 30/6/23)
Latrobe Regional Health	Jon Millar	Chief Operating Officer (1/7/22 - 30/6/23) Chief Medical Officer (1/7/22 - 30/6/23)
Latrobe Regional Health	Simone Redpath	Deputy Chief Operating Officer (26/12/22 – 30/06/23)
Latrobe Regional Health	Ian Graham	Executive Director of Education, Training & Research (1/7/22 - 30/6/23)
Latrobe Regional Health	Anita Raymond	Acting Chief Nurse (1/7/22 - 30/6/23)
Latrobe Regional Health	Sebastiano Romano	Executive Director of Mental Health/Chief Mental Health Nurse
Latrobe Regional Health	Mark Wilkins	Executive Director of People & Culture)1/7/22 – 30/06/23)
Latrobe Regional Health	Adrian Shearer	Executive Director of Information Services (1/7/22 - 30/6/23)
Latrobe Regional Health	Monica Holdsworth	Executive Director of Regional Services (1/7/22 - 30/6/23)

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 2023 $'000	Total 2022 $'000
Compensation - KMPs		
Short-term Employee Benefits [i]	2,330	2,100
Post-employment Benefits	196	182
Other Long-term Benefits	230	358
Termination Benefits	-	-
Total [ii]	**2,756**	**2,640**

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

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

Significant transactions with government related entities

Latrobe Regional Health received funding from the Department of Health of $453m (2022: $341 m) and indirect contributions of $0.789 m (2022: $0.31 m). Balances outstanding as at 30 June 2023 are $7.1 m (2022 $5.7 m)

Expenses incurred by Latrobe Regional Health 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 Health 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 Health, 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 Health l Board of Directors, Chief Executive Officer and Executive Directors in 2023 (2022: none).

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

Revenue received from the following for 2023 ($'000)

ENTITY	2023 $'000	2022 $'000
Alfred Health	2,335	2,290
All TAFE Entities	149	207
Ambulance Victoria	-	46
Bairnsdale Regional Health Service	427	415
Central Gippsland Health Service	1,491	1,384
Department of Health and Human Services (grants)	452,615	340,812
Department of Jobs Precincts and Regions	124	197
Department of Treasury and Finance	1,421	145
Gippsland Health Alliance	5,541	5,889
Gippsland Southern Health Service	239	291
Monash Health	363	366
Transport Accident Commission	122	128
South Gippsland Hospital	84	-
West Gippsland Healthcare Group	990	790
Yarram and District Health Service	91	68

Payments made to the following for 2023 ($'000)

ENTITY	2023 $'000	2022 $'000
Alfred Health	588	526
Ambulance Victoria	2,305	1,903
Bairnsdale Regional Health Service	600	346
Department of Justice and Community Safety	79	0
Bass Coast Health	782	451
Central Gippsland Health Service	2,273	1,793
Central Gippsland Regional Water Corporation	357	317
Gippsland Health Alliance	4,951	8,112
Kooweerup Regional Health Service	280	272
Monash Health	1,784	1,446
Omeo District Health	70	174
Orbost Regional Health	83	81
South Gippsland Hospital	662	551
Victorian Managed Insurance Authority	8,539	8,225
West Gippsland Healthcare Group	1,120	684
Yarram and District Health Service	285	145

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

ENTITY	2023 $'000	2022 $'000
Alfred Health	571	488
All TAFE Entities	60	90
Bairnsdale Regional Health Service	119	212
Central Gippsland Health Service	622	790
Department of Health and Human Services (grants)	7,171	9,710
Gippsland Health Alliance	96	349
Gippsland Southern Health Service	67	55
Monash Health	-	36
West Gippsland Healthcare Group	601	348

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

ENTITY	2023 $'000	2022 $'000
Alfred Health	-	108
Ambulance Victoria	567	258
Central Gippsland Health Service	-	224
Department of Health	-	12,033
Gippsland Health Alliance	586	151
Monash Health	-	138
South Gippsland Hospital	80	88
West Gippsland Healthcare Group	76	120

Note 8.5: Remuneration of Auditors

	Total 2023 $'000	Total 2022 $'000
Victorian Auditor-General's Office		
Audit of the financial statements	64	55
Total remuneration of auditors	**64**	**55**

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

Note 8.7 Jointly controlled operations

	Principal Activity	Ownership Interest 2023 %	Ownership Interest 2022 %
Gippsland Health Alliance	Provision of Information Technology Services	27.21	24.58

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

	2023 $'000	2022 $'000
Current assets		
Cash and cash equivalents	2,669	773
Receivables	361	606
Prepaid expenses	936	662
Total current assets	**3,966**	**2,041**
Non-current assets		
Property, plant and equipment	206	267
Total non-current assets	**206**	**267**
Total assets	**4,172**	**2,308**
Current liabilities		
Payables	567	200
Borrowings	57	55
Other Current Liabilities	1,449	451
Total current liabilities	**2,073**	**706**
Non-current liabilities		
Borrowings	87	111
Total non-current liabilities	**87**	**111**
Total liabilities	**2,160**	**817**
Net assets	**2,012**	**1,491**
Equity		
Accumulated surplus	1,356	1,491
Total equity	**1,356**	**1,491**

Note 8.7 Joint arrangements

Latrobe Regional Health's interest in revenues and expenses resulting from joint arrangements are detailed below:

	2023 $'000	2022 $'000
Revenue		
Revenue from Operations	7,023	5,261
Interest Income	53	8
Total revenue	**7,076**	**5,269**
Expenses		
Other Expenses from Continuing Operations	5,604	5,582
Depreciation	116	102
Total expenses	**5,720**	**5,684**
Net result	**1,356**	**(415)**

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 Health.

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 Health 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 Health 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 believes the Department of Health will continue to support Latrobe Regional Health.

Graphic design by
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Latrobe Regional Health and its community-based services are located on the traditional lands of the Gunaikurnai and Bunurong peoples.

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