

Annual Report

2023-
2024



About this report

The Annual Report outlines the activities and performance of Latrobe Regional Health from 1 July 2023 to 30 June 2024 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

Minister for Mental Health:
The Hon Gabrielle Williams (from 1 July 2023 to 2 October 2023)

The Hon Ingrid Stitt (from 2 October 2023 to 30 June 2024)

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

Many of our healthcare professionals are also parents and have a vested interest in quality care and contemporary facilities for their young ones. On our front cover, Clinical Nurse Educator Courtney Whittaker and her children, five-year-old Evangeline and Fletcher, 4 get acquainted with Latrobe Regional Health's new Timbarra Paediatrics Unit. Our back cover features Paediatric Consultant Nilima and her daughter Prisha, 8.

Graphic design by Italicherry Design Studio

Photos by Michelle Slater (LRH), Gerard Callinan (LRH), Sarah Jackson (Sarah Louise Photography)

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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 approximately 300,000. Our catchment covers about 42,000 square kilometres from Phillip Island to Mallacoota in the far east of Victoria.

We offer cardiac care, surgery, medical, renal, emergency and intensive 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 LRH Consulting Suites. LRH also has a growing research and clinical trials program.

We offer inpatient care to people experiencing mental illness and community mental health services extend across the Latrobe Valley, Sale, Bairnsdale, Yarram, Orbost, Warragul and Wonthaggi. Our Macalister Unit has 10 acute beds for older people with complex needs relating to mental illness as well as 10 nursing home beds.

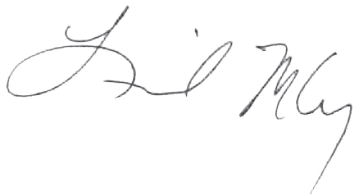
Our vision

Better care, everywhere for everyone

At Latrobe Regional Health, the term 'better' symbolises not just the experience and outcome of care, but also the systems of healthcare that support our staff and our patients.

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 2024.



Linda McCoy

Chair, Board of Directors

Latrobe Regional Health
Traralgon West
24 September 2024

Our purpose

Enriching the lives of the people of Gippsland

The work of Latrobe Regional Health encompasses three key areas:

- the delivery of healthcare services
- education to those in or aspiring to join the health care workforce
- research.

Our values

Person-centred care

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

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.

Integrity

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

Respect

We value the diverse voices of our consumers and staff in the creation of a fair, welcoming and compassionate health service.

Year in Review

A message from our Board Chair and Chief Executive

If you've ever moved house, you'd appreciate the amount of planning and work that goes in to getting your treasured possessions from 'point A' to 'point B'. But when your treasured possessions are dozens of patients, some of whom are ventilated or in need of high-level care, the task is all the more daunting.

In March 2024, we successfully commissioned our Stage 3A expansion following months of planning. It involved moving hundreds of staff and some of our most unwell and vulnerable patients, a mammoth effort undertaken in five days.

Our Thomson maternity unit moved nine patients including a woman in early labour while five patients, including two who were ventilated were moved from our Critical Care Unit to a new Intensive Care Unit. A further eight patients were admitted to ICU within its first 12 hours of operation.



Our surgical and paediatrics units also relocated with minimal disruption. There were no bed closures or reduction in service to our community.

The opening of the expansion was a major highlight and brought a four-year project to an end. We're extremely proud to have delivered the type of building our community wanted. Public feedback during the planning stages suggested lighter, modern areas to sit and more outdoor spaces.

Below: The Stage 3A expansion was officially opened in March 2024.





Top: New recruits Abraham and Francis are pictured with LRH Chief Executive Don McRae and Latrobe Community Health Service Settlement Support Worker Nicole McNeilage.

Above: Artist Alfred Carter's mural is a feature of LRH's expansion and tells the story of the Gunaikurnai peoples' cultural connection to health and healing.

For those of us who have been in the health sector for numerous decades, this is a really foreign concept but times have changed and the expectations of the community in a post-pandemic world are much higher.

The expansion provides a base for our Aboriginal Health Unit and showcases the creativity of local artist Alfred Carter. His work, 'Healing on My Country' envelops the new atrium lobby and connects modern day healthcare with the traditions and culture of the Gunaikurnai people.

During the year, LRH embarked on an extensive international recruitment campaign to secure medical, nursing and allied health staff for our expanded services.

We were delighted to welcome 38 new staff members from the UK and 24 from New Zealand, some of whom have brought families to begin a new life in Australia.

Recruitment will continue to test health services, including our own. We also anticipate fiscal challenges which will drive us to explore efficiencies and partnerships to ensure the people of Gippsland continue to have access to quality care, as close to home as possible.

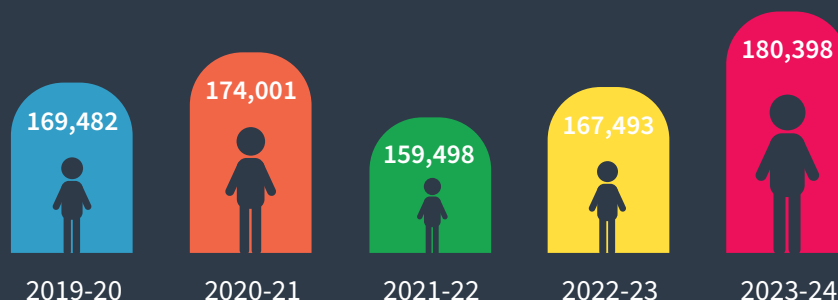
Over the next four years, our new Strategic Plan will be a roadmap to guide our investment and efforts as we work to meet a growing demand for services and a continual focus on safety and quality. Aligned with the priorities of the government and needs of our community, our Strategic Plan positions Latrobe Regional Health to respond effectively to these challenges and to continue to build our capability and reputation for better care, everywhere, for everyone.

Don McRae
Chief Executive

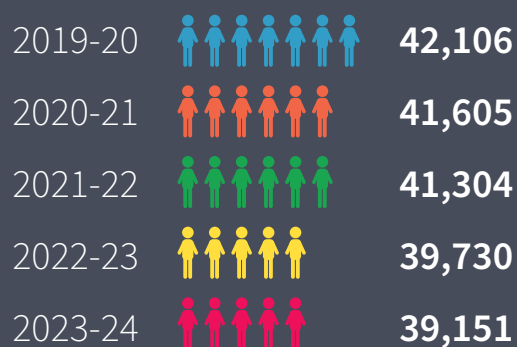
Linda McCoy
Chair, Board of Directors

Operational highlights

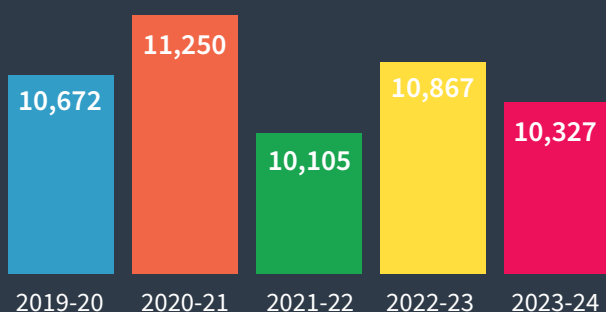
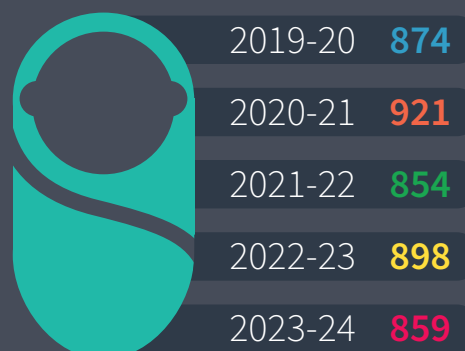
People treated at LRH



Emergency Department presentations

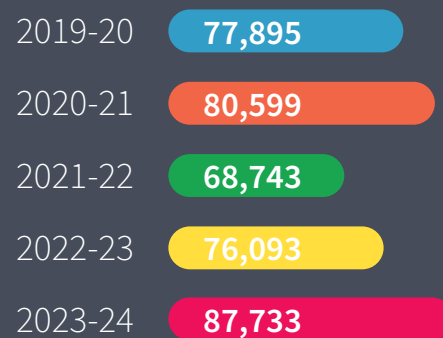


Number of births



Surgical procedures

Outpatients



Perioperative Services Partnership

LRH established a partnership with Alfred Health to support the growing need for urgent and complex surgical needs in Gippsland, and to enhance equitable access to high quality care in the region.

The teams have established a sustainable, innovative model that draws on the strengths of both organisations, while delivering potentially life-saving general, specialist and obstetric surgery, closer to home. The model also provides significant professional development opportunities to clinicians.

The partnership draws on local knowledge and expertise at LRH but has been instrumental in developing strategies to support the service in the future.

Cardiology service reaches milestone

A major milestone for our Cardiac Catheterisation Laboratory team which performed its 1000th coronary angiogram since the service opened in 2018.

Cardiology services are rapidly expanding at LRH to meet demand for care across Gippsland, which has the highest incidence of cardiovascular disease in Australia.

LRH was the first regional hospital in Australia to use a new generation of cardiac imaging in 2023-24. The Optical Coherence Tomography machine is providing our cardiologists with a clearer vision of patients' arteries.

Boost to palliative care

LRH established a Palliative Care Inpatient Service to provide specialised support to people requiring complex pain management and end-of-life care.

The service works with community-based teams and Palliative Care Consultancy Gippsland to offer a clear pathway for patients.

The introduction of specialised beds followed a six-month trial in the Nicholson Rehab Unit. The new service also provides a more comfortable space for family and friends to visit a patient with access to a lounge and quiet garden space.

Non-clinical employment pathways

A collaboration between LRH and Gippsland Employment Skills Training (GEST) was introduced to create employment pathways into our hospital for non-clinical staff in environmental, catering, café, security and clerical services roles.

'Launch into Health' is a 6-week program provided in partnership with GEST, giving participants the opportunity to complete certificates in communication in the workplace and infection control along with providing hands-on work experience/orientation to LRH to enhance their understanding of the hospital environment.

Below: Our Cardiac Catheterisation Laboratory hit a milestone of 1000 coronary angiograms in September 2023.



Staff Wellbeing Centre

The Staff Wellbeing Centre at LRH achieved 1000 appointments since its inception in 2021. The service was introduced during the pandemic and provides free confidential health and wellbeing support to LRH employees, students and volunteers. Staff wellbeing clinicians deliver healthy lifestyle and anxiety counselling, mindfulness mentoring, smoking cessation, health screening, resilience building, psychological support and dietician advice.



Strengthening Hospital Response to Family Violence Regional Lead program

LRH was the successful site in leading the 'Strengthening Hospital Response to Family Violence' (SHRFV) program. This program involved linking the 10 health services across Gippsland with the expertise of our family violence coordinators. The role was managed by one coordinator covering the work in the eastern part of our region and the other in West Gippsland. The good work of the Gippsland team was showcased at the statewide SHRFV forum in March this year.

Community Advisory Committee (CAC)

Our new CAC completed its first full year of operation and we have benefited from their interest and insight into our programs and services. Our youngest committee member, at the age of 17, revamped our consumer feedback posters to give them a more contemporary design while the entire CAC contributed to the design and layout of new patient communication boards which are installed at each bedside.

The CAC is able to converse directly with LRH's Chief Executive and board directors and have engaged in robust discussions about the future of our services and community attitudes to healthcare.

Our thanks to CAC members for sharing their time and representing the views of their interest groups.

Occupational Violence and Aggression (OVA) campaign

Our OVA team continues to progress strategies to minimise the incidence of occupational violence and aggression at LRH and help keep staff safe at work. The introduction of behaviour of concern (BOC) scores on our Electronic Medical Record and BOC patient forms as management tools which focus on both behaviour and medication plans for patients have proven beneficial. In addition, the provision of BOC multidisciplinary team huddles has contributed to an overall reduction in code grey escalations on our medical units. Videos and posters which address OVA 'myths', along with sensory items and OVA-related training have also enhanced our ability to manage and de-escalate patients presenting with difficult behaviours. The campaign is now turning to the Emergency Department with strategies to assist in the review and management of patients.

Above: The Occupational Violence and Aggression team is progressing strategies to reduce behaviours of concern.



Gippsland Region Public Health Unit (GRPHU)

The GRPHU undertook proactive measures and collaborative strategies to respond to Q fever outbreaks in the farming sector and prevent future occurrences. Recognising the urgent need for community awareness and enhanced vaccination uptake, GRPHU launched a multifaceted awareness campaign and collaborated with stakeholders like GippsDairy, Gippsland Primary Health Network, National Centre for Farmer Health and other local healthcare networks. Moving forward, GRPHU continues to collaborate with GippsDairy, local health networks, and primary care services to enhance Q fever screening and vaccination accessibility.

Data from the Department of Health and the Victorian Women's Health Atlas point to high rates of sexually transmitted infections (STIs) in Gippsland. A comprehensive service mapping exercise by the GRPHU in 2023 as well as stakeholder consultation have identified limited sexual health services and system connectivity. GRPHU worked with Gippsland Women's Health and other health providers and consumers to develop messaging, information and resource packs aimed at increasing knowledge about positive sexual health. More than 1800 packs were distributed between February and April 2024.

Between March and May 2024, the GRPHU embarked on an extensive consultation exercise with community members to improve engagement and participation in public health activities and projects. GRPHU engaged more than 700 people across all six Gippsland local government areas. More than 100 community members have expressed an interest in participating in future public health-related initiatives.

Clinical Trials

Cancer diagnoses in Gippsland have risen by 32 per cent and local people are 34 per cent more likely to die from cancer (Australian Bureau of Statistics, 2021 census). Evidence suggests patients on clinical trials often have better outcomes, and our research unit has been working hard to provide at least one or more trial options for patients in all cancer streams treated at LRH. This year we opened our 33rd clinical trial providing the most contemporary and accessible treatment options for patients.

Quality Officers

True to its name, the Quality and Innovation team has a new approach to addressing clinical risk with the introduction of Quality and Safety Officers. They are linked to specialty areas and work directly with teams to ensure robust reviews and timely follow up of incidents and risks. The Quality Officers also have a key role informing and supporting our specialty committees and morbidity and mortality meetings with quality improvement needs and implementation of recommendations. They champion the National Safety and Quality Health Service Standards and ensure evidence-based practice aligns to clinical work, legislation and clinical care standard changes.

Closing the healthcare gap for Aboriginal people

Each year, LRH marks Close the Gap Day with a ceremony renewing our commitment to improving health outcomes for Aboriginal and Torres Strait Islander peoples. It also reflects on our efforts and achievements in making sure Aboriginal people in our community have access to culturally appropriate and inclusive services.

This year, LRH's Close the Gap Day took on a different format. Staff were encouraged to drive the initiative rather than our Aboriginal Health Unit in an effort to pause and reflect on the work they've done to improve health outcomes.

Units and departments including our pharmacy and research teams, cancer services, mental health service and high-risk foot clinic were invited to showcase their work in presentations at an official ceremony attended by members of the local Aboriginal community. The initiatives were warmly received and further enhanced our connection to Elders and community members.

Below: LRH's annual Close the Gap day showcased our work to improve health outcomes for Aboriginal people.

Healing the Past and Nurturing the Future

The Healing the Past by Nurturing the Future (HPNF) initiative is funded by the Medical Research Future Fund (MRFF) and looks at the care of Aboriginal parents during the birthing journey to recognise and manage transgenerational trauma-related issues.

Latrobe Regional Health is part of this Aboriginal-led collaborative project which involves the Melbourne School of Population and Global Health, University of Melbourne and the Victorian Aboriginal Child Care Authority (VACCA).

The project is developing perinatal awareness, recognition, assessment and support strategies for Aboriginal and Torres Strait Islander parents experiencing complex trauma from their own childhoods.

Implementation of the program began at LRH in 2023 and involves a cultural training model. LRH is the first health service in Victoria to facilitate the model, with the purpose of helping staff to understand trauma and enhance their skills to manage care of Aboriginal and Torres Strait Islander people with trauma histories or symptoms. More than 400 staff members have completed the training during the first round.





Connecting with our community

LRH has significantly improved engagement with the community utilising social media, local media and our website. The introduction of a new logo and branding provided an opportunity to review and update our patient information.

We continue to forge strong connections with local service and not-for-profit groups to improve their understanding of LRH and in the long term, the health outcomes of the people they represent or work with.

Despite cost-of-living pressures, our community has supported our fundraising campaigns to enhance care and provide state-of-the-art equipment. We were also fortunate to be a beneficiary of the Royal Children's Hospital Good Friday Appeal, which for the first time, pledged to support neonatal and paediatrics projects at regional hospitals.

Our dog therapy program has expanded and makes a significant difference to the hospital experience for patients, particularly those in emergency care, aged care and rehabilitation.

This year, LRH received many in-kind donations of knitted and craft items and new clothing for our Wear House clothing facility which supports vulnerable people. In particular, we greatly appreciate the ongoing support of the Betty Cares Foundation which donates women's clothing packs in various sizes and service clubs such as Moe Inner Wheel and Traralgon Lions Club which have contributed greatly to the Wear House.

Our Community Champions volunteer program has experienced growth in 2023-24. The program has approximately 70 volunteers supporting patients, visitors and staff in 13 areas across the hospital and in patient transport. This year we welcomed a dietitian from France who was on the trip of a lifetime around Australia and stopped in the local area for a few months. Pauline took the opportunity to join the Champions to learn more about healthcare in Australia and the Aussie way of life. Thank you to all of our Champions who freely give their time to help others.

Above: Our Community Champions volunteer program experienced growth in 2023-24.

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 2023-24.**
- **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.

Part A

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Excellence in clinical governance	Develop strong and effective relationships with consumer and clinical partners to drive service improvements.	IN PROGRESS Restrictive practice reforms implemented organisation-wide to meet requirements of new Mental Health and Wellbeing Act. Zero Suicide Framework implementation is ongoing. Quality Officer recruited for Mental Health Service to work with Unit Managers and clinical teams in addressing and preventing clinical risk incidents. Scorecard developed for clinical committees to support risk identification and activity trends.
	• Partner with Safer Care Victoria's Mental Health Improvement Unit on reform including Elimination of Restrictive Practices and Implementation of Zero Suicide Framework.	
	• Development of revised terms of reference and membership for Consumer Advisory Committee (CAC) supporting review of key consumer resources to help drive service improvements.	COMPLETE Revised terms of reference developed and new Community Advisory Committee (CAC) recruited. Key CAC projects include My Care Board development, consumer feedback posters and Emergency Department waiting room and triage information.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Excellence in clinical governance	Improve access to timely emergency care by implementing strategies that improve the whole of system patient flow to reduce emergency department wait times and improve ambulance to health service handover times. Embed internal standards and agreements that support the delivery of patient-centred care, through identification of how we do things here to support patient flow.	COMPLETE Teams monitor patient discharge and flow progress against data as part of business-as-usual practice. Care pathways established in Emergency Department short stay unit. Internal agreements developed between departments to improve patient flow. Internal agreement between Intensive Care and Emergency Department completed.
	Implement initiatives that support early discharge of patients to appropriate settings to improve timely patient access care.	COMPLETE 'Golden Patient' initiative introduced aiming for discharges before 10am. 'Sick, Out, Rest, Transfer (SORT) rounding for medical teams introduced. Access to discharge lounge improved. Triple Rapid Assessment Team assigned to ED waiting room. Review of electronic medical record processes continuing.
	Improve mental health and wellbeing outcomes by implementing Victoria's new and expanded Mental Health and Wellbeing system architecture and services. Implement models of coordinated care to improve access to services and provide support to consumers, families, supporters, and carers across various levels of the mental health system.	IN PROGRESS LRH continues to track towards the eight priorities of the mental health transformation, including finalisation of the establishment of the Infant, Child, Youth, Adult and Older Adult Area Mental Health services, building on expanded clinical services and rolling out the Bairnsdale/Orbost Mental Health and Wellbeing Local with partners.
	Successful implementation of the <i>Mental Health and Wellbeing Act 2022</i>.	COMPLETE Rollout of <i>Mental Health and Wellbeing Act 2022</i> undertaken in September 2023. LRH is currently working with regional partners to support their readiness for non-designated health services to align service delivery per the Act.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Excellence in clinical governance	Develop strong and effective systems to support early and accurate recognition and management of deterioration of paediatric patients. Partner with SCV and relevant multidisciplinary groups to establish protocols and auditing processes to manage effective monitoring and escalation of deterioration in paediatric patients via ViCTOR charts.	COMPLETE Paediatric Nurse Unit Manager (NUM) currently part of the Safer Care Victoria Paediatric Clinical Network Expert Steering Group. This has enabled the formulation of policy and protocol at a state level ensuring consistency and continuity with our peer groups and tertiary centres. LRH NUM is the regional representative for the state, leading regional areas in this work. LRH has formulated a Paediatric Vital Signs and Monitoring Protocol in consultation with the Emergency Department, Timbarra Paediatrics Unit, Theatre and Day Procedure Unit which guides the care of all paediatric patients admitted to LRH. All medical emergency team calls, codes, and transfers out are reviewed and discussed at our paediatric multidisciplinary meetings or a newly established Paediatric Round Table which occurs monthly.
	Improve paediatric patient outcomes through implementation of the “ViCTOR track and trigger” observation chart and escalation system, whenever children have observations taken.	COMPLETE The ViCTOR tool is currently in place in all areas that care for paediatric patients at LRH as mandated by Safer Care Victoria. An electronic version of the ViCTOR chart is being added to the electronic medical record and is being implemented in a trial phase from June 2024.
	Implement staff training on the ‘ViCTOR track and trigger’ tool to enhance identification and prompt response to deteriorating paediatric patient conditions.	COMPLETE Staff introduced to the ViCTOR tool upon induction to the Paediatric Unit. Bi-monthly inpatient unit-based audits on the use of ViCTOR charts are conducted. Paediatric and Emergency Department educators conduct regular education sessions on the use of the chart.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Working to achieve long-term financial sustainability	Co-operate with and support Department-led reforms that reduce waste and improve efficiency to address financial sustainability, operational and safety performance, and system management. Identify and implement cost-saving measures such as reducing unnecessary procedures, optimising supply chain management, and streamlining administrative processes.	IN PROGRESS Regional capability for undertaking external corporate services functions is increasing. Roster data and other systems are being utilised to enhance managerial oversight of staffing practices in an effort to improve efficiency and reduce costs. Utilisation of real-time clinical information for decision-making. Monthly budget reviews with LRH General Managers and Directors. Continued Clinical Product Advisory role efficiencies.
	Collaborate with other health service providers, community organisations, the Department and stakeholders to explore opportunities for shared services, joint procurement, and resource sharing to reduce costs and improve efficiency.	IN PROGRESS Payroll service agreement with West Gippsland Healthcare Group established in April 2024. The arrangement builds capability in shared services functions.
	Development of a health service financial sustainability plan in partnership with the Department to achieve long-term health service safety and sustainability. Develop robust financial forecasting models to project future revenue and expenditure, identify financial risks, and implement risk mitigation strategies to ensure long-term sustainability.	IN PROGRESS LRH has developed Financial Management Improvement Plans (FMIPs) and Budget Actions Plans (BAPs) as part of the Department of Health's cost containment initiatives.
	Implement strategies to control costs, such as negotiating favourable contracts with suppliers, optimising workforce utilisation, and managing healthcare technologies and equipment effectively.	IN PROGRESS LRH continues to negotiate joint procurement arrangements with local health alliance members.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Improving equitable access to healthcare and wellbeing	Strengthen programs that support Aboriginal people to access early intervention and prevention services. Identify and prioritise the health, wellbeing and service needs of the Aboriginal catchment population and service users, including improved patient identification, discharge planning and outpatient care.	IN PROGRESS Developed Aboriginal cultural safety plan. LRH Aboriginal Health Nurse (RN) to ensure referrals and follow up of Aboriginal patients in the intervention and prevention of chronic disease. Developed relationships with Aboriginal and Torres Strait Islander stakeholders, ensuring health care services are known to communities after an admission to LRH. Regular monthly meetings scheduled with primary health provider Ramahyuck and the LRH Aboriginal Health Unit to facilitate improved discharge planning and outpatient care.
	Commencement of engagement with all Gippsland Aboriginal Community Controlled Health Organisations (ACCHOs) and hospitals with development of MoU.	COMPLETE Engagement with all Gippsland Aboriginal Community Controlled Health Organisations and Gippsland hospitals is underway. Relationship with VACCHO regarding updates and available training. Relationship with Aboriginal Liaison Officers in metropolitan hospitals to ensure Gippsland Aboriginal people are supported in a compassionate and timely way. Initial discussions with East Gippsland regarding the establishment of Memorandums of Understanding with GEGAC, MOODJI and Lakes Tyers ACCHOs.
	Enhance the provision of appropriate and culturally safe services, programs and clinical trials for and as determined by Aboriginal people, embedding the principles of self-determination. Design of clinical practice and treatment guidelines and learning modules that support optimal clinical assessment, treatment, and management of Aboriginal patients, including protocols that recognise cultural needs, patient complexity and condition prevalence.	COMPLETE Data analysis and reports record Aboriginal and Torres Strait Islander patient activity. Developed relationships with Aboriginal health workers and support groups to create awareness of programs available to patients at LRH. Provided input to Flash Glucose clinical trial for Type 2 diabetes through the University of Melbourne. Participating in University of Melbourne research 'Healing the Past and Nurturing the Future'. Referral process developed for the First 1000 days program for Aboriginal children from birth to two years of age.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Improving equitable access to healthcare and wellbeing	Promote a culturally safe, welcoming environment with Aboriginal cultural symbols and spaces demonstrating, recognising, celebrating and respecting Aboriginal communities and culture.	COMPLETE Implementation of Healing the Past Nurturing the Future training which explores the generational impact of trauma on Aboriginal people and considers innovative ways to support Aboriginal parents during the perinatal period. Establishment of a new cultural safety working group to develop a safe Aboriginal and Torres Strait Islander environment that supports best practice. Advancement of Aboriginal cultural safety interventions with possum skins and coolamons available for new parents. Installation of Aboriginal artworks within the new maternity birthing space and family rooms. Local Aboriginal artist has created a showpiece mural: Healing on My Country for the foyer in our new building.
A stronger workforce	Improve employee experience across four initial focus areas to assure safe, high-quality care: Leadership, health and safety, flexibility, and career development and agility. Deliver programs to improve employee experience across four initial focus areas: leadership, safety and wellbeing, flexibility, and career development and agility.	COMPLETE Development and delivery of People and Culture Plan and Health, Safety and Wellbeing Operational Plan. Continuation of the CLA Leadership Excellence Program for Executive, General Managers and Managers. Development and delivery of the LRH Emerging Leaders Program. Implementation of Workplace Flexibility Toolkit.
	Implement and/or evaluate a new/expanded wellbeing and safety program and its improvement on workforce wellbeing.	COMPLETE Development and implementation of a Pulse survey framework. Staff Wellbeing Centre continues operation providing free access to counselling and dieticians, chronic disease and allergy management. Revised 'Wellness Wednesday' program encouraging managers to check-in regularly with staff. Wellbeing sessions delivered at two timeslots each Wednesday.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
A stronger workforce	Explore new and contemporary models of care and practice, including future roles and capabilities.	COMPLETE Models of care reviewed for units which moved to LRH Stage 3A expansion. New model of care developed for Preadmission clinic and pain service. The Service Delivery Model for the LRH Area Mental Health and Wellbeing service was released in February 2024. Progressing plans for Alfred Health mid-career nurses to attend six-month rural discovery program at LRH to help mitigate EFT shortfalls.
	Continual monitoring of the broader healthcare landscape to identify opportunities to modernise skills, capabilities, roles and models of care to meet future health sector needs.	
	Development of new models of care to support incoming YPARC & MHAOD.	COMPLETE LRH has completed the construction of the LRH Mental Health Alcohol and Other Drugs hub (MHAOD). The draft model of care was submitted to Department of Health and LRH awaits funding for the unit's operation. LRH has completed the operational design of the model of care for the Youth Prevention and Care (YPARC) building under construction in Traralgon.
Moving from competition to collaboration	Partner with other organisations (for example, community health, ACCHOs, PHNs, General Practice, private health) to drive further collaboration and build a more integrated system.	
	Engage local ACCHO groups in the identification and delivery of initiatives that improve Aboriginal cultural safety.	COMPLETE Monthly meeting with local ACCHO Ramahyuck and ongoing support and training through VACCHO. LRH Aboriginal Health Unit connected to and promoted widely to local Aboriginal communities.
	Work with the relevant PHN and community health providers to develop integrated service models that will provide earlier care to patients and support patients following hospital discharge.	IN PROGRESS Continued development of high-risk foot clinic in collaboration with Latrobe Community Health Service. Service is being extended into East Gippsland's Aboriginal community.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Moving from competition to collaboration	Engage in integrated planning and service design approaches whilst assuring consistent and strong clinical governance, with partners to join up the system to deliver seamless and sustainable care pathways and build sector collaboration.	
	Undertake joint clinical service plans with an agreed approach to coordinating the delivery of health services at a regional level as opposed to individual health service planning.	COMPLETE Gippsland Surgical Service Plan completed. Clinical Services Partnership with Alfred Health expanded to deliver cardiology and anaesthetic services.
	Pilot of a shared clinical governance framework for cancer services.	COMPLETE Pilot of shared clinical governance has commenced between LRH and Bairnsdale Regional Health Service Chemotherapy Day Unit with the intent of developing a framework for the rest of Gippsland.
Elective – Empowering people to keep healthy and safe in the community	Reduce risk factors contributing to the burden of preventable chronic disease through place-based prevention and population health initiatives delivered and coordinated by LPHUs.	
	LPHUs deliver population health catchment plans reflecting statewide public health and wellbeing priorities (BP3 measure). This includes supporting local priorities, where identified through population health needs assessment / Municipal Public Health and Wellbeing Planning.	IN PROGRESS Local workshops held with stakeholders for review of Gippsland Population Health Catchment Plan; collaboration continues for strengthened partnerships on shared priorities.
	LPHUs work in partnership with organisations and community to target at least two population health priorities. The priorities and indicators are to be agreed with the Department of Health. Wherever possible LPHUs draw on existing evidence-informed programs and services.	IN PROGRESS Gippsland Regional Public Health Unit (GRPHU) Breathe Easy Project (expanding smoke and vape-free zones) engagement survey (July to Nov 2023) Twenty-seven community engagement popups commenced. Coordinated collaborative grant submission that saw Gippsland's six shires/local councils partner for the shared purpose of reducing harm from vaping. Tracks and Trails (get active) campaign engaged three shires across Gippsland.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Elective – Empowering people to keep healthy and safe in the community	Perform authorised health protection functions for the population in their public health catchment. LPHUs manage and deliver local public health responses to integrated notifiable conditions – including COVID-19 – within their catchment.	IN PROGRESS Public health communications and engagement for at-risk populations for Q-fever developed and being planned for upcoming additional seasonal risks such as mosquitoes and thunderstorm asthma. COVID-19 community engagement with Aboriginal community continues. Attended Gippsland Regional Emergency Management planning meeting and contributed to regional emergency management plan.
	LPHUs receive notifications for integrated notifiable conditions in their catchment.	COMPLETE Updated after-hours on-call urgent notifications processes at GRPHU. Continued engagement with local council and improved ways of working at a local level on notifiable disease responses. Planned primary care engagement project to commence in May 2024, with intention to support increased awareness of GRPHU and updates to notifiable disease processes in Victoria.
Elective – Care close to home	Improve pathways through the health system and implement models of care to enable more people to access care closer to or in their homes. Implement and/or evaluate new/expanded models of shared care between health services that enable more people to access care closer to, or in their homes.	IN PROGRESS Surgical partnerships extended across Gippsland region. Regional clinical governance system developed for cancer services.
	Implement programs that increase the number of clinical staff capable and confident to deliver-at-home care.	IN PROGRESS Ongoing induction and development of a student workforce to support nursing care and foundational care measures for patients. Workforce building in general nursing, mental health and midwifery nursing students, personal care workers and medical students. Ongoing advancement in clinical trial activity to support treatment options for patients closer to home.

STRATEGIC PRIORITIES	DELIVERABLES	ACTIONS & PROGRESS
Elective – Care close to home	Support improved access to services for people managing chronic disease by improving access to home-based and remote service delivery. Implement new home-based and virtual remote models of care for patients managing chronic diseases to keep them well in the community.	IN PROGRESS Continued development of high-risk foot clinic (HRFC) outpatient service at LRH. Scoping project to investigate an outreach Aboriginal HRFC. This project will partner with ACCHOs around models of care and pathways into LRH.
	Development of multidisciplinary meeting to identify suitable cancer patients for clinical trials.	COMPLETE Six cancer multidisciplinary meetings across Gippsland are hosted by LRH to discuss a patient's condition, treatment options and potential for clinical trials.

PART B*

KEY PERFORMANCE INDICATOR	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	94%	95%
Continuing care		
Average change in the functional independence measure (FIM) score per day of care for rehabilitation separations	≥ 0.645	0.91
Healthcare associated infections (HAI's)		
Rate of central line (catheter) associated blood stream infections (CLABSI) in intensive care units, per 1,000 central line days	Zero	Achieved
Rate of healthcare-associated S. aureus bloodstream infections per 10,000 bed days	≤ 0.7	Not Achieved
Patient experience		
Percentage of patients who reported positive experiences of their hospital stay – Quarter 1	95%	92%
Percentage of patients who reported positive experiences of their hospital stay – Quarter 2	95%	90%
Percentage of patients who reported positive experiences of their hospital stay – Quarter 3	95%	88%
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%	3.1%
Percentage of singleton babies with severe fetal growth restriction (FGR) delivered at 40 or more weeks gestation	≤ 28.6%	16.7%
Unplanned readmissions		
Rate of unplanned readmissions to any hospital follow a hip replacement procedure	≤ 6%	8%
Aboriginal Health		
Percentage of Aboriginal admitted patients who left against medical advice	25% reduction in gap based on prior year's annual rate	Achieved
Percentage of Aboriginal emergency department presentations who did not wait to be seen	25% reduction in gap based on prior year's annual rate	Not Achieved
MENTAL HEALTH		
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%	75%
Percentage of mental health consumers reporting they 'usually' or 'always' felt safe using this service	90%	87%
Percentage of families/carers reporting a 'very good' or 'excellent' overall experience of the service	80%	N/A**
Percentage of families/carers who report they were 'always' or 'usually' felt their opinions as a carer were respected	90%	N/A**

**Results not reported where there were fewer than 30 responses for a health service.

KEY PERFORMANCE INDICATOR	TARGET	RESULT
Mental Health Post-Discharge Follow-up		
Percentage of consumers followed up within 7 days of separation – Inpatient (CAMHS)	88%	89%
Percentage of consumers followed up within 7 days of separation – Inpatient (adult)	88%	92%
Percentage of consumers followed up within 7 days of separation – Inpatient (older persons)	88%	91%
Mental Health Readmission		
Percentage of consumers re-admitted within 28 days of separation – Inpatient (adult)	< 14%	14%
Percentage of consumers re-admitted within 28 days of separation – Inpatient (older persons)	< 7%	7%
Mental Health Seclusion		
Rate of seclusion episodes per 1,000 occupied bed days – Inpatient (adult)	≤ 8	7
Rate of seclusion episodes per 1,000 occupied bed days – Inpatient (older persons)	≤ 5	0
STRONG GOVERNANCE, LEADERSHIP AND CULTURE		
Organisational culture		
People Matter Survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	66%
TIMELY ACCESS TO CARE		
Planned surgery		
Percentage of urgency category 1 planned surgery patients admitted within 30 days	100%	100%
Percentage of all planned surgery patients admitted within the clinically recommended time	94%	77%
Number of patients on the planned surgery waiting list	1,300	1,435
Number of patients admitted from the planned surgery waiting list	6,258	4,526
Number of patients (in addition to base) admitted from the elective surgery waiting list	0	0
Planned surgery		
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 planned surgery admissions	≤ 7	11.5
Emergency Care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	60%
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%	61%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	43%
Number of patients with a length of stay in the emergency department greater than 24 hours	Zero	122

KEY PERFORMANCE INDICATOR	TARGET	RESULT
Mental Health		
Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours	81%	30%
Percentage of urgent (category C) mental health triage episodes with a face-to-face contact received within 8 hours	80%	57%
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	85%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	97%
HOME-BASED CARE		
Percentage of admitted bed days delivered at home	Equal to or better than prior year result	Not Achieved
Percentage of admitted episodes delivered at least partly at home	Equal to or better than prior year result	Achieved
EFFECTIVE FINANCIAL MANAGEMENT		
Operating result (\$m)	(29.96)	(28.41)
Average number of days to paying trade creditors	60 days	31 days
Average number of days to receiving patient fee debtors	60 days	33 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.46
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	Not Achieved
Actual number of days available cash, measured on the last day of each month	14 days	5 days

**The data included in this annual report was accurate at the time of publication and is subject to validation by official sources from the Department of Health.*

Part C

FUNDING TYPE	ACTIVITY RESULT
Consolidated Activity Funding	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	41,147
Acute Admitted	
National Bowel Cancer Screening Program NWAU	26
Acute admitted DVA	239
Acute admitted TAC	165.65
Other admitted	0
Acute Non-Admitted	
Home Enteral Nutrition NWAU	26.90
Subacute/Non-Acute, Admitted & Non-admitted	
Subacute – DVA	11.32
Transition Care – Bed days	5,172
Transition Care – Home days	4,373
Mental Health and Other Drugs	
Mental Health Ambulatory	75,631
Mental Health Inpatient – Available bed days	14,843
Mental Health Inpatient – Secure Unit	2,074
Mental Health Residential	3,326
Mental Health Subacute	5,495

Summary of Financial Results

During the 2023-24 financial year, the Victorian Government through the Department of Health provided \$324.2 million in operating grants and \$63 million towards targeted capital works and equipment. Commonwealth grants were also provided through the Pharmaceutical Benefits Scheme, Aged Care and Radiology/Oncology Equipment Replacement Program totalling \$21.7million.

Revenue from operating activities showed a decrease of \$59.3 million, an 11.6 per cent reduction from the previous financial year.

Total expenses (excluding depreciation) increased by \$32.6 million, (8.3 per cent from 2022-23). Employee expenses increased by \$18.1 million (6.7 per cent), supplies and consumables were up \$7.9 million (11.9 per cent), and other operating expenses were \$0.016 million higher (0.07 per cent).

Operating activities provided a net cash inflow of \$28.7 million. Investing activities provided a net cash outflow of \$53.7 million. There was also a net cash inflow from financing activities of \$0.19 million. The overall net cash result was a decrease of \$25.2 million in cash held. Cash and cash equivalents at end of financial year totalled \$28.4 million.

The current asset ratio at 30 June 2024 was 0.46, a decrease from 0.76 at 30 June 2023.

Major capital works projects continued in 2023-24 including the Stage 3A hospital expansion which opened in April 2024.

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

Financial Information

	2024 \$'000	2023 \$'000	2022 \$'000	2021 \$'000	2020 \$'000
Operating result*	(28,411)	-	368	1,389	331
Total revenue	454,939	514,749	390,228	326,841	300,318
Total expenses	444,440	409,374	367,464	330,467	308,340
Net result from transactions	10,499	105,375	22,764	(3,626)	(8,022)
Total other economic flows	1,522	(649)	(3,638)	1,578	325
Net result	12,021	104,726	19,126	(2,048)	(7,697)
Total assets	685,637	546,812	411,487	370,843	358,696
Total liabilities	97,990	94,787	101,434	81,167	68,154
Net assets/total equity	587,647	452,025	310,053	289,676	290,542

* The Operating Result is the result for which Latrobe Regional Health is monitored against in its Statement of Priorities

Reconciliation of Net Result from Transactions and Operating Result

	2023-24 \$'000
Net operating result	(28,411)
Capital purpose income	63,669
Specific Income	
COVID-19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	550
State supply items consumed up to 30 June 2024	(637)
Assets received free of charge	32
Expenditure for capital purpose	(5,258)
Depreciation and amortisation	(19,502)
Finance costs (other)	56
Net result from transactions	10,499

ICT expenditure

The total ICT expenditure incurred during 2023-24 is \$13,094,714 (excluding GST) with the details shown below:

BUSINESS AS USUAL (BAU) ICT EXPENDITURE	NON-BUSINESS AS USUAL (NON-BAU) ICT EXPENDITURE		
	Total = Operational expenditure and Capital Expenditure (excluding GST)	Operational expenditure (excluding GST)	Capital expenditure (excluding GST)
Total (excluding GST)			
\$13,094,714	\$ -	\$ -	\$ -

Consultancies engaged during 2023-2024

In 2023-24 there were two consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2023-24 in relation to these consultancies is \$16,450 (excluding GST).

In 2023-24 there were five consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2023-24 in relation to these consultancies is \$147,866 (excluding GST). Details of these consultancies can be viewed below.

Consultancies over \$10,000

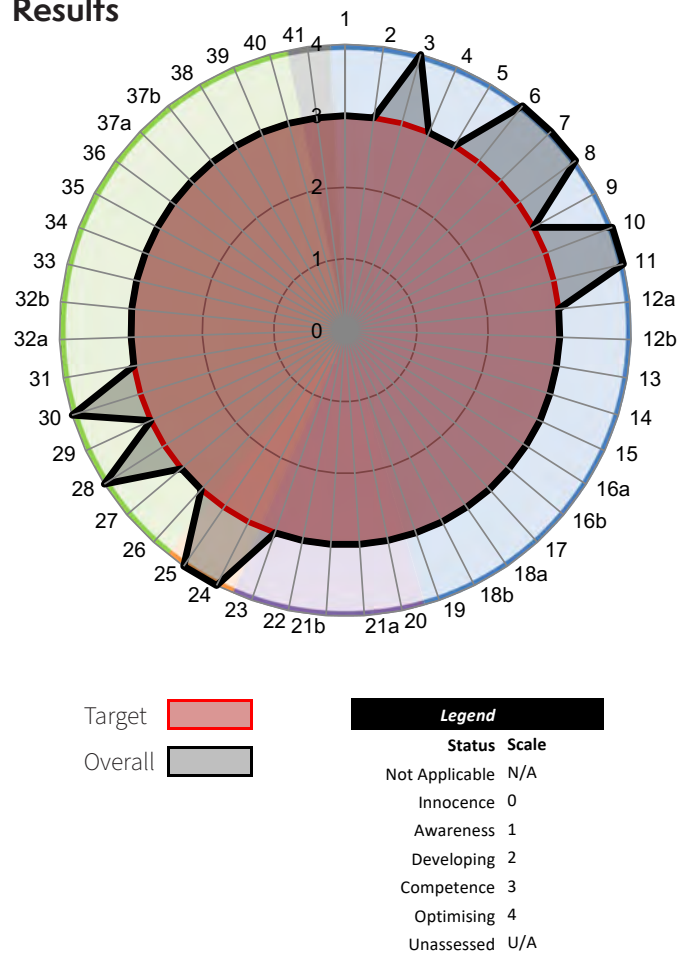
CONSULTANT	PURPOSE OF CONSULTANCY	START DATE	END DATE	TOTAL APPROVED PROJECT FEE (EXCLUDING GST)	EXPENDITURE 2023-24 (EXCLUDING GST)	FUTURE EXPENDITURE (EXCLUDING GST)
Health-E Workforce Solutions Pty Ltd	Administration and nursing supplementary staff management review	May-22	-		\$20,000	Nil
Larter Consulting	Co-design roadshow for digital mental health service pilot	Nov-23	Mar-24		\$75,130	Nil
The Writing Room	Residential-In-Reach Model and Roadmap for Gippsland	Jun-24	-		\$27,000	Nil
Open Advisory Pty Ltd	Clinical Service Plan refresh and Regional Planned Surgery Plan	Mar-23	Sep-24		\$10,236	Nil
The Aligned Group Health Pty Ltd	LRH strategic planning and Gippsland Health Services Partnership Framework	Dec-23	Jun-24		\$15,500	Nil

Asset Management Accountability Framework (AMAF) maturity assessment

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

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

Results



Leadership and Accountability (requirements 1-19)

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

Planning (requirements 20-23)

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

Acquisition (requirements 24 and 25)

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

Operation (requirements 26-40)

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

Disposal (requirement 41)

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

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.



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 Director at Bass Coast Community Foundation, 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, and a Graduate of the Australian Institute of Company Directors. 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 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 Australian Institute of Company Directors and Graduate of Melbourne Business School's Leading Transformational Change. Leanne brings significant experience in progressive leadership, strategy, audit, finance and local government.



Elizabeth Delahunty

Elizabeth has 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.



Michael Gorton AM

Michael Gorton AM is a senior partner at Russell Kennedy Lawyers and has more than 30 years of experience advising the health and medical sector, assisting boards of health organisations to understand their legal obligations for effective governance structures, governance policies and implementing risk management strategies. Michael is the Chair of Peninsula Health, Chair of Wellways Australia and Chair of Holmesglen Institute (TAFE). He is the former Chair of Alfred Health, a past Board member of Ambulance Victoria and is the former Chair of the Australian Health Practitioner Regulation Agency (AHPRA) and former Board member of the Australasian College for Emergency Medicine. Michael is also a former Chair of the Victorian Equal Opportunity and Human Rights Commission.



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

Chief Mental Health Nurse, Executive Director Mental Health Service

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, Adrian Shearer

Quality Committee

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

Community Advisory Committee

Chelsea Caple (co-chair), Janine Waters (co-chair and member until February 2024), Annie Day, Colin Fleming, Sharon Kingaby, Kay McShane, Clare Plozza, Graeme Sennett, Christina Richardson, Paul Fry, Ian Maxfield, Liesl McKay, Bernadette Hickey

Finance Committee

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

Primary Care and Population Health Committee

Membership July 2023 – April 2023:

Linda McCoy (ex officio), Leanne Williams (Chair), Chelsea Caple, Liesl McKay, Don McRae, Jon Millar, Annelies Titulaer, Amanda Proposch, Dan Weeks, Vicki Farthing, Nancy Binotto, Mark Dykgraaf, Michelle Ravesi (July-Jan), Tim Owen. Invited guest to all meetings: Ellen-Jane Browne

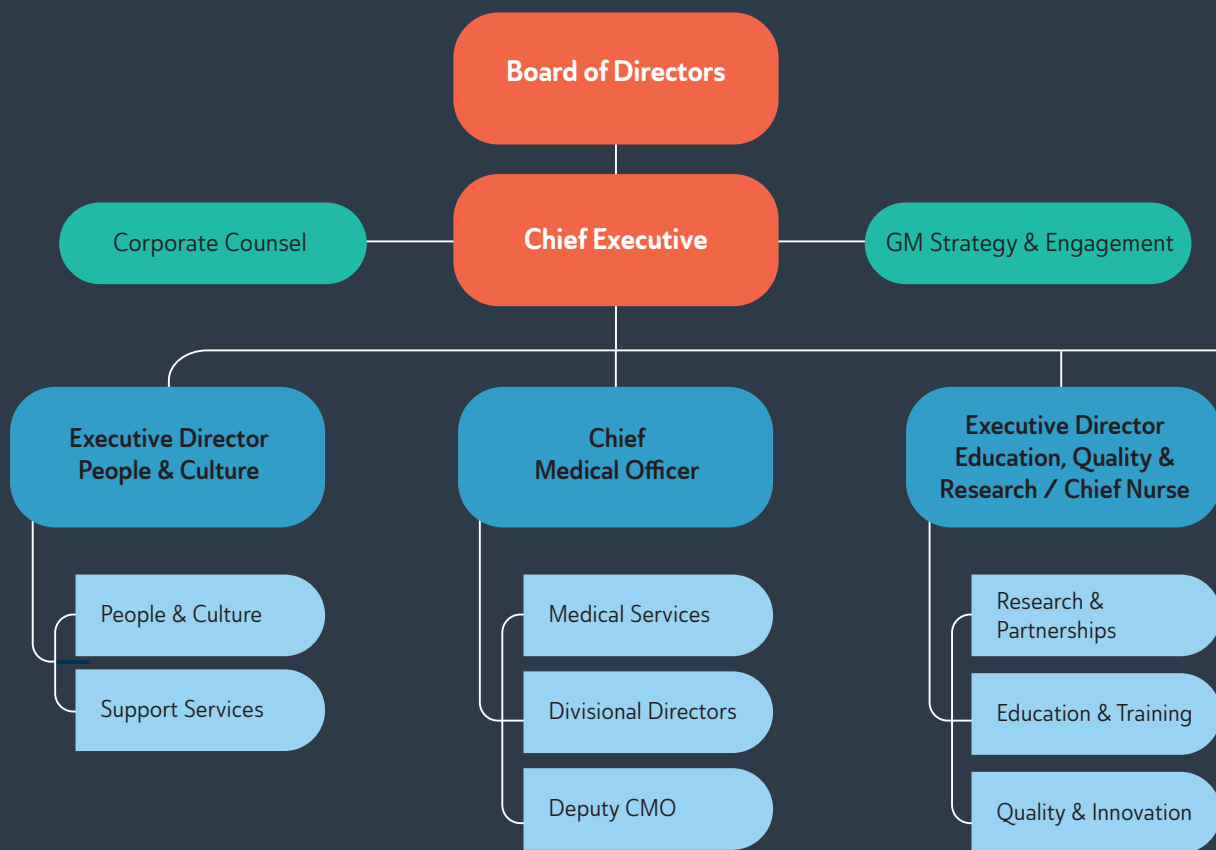
EOI process undertaken with new membership from May 2024:

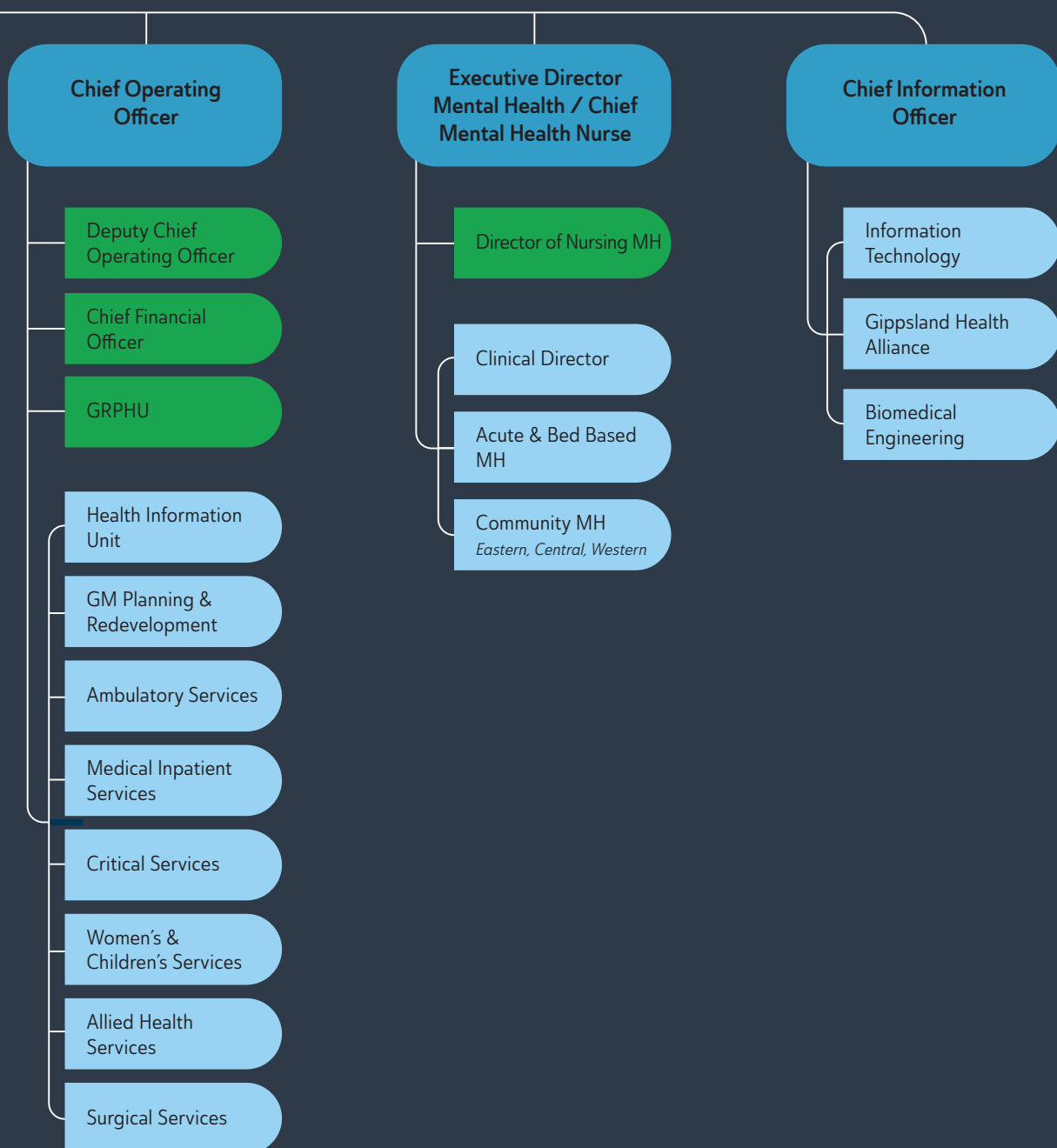
Linda McCoy (ex officio), Leanne Williams (Chair), Chelsea Caple, Liesl McKay, Don McRae, Jon Millar, Annelies Titulaer, Amanda Proposch, Audra Fenton, Andrina Romano, Anne-Maree Kaser, Awhiora Nia Nia, Lou-Anne Mooney, Louise Sparkes, Kellie Core. Invited guest to all meetings: Ellen-Jane Browne

Executive Performance & Remuneration Committee

Linda McCoy (Chair), Elizabeth Delahunty, Ian Maxfield, 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.

2019-20		2,286
2020-21		2,467
2021-22		2,512
2022-23		2,706
2023-24		2,976

In 2023-24 Latrobe Regional Health employed 2,976 staff across Gippsland. The largest category of employees is nursing staff.

At 30 June 2024 staffing levels by labour category were as follows:

HOSPITALS LABOUR CATEGORY	JUNE CURRENT MONTH FTE*		AVERAGE MONTHLY FTE**	
	2023	2024	2023	2024
Nursing	883.54	954.28	854.47	897.97
Administration & Clerical	335.86	381.99	324.24	350.17
Medical Support	103.13	116.74	95.06	116.47
Hotel & Allied Services	149.62	130.55	150.36	133.14
Medical Officers	25.71	21.92	25.01	23.21
Hospital Medical Officers	168.62	169.20	158.86	165.83
Sessional Clinicians	43.24	51.37	37.51	45.96
Ancillary Staff (Allied Health)	115.12	146.51	120.13	143.46
Total Staff Employed – FTE	1,824.84	1,972.54	1,765.64	1,876.26

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 Public Sector Code of Conduct for Victorian Public Sector Employees issued by the Victorian Public Sector Commissioner. Our Workplace Conduct Policy is consistent with the *Charter of Human Rights and Responsibilities Act 2006* (Vic) and promotes the principles of equal opportunity and fair and reasonable treatment of others.

Occupational Health and Safety

In 2023-24 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	2023-24	2022-23	2021-22
The number of reported hazards/incidents for the year per 100 FTE	9.22	8.21	8.60
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.56	0.79	0.86
The average cost per WorkCover claim for the year ('000)	\$76,698	\$126,046	\$109,313

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	2023-24
Workcover accepted claims with an occupational violence cause per 100 FTE	0.20
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	1.03
Number of occupational violence incidents reported	543
Number of occupational violence incidents reported per 100 FTE	28.94
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	16.02

Definitions of occupational violence

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

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

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2023-24.

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

During 2023-24, Latrobe Regional Health received 526 Freedom of Information applications, all from the general public.

Latrobe Regional Health made 526 FOI decisions during the 12 months to 30 June 2024.

There were 442 decisions made within the statutory time periods. Of the decisions made outside time, three were made within a further 45 days and 81 decisions were made in greater than 45 days. A total of 467 FOI access decisions were made where access to documents was granted in full, granted in part or denied in full. Eighty-four decisions were made after mandatory extensions had been applied or extensions were agreed upon by the applicant. Of requests finalised, the average number of days over/under the statutory time (including extended timeframes) to decide the request was 27 days.

During 2023-24, three requests were subject to a complaint/internal review by Office of the Victorian Information Commissioner. No requests progressed to the Victorian Civil and Administrative Tribunal (VCAT).

Building Act 1993

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

LRH controls a number of properties across Traralgon, including addresses at Princes Street, Washington Street and the Garden Grove precinct, as well as the main hospital campus at the corner of Princes Highway and Village Avenue, Traralgon West. Within the main campus in Traralgon West, LRH owns and occupies six additional buildings which operate as specialist consulting clinics and administration offices.

Across Gippsland, in addition to properties in Macleod Street, Bairnsdale and Murray Street, Wonthaggi, we provide health services from seven properties not under our direct control.

We utilise a number of houses and units for accommodation purposes. Six are owned by LRH and 23 properties are leased from private vendors and not under the control of LRH. We ensure essential safety standards are met within all buildings owned or occupied by staff or patients.

In 2023-24, LRH obtained a number of occupancy permits and a certificate of final inspection issued for our major expansion which was completed over a number of stages (separable portions).

LRH had no emergency orders or building orders issued in relation to the buildings we own or operate.

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.

Under the Act, the Independent Broad-based Anti-corruption Commission (IBAC) may receive a protected disclosure relating to a hospital or its employees, agents or contractors.

Disclosures about LRH can be made to IBAC verbally or in writing and may be made anonymously. IBAC's website, ibac.vic.gov.au, contains information about how to make a protected disclosure.

LRH's General Manager People and Culture was the coordinator for the purpose of the *Public Interest Disclosure Act* in 2023-24.

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 people in a care relationship and the importance of such 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 Meetings, and Consumer, Carer and Community Partnerships.

LRH Carer Consultants who have lived experience as carers of people with mental ill health, play an important, supportive role in our organisation. We use our internal feedback systems and the Victorian Healthcare Experience Survey to monitor a carer's experience.

LRH has taken all practical measures to comply with its obligations under the Act.

These include:

- promoting the principles of the Act to people in care relationships who receive our services and to the wider community and providing links to state government resource materials on our website
- ensuring our staff have an awareness and understanding of the care relationship principles set out in the Act by developing and implementing a staff awareness strategy about the principles in the Act and what they mean for staff
- considering the care relationships principles set out in the Act when setting policies and providing services by reviewing our employment policies such as flexible working arrangements and leave provisions to ensure these comply with the statement of principles in the Act
- developing a satisfaction survey for distribution at assessment and review meetings between workers, carers and those receiving care
- implementing priority actions from *Recognising and Supporting Victoria's Carers: Victorian Carer Strategy 2018-22*.

Statement on National Competition Policy

LRH observes and complies with all requirements of the Victorian Government policy statement, *Competitive Neutrality Policy Victoria*, for all significant business activities. We apply the relevant principals within the policy to ensure LRH competes fairly.

Local Jobs First Act 2003

LRH has two projects in the planning phase which meet the requirements for a Local Industry Development Plan. These will commence in 2024/25. None of the projects meet the requirements for the Major Project Skills Guarantee.

LRH had no concerning conversations with the Industry Capability Network in relation to any projects or contractors.

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 2023-24:

- completion of GEAP reporting requirements in February 2024
- rollout of a flexible work toolkit for staff and managers
- rollout of a new 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 in-house 'Wellness Wednesday' education sessions which reflect equality, diversity and inclusion.

LRH's Diversity and Inclusion Committee is developing a plan which will guide inclusion initiatives for the organisation in the future.

Environmental performance

Latrobe Regional Health is required to disclose aspects of energy and resource consumption and environmental performance.

Sustainable procurement

This year, there was limited opportunity to negotiate social procurement commitments in contracts resulting from tender activities. However, LRH is currently conducting a review and refresh of its Social Procurement Strategy, with implementation to commence in the 2024-25 financial year.

In 2023-24, Latrobe Regional Health continued to support employment opportunities for Aboriginal people through our traineeship programs. Our staff also attended information sessions held by the Department of Jobs, Skills, Industry and Regions (DJSIR) to enhance their understanding of social procurement and supporting prospective suppliers.

	NUMBER OF BUSINESSES ENGAGED	TOTAL SPEND 2023-24 (\$000)
Number of social benefit suppliers	4	513,141
Number of Victorian Aboriginal businesses engaged	2	478,541
Number of social enterprises supporting people with a disability	2	34,600

Energy consumption and environmental performance

ELECTRICITY USE	JUL 23-JUN 24	JUL 22-JUN 23	JUL 21-JUN 22
Total electricity consumption segmented by source [MWh]			
Purchased	10,043.78	7,864.24	10,433.32
Self-generated		600.32	666.99
Total electricity consumption [MWh]	10,043.78	8,464.56	11,100.30
On site-electricity generated [MWh] segmented by:			
Consumption behind-the-meter			
Solar electricity		600.32	666.99
Total Consumption behind-the-meter [MWh]		600.32	666.99
Exports			
Total on-site electricity generated [MWh]		600.32	666.99

ELECTRICITY USE	JUL 23-JUN 24	JUL 22-JUN 23	JUL 21-JUN 22
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	1.30
Total on-site installed generation capacity [MW]	9.15	9.15	9.15
Total electricity offsets segmented by offset type [MWh]			
RPP (Renewable Power Percentage in the grid)	1,888.23	1,478.48	1,939.55
Total electricity offsets [MWh]	1,888.23	1,478.48	1,939.55
STATIONARY ENERGY	JUL 23-JUN 24	JUL 22-JUN 23	JUL 21-JUN 22
Total fuels used in buildings and machinery segmented by fuel type [MJ]			
Natural gas	38,439,296.60	35,102,286.10	34,130,909.40
Total fuels used in buildings [MJ]	38,439,296.60	35,102,286.10	34,130,909.40
Greenhouse gas emissions from stationary fuel consumption segmented by fuel type [Tonnes CO2-e]			
Natural gas	1,980.78	1,808.82	1,758.77
Greenhouse gas emissions from stationary fuel consumption [Tonnes CO2-e]	1,980.78	1,808.82	1,758.77
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	
Diesel		1,617,509.80	
Total energy used in transportation (vehicle fleet) [MJ]		8,274,341.40	
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	
Diesel		113.89	
Total greenhouse gas emissions from transportation (vehicle fleet) [tonnes CO2-e]		564.02	
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 23-JUN 24	JUL 22-JUN 23	JUL 21-JUN 22
Total energy usage from fuels, including stationary fuels and transport fuels [MJ]			
Total energy usage from stationary fuels [MJ]	38,439,296.60	35,102,286.10	34,130,909.40
Total energy usage from transport [MJ]		8,274,341.40	
Total energy usage from fuels, including stationary fuels and transport fuels [MJ]	38,439,296.60	43,376,627.50	34,130,909.40
Total energy usage from electricity [MJ]			
Total energy usage from electricity [MJ]	36,157,619.22	29,652,779.83	39,961,090.19
Total energy usage segmented by renewable and non-renewable sources [MJ]			
Renewable	6,797,632.41	7,483,676.44	9,383,545.47
Non-renewable	67,799,283.41	68,526,531.50	67,109,607.32
Units of Stationary Energy used normalised			
Energy per unit of aged care occupied bed days [MJ]	25,723.07	18,271.02	22,547.78
Energy per unit of length of stay [MJ]	633.29	576.98	698.04
Energy per unit of bed-day	618.08	559.32	677.08
Energy per unit of separations [MJ]	1,736.75	1,608.01	1,894.84
Energy per unit of floor space [MJ/m ²]	1,353.91	1,307.86	1,477.73

WATER USE	JUL 23-JUN 24	JUL 22-JUN 23	JUL 21-JUN 22
Total units of metered water consumed by water source (kl)			
Potable water [kL]	71,113.50	76,008.09	65,656.32
Total units of water consumed [kl]	71,113.50	76,008.09	65,656.32
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]	24.42	21.18	19.98
Water per unit of length of stay [kL]	0.60	0.67	0.62
Water per unit of separations [kL]	0.59	1.86	1.68
Water per unit of floor space [kL/m ²]	1.29	1.52	1.31

WASTE AND RECYCLING	JUL 23-JUN 24	JUL 22-JUN 23	JUL 21-JUN 22
Total units of waste disposed of by waste stream and disposal method [kg]			
Landfill (total)			
General waste – bins	10,488.65	15,030.59	21,800.80
General waste – compactors		405,250.00	41,920.00
General waste – skips	44,224.00	109,076.50	783,809.00
Offsite treatment			
Clinical waste – incinerated	7,112.41	7,585.71	9,859.97
Clinical waste – sharps	6,170.22	9,267.51	8,591.77
Clinical waste – treated	26,603.87	35,918.26	44,171.00
Recycling/recovery (disposal)			
Batteries	172.80	518.40	518.40
Cardboard	75,359.71	124,498.51	20,147.74
Commingled	16,098.72	26,553.12	20,016.48
E-waste		1,300.00	
Fluorescent tubes		212.00	369.00
Total units of waste disposed [kg]	186,230.39	735,210.60	951,204.16
Total units of waste disposed of by waste stream and disposal method [%]			
Landfill (total)			
General waste	29.38%	72.00%	89.10%
Offsite treatment			
Clinical waste – incinerated	3.82%	1.03%	1.04%
Clinical waste – sharps	3.31%	1.26%	0.90%
Clinical waste – treated	14.29%	4.89%	4.64%
Recycling/recovery (disposal)			
Batteries	0.09%	0.07%	0.05%
Cardboard	40.47%	16.93%	2.12%
Commingled	8.64%	3.61%	2.10%
E-waste		0.18%	
Fluorescent tubes		0.03%	0.04%
Total units of waste disposed normalised by FTE, headcount, floor area, or other entity or sector specific quantity, by disposal method			
Total waste to landfill per patient treated (kg general waste)	0.27	2.68	4.46
Total waste to offsite treatment per patient treated	0.20	0.27	0.33
Total waste recycled and reused per patient treated (kg)	0.45	0.77	0.22
Recycling rate [%]			
Weight of recyclable and organic materials [kg]	91,631.23	153,082.03	41,051.62
Weight of total waste [kg]	186,230.39	735,210.60	951,204.16
Recycling rate [%]	49.20	20.82	4.32

GREENHOUSE GAS EMISSIONS	JUL 23-JUN 24	JUL 22-JUN 23	JUL 21-JUN 22
Total scope one (direct) greenhouse gas emissions [tonnes CO2e]			
Carbon Dioxide	1,975.78	2,365.99	1,754.33
Methane	3.84	3.66	3.41
Nitrous Oxide	1.15	3.19	1.02
Total	1,980.78	2,372.84	1,758.77
Scope 1 GHG emissions from stationary fuel [tonnes CO2-e]	1,980.78	1,808.82	1,758.77
Scope 1 GHG emissions from vehicle fleet [tonnes CO2-e]		564.02	
Total scope one (direct) greenhouse gas emissions [tonnes CO2e]	1,980.78	2,372.84	1,758.77
Total scope two (indirect electricity) greenhouse gas emissions [tonnes CO2e]			
Electricity	6,606.00	5,402.35	7,618.90
Greenhouse gas emissions [tonnes CO2e]	6,606.00	5,399.22	7,618.90
Total scope three (other indirect) greenhouse gas emissions associated with commercial air travel and waste disposal (tonnes CO2e)			
Commercial air travel Waste emissions	119.99	753.58	1,179.05
Indirect emissions from stationary energy	969.31	836.46	968.91
Indirect emissions from transport energy		142.48	
Paper emissions			
Any other Scope 3 emissions	119.33	128.75	123.33
Total scope three greenhouse gas emissions [tonnes CO2e]	1,208.63	1,861.26	2,271.29
Net greenhouse gas emissions			
Gross greenhouse gas emissions (tonnes CO2e)	9,795.41	9,636.46	11,648.96
Net greenhouse gas emissions (tonnes CO2e)	9,795.41	9,636.46	11,648.96

Additional information available on request

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

- 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 disputes;
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and
- 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, on behalf of the Responsible Body, 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
24 September 2024

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
24 September 2024

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
24 September 2024

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 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
24 September 2024

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
24 September 2024

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	3-20
FRD 22	Significant changes in key initiatives and expectations for the future	3-4
Management and structure		
FRD 22	Organisational structure	33
FRD 22	Workforce data / employment and conduct principles	34
FRD 22	Occupational Health and Safety	35
Financial information		
FRD 22	Summary of the financial results for the year	25
FRD 22	Significant changes in financial position during the year	25
FRD 22	Operational and budgetary objectives and performance against objectives	21-24
FRD 22	Subsequent events	25
FRD 22	Details of consultancies under \$10,000	27
FRD 22	Details of consultancies over \$10,000	27
FRD 22	Disclosure of ICT expenditure	26
FRD 22	Asset Management Accountability Framework	28
FRD 22	Reviews and Studies expenditure	N/A
Legislation		
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	36
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	36
FRD 22	Application and operation of <i>Public Interest Disclosure Act 2012</i>	36
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FRD 22	Additional information available on request	42
FRD 24	Environmental data reporting	38-42
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SD 5.1.4	Financial Management Compliance attestation	43
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Attestations		
	Attestation on Data Integrity	43
	Attestation on managing Conflicts of Interest	43
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	Compliance with HealthShare Victoria (HSV) Purchasing Policies	43
Other reporting requirements		
	Reporting of outcomes from the Statement of Priorities 2022-2023	11-24
	Occupational Violence reporting	35
	Asset Management Accountability Framework	28
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	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	43





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Declaration Letter

Financial Year ended 30 June 2024

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

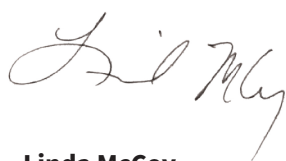
The attached financial statements for Latrobe Regional Health have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, 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 2024 and the financial position of Latrobe Regional Health at 30 June 2024.

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

We authorise the attached financial statements for issue on 24 September 2024.

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
24 September 2024

Independent Auditor's Report

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 2024 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including 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 2024 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report. My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Other Information	The Board of the health service is responsible for the Other Information, which comprises the information in the health service's annual report for the year ended 30 June 2024, but does not include the financial report and my auditor's report thereon. My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.
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 <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation of a financial report that is free from material misstatement, whether due to fraud or error. 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
11 October 2024

Dominika Ryan
as delegate for the Auditor-General of Victoria

**Latrobe Regional Health
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2024**

		Total 2024 \$'000	Total 2023 \$'000
	Note		
Revenue and income from transactions			
Operating activities	2.1	452,104	511,393
Non-operating activities	2.1	2,835	3,356
Total revenue and income from transactions		454,939	514,748
Expenses from transactions			
Employee expenses	3.1	(289,027)	(270,889)
Supplies and consumables	3.1	(74,959)	(67,005)
Finance costs	3.1	(46)	(31)
Depreciation and amortisation	3.1	(19,502)	(16,947)
Other administrative expenses	3.1	(39,166)	(32,733)
Other operating expenses	3.1	(21,729)	(21,713)
Other non-operating expenses	3.1	(11)	(56)
Total Expenses from transactions		(444,440)	(409,374)
Net result from transactions - net operating balance		10,499	105,375
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	(23)	14
Net gain/(loss) on financial instruments	3.2	1,236	552
Other gain/(loss) from other economic flows	3.2	309	(1,215)
Total other economic flows included in net result		1,522	(649)
Net result for the year		12,021	104,726
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.4	123,601	37,246
Total other comprehensive income		123,601	37,246
Comprehensive result for the year		135,622	141,972

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

Latrobe Regional Health
Balance Sheet
As at 30 June 2024

		Total 2024 \$'000	Total 2023 \$'000
	Note		
Current assets			
Cash and cash equivalents	6.2	28,414	53,654
Receivables and contract assets	5.1	8,905	8,625
Inventories	4.6	1,587	1,330
Prepaid expenses		2,188	1,995
Total current assets		41,094	65,604
Non-current assets			
Receivables and contract assets	5.1	8,901	5,907
Investments and other financial assets	4.1	23,578	21,978
Property, plant and equipment	4.2 (a)	609,988	452,042
Right of use assets	4.3 (a)	2,076	1,281
Total non-current assets		644,543	481,208
Total assets		685,637	546,812
Current liabilities			
Payables and contract liabilities	5.2	25,085	27,524
Borrowings	6.1	708	870
Employee benefits	3.3	63,798	57,716
Other liabilities	5.3	60	675
Total current liabilities		89,651	86,785
Non-current liabilities			
Borrowings	6.1	994	332
Employee benefits	3.3	7,345	7,670
Total non-current liabilities		8,339	8,002
Total liabilities		97,990	94,787
Net assets		587,647	452,025
Equity			
Property, plant and equipment revaluation surplus	4.4	286,707	163,106
Restricted specific purpose reserve	SCE	33,152	31,227
Contributed capital	SCE	27,187	27,187
Accumulated surplus	SCE	240,601	230,505
Total equity		587,647	452,025

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

Latrobe Regional Health
Statement of Changes in Equity
For the Financial Year Ended 30 June 2024

	Property, Plant and Equipment Revaluation Surplus \$'000	Restricted Specific Purpose Reserve \$'000	Contributed Capital \$'000	Accumulated Surplus \$'000	Total \$'000
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	-
Balance at 30 June 2023	163,106	31,227	27,187	230,505	452,025
Net result for the year	-	-	-	12,021	12,021
Other comprehensive income for the year	123,601	-	-	-	123,601
Transfer from/(to) accumulated surplus/(deficit)	-	1,925	-	(1,925)	-
Balance at 30 June 2024	286,707	33,152	27,187	240,601	587,647

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

Latrobe Regional Health
Cash Flow Statement
For the Financial Year Ended 30 June 2024

	Total 2024 \$'000	Total 2023 \$'000
Note		
Cash Flows from operating activities		
Operating grants from government	339,964	341,319
Capital grants from government - State	63,043	127,504
Patient fees received	5,087	3,995
Private practice fees received	3,191	2,862
Donations and bequests received	145	153
Interest and investment income received	2,815	3,356
Commercial Income Received	4,450	4,415
Other receipts	27,162	26,506
Total receipts	445,857	510,110
Payments to Employees	(281,273)	(265,090)
Payments for supplies and consumables	(74,913)	(75,973)
Payments for medical indemnity insurance	(5,801)	(5,058)
Payments for repairs and maintenance	(7,508)	(8,198)
Finance Costs	(46)	(31)
GST paid to ATO	402	(153)
Cash outflow for leases	(42)	(277)
Payment for share of rural health alliance	(3,706)	(3,645)
Other payments	(44,269)	(37,703)
Total payments	(417,156)	(396,128)
Net cash flows from/(used in) operating activities	8.1 28,701	113,982
Cash Flows from investing activities		
Purchase of investments	(373)	(676)
Purchase of property, plant and equipment	(53,982)	(125,252)
Capital donations and bequests received	(23)	14
Other capital receipts	-	-
Proceeds from disposal of property, plant and equipment	627	75
Net cash flows from/(used in) investing activities	(53,751)	(125,839)
Cash flows from financing activities		
Receipt (Repayment) of borrowings	422	141
Receipt of accommodation deposits	-	600
Repayment of accommodation deposits	(612)	(7)
Net cash flows from /(used in) financing activities	(190)	734
Net increase/(decrease) in cash and cash equivalents held	(25,240)	(11,123)
Cash and cash equivalents at beginning of year	53,654	64,777
Cash and cash equivalents at end of year	6.2 28,414	53,654

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

Latrobe Regional Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2024

Note 1: Basis of preparation

Structure

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

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 2024. 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 2023 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 24 September, 2024.

Note 1.2 Abbreviations and terminology used in the financial statements

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

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

Note 1.3 Joint arrangements

Interests in joint arrangements are accounted for by recognising in 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 1.4 Material accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

Revisions to material 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 1.5 Accounting standards issued but not yet effective

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

Standard	Adoption Date	Impact
AASB 2022-5: <i>Amendments to Australian Accounting Standards – Lease Liability in a Sale and Leaseback</i>	Reporting periods beginning on or after 1 January 2024.	Adoption of this standard is not expected to have a material impact.
AASB 2022-9: <i>Amendments to Australian Accounting Standards – Insurance Contracts in the Public Sector</i>	Reporting periods beginning on or after 1 January 2026.	Adoption of this standard is not expected to have a material impact.
AASB 2022-10: <i>Amendments to Australian Accounting standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities</i>	Reporting periods beginning on or after 1 January 2024.	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 1.6 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 1.7 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

Material judgements and estimates

This section contains the following key judgements and estimates:

Material judgements and estimates	Description
Identifying performance obligations	Latrobe Regional Health applies material judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this criterion is met, the contract/funding agreement is treated as a contract with a customer, requiring Latrobe Regional Health to recognise revenue as or when the health service transfers promised goods or services to the beneficiaries. If this criterion is not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	Latrobe Regional Health applies material judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining timing of capital grant income recognition	Latrobe Regional Health applies material judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.
Assets and services received free of charge or for nominal consideration	Latrobe Regional Health applies material 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 2024 \$'000	Total 2023 \$'000
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	141,205	128,963
Patient and resident fees	5,423	4,348
Private practice fees	3,191	2,862
Commercial activities ¹	4,450	4,415
Total revenue from contracts with customers	154,269	140,588
Other sources of income		
Government grants (State) - Operating	183,044	195,090
Government grants (Commonwealth) - Operating	21,688	18,945
Government grants (State) - Capital	63,043	127,504
Other capital purpose income	-	-
Capital donations	626	74
Assets received free of charge or for nominal consideration	727	1,961
Other revenue from operating activities (including non-capital donations)	28,707	27,231
Total other sources of income	297,835	370,805
Total revenue and income from operating activities	452,104	511,393
Non-operating activities		
Income from other sources		
Other interest	2,835	3,356
Total other sources of income	2,835	3,356
Total income from non-operating activities	2,835	3,356
Total revenue and income from transactions	454,939	514,749

1. Commercial activities represent business activities which Latrobe Regional Health enters 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

Latrobe Regional Health disaggregates revenue by the timing of revenue recognition.

Goods and services transferred to customers:

At a point in time

Over time

Total 2024 \$'000	Total 2023 \$'000
149,819	136,173
4,450	4,415
154,269	140,588

Total revenue from contracts with customers

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 significant 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 2024 \$'000	Total 2023 \$'000
Cash donations and gifts	145	153
Plant and equipment	582	438
Personal protective equipment	-	1,370
Total fair value of assets and services received free of charge or for nominal consideration	727	1,961

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

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

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 disclosed.

Structure

3.1 Expenses from transactions

3.2 Other economic flows

3.3 Employee benefits and related on-costs

3.4 Superannuation

Material judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	Latrobe Regional Health applies material judgment when 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 material 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 4.348%, 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

	Total 2024 \$'000	Total 2023 \$'000
Note		
Salaries and wages	202,867	194,609
On-costs	55,799	52,480
Agency expenses	14,090	8,715
Fee for service medical officer expenses	12,449	12,273
Workcover premium	3,822	2,812
Total employee expenses	289,027	270,889
Drug supplies	20,409	18,701
Medical and surgical supplies (including Prostheses)	34,102	29,082
Diagnostic and radiology supplies	14,594	13,758
Other supplies and consumables	5,854	5,464
Total supplies and consumables	74,959	67,005
Finance costs	46	31
Total finance costs	46	31
Other administrative expenses	39,166	32,733
Total other administrative expenses	39,166	32,733
Fuel, light, power and water	3,120	2,571
Repairs and maintenance	1,346	1,491
Replacement of minor equipment	692	1,640
Maintenance contracts	5,470	5,067
Medical indemnity insurance	5,801	5,058
Expenses related to leases of low value assets	42	277
Expenditure for capital purposes	5,258	5,609
Total other operating expenses	21,729	21,713
Total operating expense	424,927	392,371
Depreciation and amortisation	4.5 19,502	16,947
Total depreciation and amortisation	19,502	16,947
Assets and services provided free of charge or for nominal consideration	-	-
Bad and doubtful debt expense	11	56
Total other non-operating expenses	11	56
Total non-operating expense	19,513	17,003
Total expenses from transactions	444,440	409,374

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

Non-operating expenses

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

Note 3.2 Other economic flows

	Total 2024 \$'000	Total 2023 \$'000
Net gain/(loss) on disposal of property plant and equipment	(23)	14
Total net gain/(loss) on non-financial assets	(23)	14
Allowance for impairment losses of contractual receivables	9	(97)
Net gain/(loss) on fair value of financial instruments	1,227	649
Total net gain/(loss) on financial instruments	1,236	552
Net gain/(loss) arising from revaluation of long service liability	309	(1,215)
Total other gains/(losses) from other economic flows	309	(1,215)
Total gains/(losses) from other economic flows	1,522	(649)

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

Current employee benefits and related on-costs

Accrued days off

Unconditional and expected to be settled wholly within 12 months ⁱ

Annual leave

Unconditional and expected to be settled wholly within 12 months ⁱ

Unconditional and expected to be settled wholly after 12 months ⁱⁱ

Long service leave

Unconditional and expected to be settled wholly within 12 months ⁱ

Unconditional and expected to be settled wholly after 12 months ⁱⁱ

Other

Unconditional and expected to be settled within 12 months

Provisions related to employee benefit on-costs

Unconditional and expected to be settled within 12 months ⁱ

Unconditional and expected to be settled after 12 months ⁱⁱ

Total current employee benefits and related on-costs

Non-current provisions and related on-costs

Conditional long service leave ⁱⁱ

Provisions related to employee benefit on-costs ⁱⁱ

Total non-current employee benefits and related on-costs

Total employee benefits and related on-costs

Total 2024 \$'000	Total 2023 \$'000
760	678
760	678
21,000	19,500
4,571	3,875
25,571	23,375
3,042	2,418
26,840	24,348
29,882	26,766
10	16
10	16
3,327	3,078
4,248	3,803
7,575	6,881
63,798	57,716
6,477	6,765
868	905
7,345	7,670
71,143	65,386

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 2024 \$'000	Total 2023 \$'000
Current employee benefits and related on-costs		
Unconditional accrued days off	760	678
Unconditional annual leave entitlements	29,215	26,706
Unconditional long service leave entitlements	33,813	30,316
Substitution leave	10	16
Total current employee benefits and related on-costs	63,798	57,716
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	7,345	7,670
Total non-current employee benefits and related on-costs	7,345	7,670
Total employee benefits and related on-costs	71,143	65,386
Attributable to:		
Employee benefits	62,700	57,600
Provision for related on-costs	8,443	7,786
Total employee benefits and related on-costs	71,143	65,386
Carrying amount at start of year	7,786	6,805
Additional provisions recognised	4,122	4,140
Revaluation impact of changes in discount rate	(265)	(265)
Amounts incurred during the year	(3,200)	(2,894)
Carrying amount at end of year	8,443	7,786

How we recognise employee benefits

Employee benefit recognition

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

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

Annual leave and accrued days off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as current liabilities because health services do not have an unconditional right to defer settlement of these liabilities.

Further, annual leave is measured at:

- nominal value under AASB 119 where a component of this current liability is expected to fall due within 12 months after the end of the period and
- present value under AASB 119 where the health service does not expect to settle a component of this current liability 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	Total	Total	Total
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Defined benefit plans:ⁱ				
First State Super	-	2	-	-
Defined contribution plans:				
First State Super	7,857	7,401	138	537
Hesta	11,194	10,596	223	863
Other	4,279	3,078	61	236
Total	23,330	21,077	422	1,636

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

A 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

Material judgements and estimates

This section contains the following material judgements and

Material 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 material 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 material judgement and estimate to determine the recoverable amount of the asset.

Note 4.1 Investments and other financial assets

	Operating Fund		Total	
	2024	2023	2024	2023
	\$'000	\$'000	\$'000	\$'000
Non-current				
Managed investment schemes	23,578	21,978	23,578	21,978
Total non-current financial assets	23,578	21,978	23,578	21,978
Total other financial assets	23,578	21,978	23,578	21,978
Represented by:				
Health service investments	23,578	21,978	23,578	21,978
Total other financial assets	23,578	21,978	23,578	21,978

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 2024 \$'000	Total 2023 \$'000
Land at fair value - Freehold	11,426	10,226
Total land at fair value	11,426	10,226
Buildings at fair value	362,152	256,693
Less accumulated depreciation	(3)	(1,744)
Total buildings at fair value	362,149	254,949
Site improvements at fair value	5,033	3,565
Less accumulated depreciation	-	(178)
Total leasehold improvements at fair value	5,033	3,387
Total buildings and improvements	367,182	258,336
Total land and buildings	378,608	268,562
Plant and equipment at fair value	7,077	6,995
Less accumulated depreciation	(5,141)	(4,663)
Total plant and equipment at fair value	1,936	2,332
Motor vehicles at fair value	105	105
Less accumulated depreciation	(73)	(56)
Total motor vehicles at fair value	32	49
Computer equipment at fair value	2,079	2,113
Less accumulated depreciation	(2,038)	(2,021)
Total computer equipment at fair value	41	92
Furniture and fittings at fair value	2,769	2,692
Less accumulated depreciation	(2,243)	(2,090)
Total furniture and fittings at fair value	526	602
Total plant and equipment	2,535	3,075
Medical equipment at fair value	45,891	45,258
Less accumulated depreciation	(30,818)	(27,996)
Total medical equipment at fair value	15,073	17,262
Total plant, equipment, furniture, fittings and vehicles at fair value	17,608	20,337
Work in Progress - At Cost	213,772	163,143
Total Work in Progress	213,772	163,143
Total property, plant and equipment	609,988	452,042

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 2022		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
Additions		-	-	52,378	102	714	53,194
Disposals		-	-	-	(31)	(23)	(54)
Revaluation increments/(decrements)		1,200	122,141	-	-	-	123,341
Net Transfers between classes		-	1,588	(1,749)	161	-	-
Depreciation	4.5	-	(14,883)	-	(772)	(2,880)	(18,535)
Balance at 30 June 2024	4.2 (a)	11,426	367,182	213,772	2,535	15,073	609,988

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 2024.

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 land and buildings was performed by the VGV on 30 June 2024. The valuation, which complies with Australian Valuation Standards, was determined with reference to the amount for which an orderly transaction to sell the asset or transfer the liability would take place between market participants at the measurement date, under current market conditions

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

Revaluation (Continued)

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 2024 \$'000	Total 2023 \$'000
Right-of-use concessionary land at fair value	467	158
Less accumulated depreciation	-	-
Total right of use land at fair value	467	158
Right-of-use buildings at fair value	1,441	982
Less accumulated depreciation	(190)	(821)
Total right of use buildings at fair value	1,251	161
Total right of use concessionary land and buildings	1,718	319
Right of use plant, equipment, furniture, fittings and vehicles at fair value	1,243	1,279
Less accumulated depreciation	(885)	(317)
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	358	962
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	2,076	1,281

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 30 June 2022	158	305	407	870
Additions	-	228	2,981	3,209
Disposals	-	(76)	(1,870)	(1,946)
Depreciation	4.6	(295)	(556)	(851)
Balance at 30 June 2023	158	162	962	1,282
Additions	467	1,071	-	1,538
Disposals	-	-	(37)	(37)
Revaluation increments/(decrements)	-	260	-	260
Net Transfers between classes	(158)	158	-	-
Depreciation	4.6	(400)	(567)	(967)
Balance at 30 June 2024	467	1,251	358	2,076

Initial recognition

When a contract is entered into, Latrobe Regional Health assesses if the contract contains or is a lease.

Unless the lease is considered a short-term lease or a lease of a low-value asset (refer to Note 6.1 for further information), the contract gives rise to a right-of-use asset and corresponding lease liability.

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

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

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

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

		Total 2024 \$'000	Total 2023 \$'000
	Note		
Balance at the beginning of the reporting period		163,106	125,860
Revaluation increment			
- Land	4.2(b)	1,200	-
- Buildings	4.2(b)	122,141	37,246
- Right-of-use buildings	4.3(b)	260	-
Balance at the end of the Reporting Period*		286,707	163,106
* Represented by:			
- Land		6,085	4,885
- Buildings		280,362	158,221
- Right-of-use buildings		260	-
		286,707	163,106

Depreciation

How we recognise depreciation

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.

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 2024 \$'000	Total 2023 \$'000
Pharmacy supplies at cost	1,150	878
General stores at cost	437	452
Total inventories	1,587	1,330

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 2024 (30 June 2023: Nil).

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

Material judgements and estimates

This section contains the following material 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 material judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.
Measuring contract liabilities	Latrobe Regional Health applies material judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Note 5.1 Receivables and contract assets

		Total 2024 \$'000	Total 2023 \$'000
	Notes		
Current receivables and contract assets			
Contractual			
Inter hospital debtors		2,366	984
Trade receivables		2,170	1,601
Patient fees		895	578
Allowance for impairment losses - Patient Fees	5.1(a)	(54)	(91)
Allowance for impairment losses - Trade Debtors	5.1(a)	(40)	(11)
Contract assets	5.1(b)	-	707
Accrued revenue		1,610	1,488
Amounts receivable from governments and agencies		1,006	2,015
Total contractual receivables		7,953	7,271
Statutory			
GST receivable		952	1,354
Total statutory receivables		952	1,354
Total current receivables and contract assets		8,905	8,625
Non-current receivables and contract assets			
Contractual			
Long service leave - Department of Health		8,901	5,907
Total contractual receivables		8,901	5,907
Total non-current receivables and contract assets		8,901	5,907
Total receivables and contract assets		17,806	14,532
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>			
Total receivables and contract assets		17,806	14,532
Provision for impairment		94	102
GST receivable		(952)	(1,354)
Total financial assets	7.1(a)	16,948	13,280

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

	Total 2024 \$'000	Total 2023 \$'000
Balance at the beginning of the year	102	50
Increase in allowance	3	108
Amounts written off during the year	(11)	(56)
Reversal of allowance written off during the year as uncollectable	-	-
Balance at the end of the year	94	102

How we recognise receivables

Receivables consist of:

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

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

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

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

Balance at the beginning of the year

Add: Additional costs incurred that are recoverable from the customer

Less: Transfer to trade receivable or cash at bank

Less: impairment allowance

Total contract assets

* Represented by:

- Current assets

Total 2024 \$'000	Total 2023 \$'000
707	304
-	707
(707)	(304)
-	-
-	707
-	-
-	707
-	707

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

Current payables and contract liabilities

Contractual

Trade creditors

Accrued salaries and wages

Accrued expenses

Contract liabilities

Amounts payable to governments and agencies

Total contractual payables

Statutory

Australian Taxation Office

Total statutory payables

Total current payables and contract liabilities

Total payables and contract liabilities

(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))

Total payables and contract liabilities

Contract liabilities

Total financial liabilities

Note	Total 2024 \$'000	Total 2023 \$'000
	2,312	3,202
	6,132	4,506
	12,144	12,034
5.2(a)	-	4,173
	3,101	2,275
	23,689	26,190
	1,396	1,334
	1,396	1,334
	25,085	27,524
	25,085	27,524
	25,085	27,524
	-	(4,173)
7.1(a)	25,085	23,351

How we recognise payables and contract liabilities

Payables consist of:

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

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

Note 5.2 (a) Contract liabilities

	Total 2024 \$'000	Total 2023 \$'000
Opening balance of contract liabilities	4,173	7,956
Grant consideration for sufficiently specific performance obligations received during the year	-	62
Revenue recognised for the completion of a performance obligation	(4,173)	(3,845)
Total contract liabilities	-	4,173
* Represented by:		
- Current contract liabilities	-	4,173
	-	4,173

How we recognise contract liabilities

Contract liabilities include grant consideration received from State Government in support of Latrobe Health Assembly.

Grant income is recognised within the specified timeframe once the relevant performance obligations are fulfilled, and any corresponding expenditure is incurred.

Maturity analysis of payables

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

Note 5.3 Other liabilities

	Total 2024 \$'000	Total 2023 \$'000
Current monies held in trust		
Patient monies	3	6
Refundable accommodation deposits	57	669
Employee Salary Packaging Account	-	-
Total current monies held in trust	60	675
Total other liabilities	60	675
* Represented by:		
- Cash assets	6.2 60	675
	60	675

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

Material judgements and estimates

This section contains the following material judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	Latrobe Regional Health applies material 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 material judgement when determining if a lease meets the short-term or low value lease exemption criteria. The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption. The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.
Discount rate applied to future lease payments	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

		Total 2024 \$'000	Total 2023 \$'000
Note			
Current borrowings			
Lease liability ⁽ⁱ⁾	6.1 (a)	658	820
Advances from government ⁽ⁱⁱ⁾		50	50
Total current borrowings		708	870
Non-current borrowings			
Lease liability ⁽ⁱ⁾	6.1 (a)	994	286
Advances from government ⁽ⁱⁱ⁾		-	46
Total non-current borrowings		994	332
Total borrowings		1,702	1,202

ⁱ Secured by the assets leased.

ⁱⁱ These are secured loans which bear no interest.

How we recognise borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities, 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 2024 \$'000	Total 2023 \$'000
Total undiscounted lease liabilities	1,727	1,135
Less unexpired finance expenses	(75)	(29)
Net lease liabilities	1,652	1,106

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

	Total 2024 \$'000	Total 2023 \$'000
Not longer than one year	692	845
Longer than one year but not longer than five years	1,035	290
Longer than five years	-	-
Minimum future lease liability	1,727	1,135
Less unexpired finance expenses	(75)	(29)
Present value of lease liability	1,652	1,106
* Represented by:		
- Current liabilities	658	820
- Non-current liabilities	994	286
	1,652	1,106

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,
- the exercise price of the purchase option, which the health service is reasonably certain to exercise at the completion of the lease 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

	Total 2024 \$'000	Total 2023 \$'000
Cash on hand (excluding monies held in trust)	8	8
Cash at bank (excluding monies held in trust)	7,050	6,225
Cash at bank - CBS (excluding monies held in trust)	21,246	46,696
Term deposits < 3 months (excluding monies held in trust)	50	50
Total cash held for operations	28,354	52,979
Cash at bank (monies held in trust)	3	6
Cash at bank - CBS (monies held in trust)	57	669
Employee Salary Packaging Account	-	-
Total cash held as monies in trust	60	675
Total cash and cash equivalents	28,414	53,654

7.1 (a)

How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks, deposits at call and highly liquid investments (with an original maturity date of three months or less).

Cash and cash equivalents are held for the purpose of meeting short term cash commitments rather than for investment purposes and are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

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

Note 6.3 Commitments for expenditure

	Total 2024 \$'000	Total 2023 \$'000
Capital expenditure commitments		
Less than one year	3,961	9,739
Total capital expenditure commitments	3,961	9,739
Operating Expenditure Commitments - Maintenance Service Contracts		
Less than one year	7,535	6,346
Longer than one year but not longer than five years	12,552	13,570
Five years or more	580	646
Total non-cancellable short term and low value lease commitments	20,667	20,562
Non-cancellable short term and low value lease commitments		
Less than one year	118	203
Longer than one year but not longer than five years	-	-
Total non-cancellable short term and low value lease commitments	118	203
Total commitments for expenditure (exclusive of GST)	24,746	30,504
Less GST recoverable from Australian Tax Office	(2,250)	(2,773)
Total commitments for expenditure (exclusive of GST)	22,496	27,731

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

Material judgements and estimates

This section contains the following material judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	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, and non-specialised buildings] are measured using this approach. ▪ Depreciated 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 material 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 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

Financial Assets at						
	Note	Financial Assets at		Fair Value Through		Financial Liabilities
		Amortised Cost	Net Result	at Amortised Cost	Total	
		\$'000	\$'000	\$'000	\$'000	
Total						
30 June 2024						
Contractual Financial Assets						
Cash and Cash Equivalents	6.2	28,414	-	-	-	28,414
Receivables and contract assets	5.1	16,854	-	-	-	16,854
Investments and other financial assets	4.1	-	23,578	-	-	23,578
Total Financial Assetsⁱ		45,268	23,578	-	-	68,846
Financial Liabilities						
Payables	5.2	-	-	-	25,085	25,085
Borrowings	6.1	-	-	-	1,702	1,702
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	-	-	57	57
Other Financial Liabilities - Other monies held in trust	5.3	-	-	-	3	3
Total Financial Liabilitiesⁱ		-	-	-	26,847	26,847

Note 7.1 (a) Categorisation of financial instruments

	Note	Financial Assets at				Total
		Financial Assets at Amortised Cost	Fair Value Through Net Result	Financial Liabilities at Amortised Cost		
		\$'000	\$'000	\$'000		\$'000
Total						
30 June 2023						
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 Assetsⁱ		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 Liabilitiesⁱ		-	-	25,228		25,228

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).

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, 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 2023-24.

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, the 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 an impairment

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 2024		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%	71.2%	100.0%	
Gross carrying amount of contractual receivables		6,661	517	741	118	10	8,047
Loss allowance		-	-	-	(84)	(10)	(94)
5.1							
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		6,181	660	395	134	3	7,373
Loss allowance		-	-	-	(99)	(3)	(102)
5.1							

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, considering the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, no loss allowance has been recognised.

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)

		Maturity Dates					
	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total							
30 June 2024							
Payables	25,085	25,085	25,085	-	-	-	-
Borrowings	1,702	-	-	-	708	994	-
Other Financial Liabilities - Refundable Accommodation Deposits	57	57	57	-	-	-	-
Other Financial Liabilities - Patient monies held in trust	3	3	3	-	-	-	-
Total Financial Liabilities	26,847	25,145	25,145	-	708	994	-
	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total							
30 June 2023							
Financial Liabilities at amortised cost							
Payables	23,351	23,351	23,351	-	-	-	-
Borrowings	1,202	-	-	-	870	332	-
Other Financial Liabilities - Refundable Accommodation Deposits	669	669	669	-	-	-	-
Other Financial Liabilities - Patient monies held in trust	6	6	6	-	-	-	-
Total Financial Liabilities	25,228	24,026	24,026	-	870	332	-

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

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 2024 \$'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		23,578	-	23,578	-
Total financial assets held at fair value through net result	4.1	23,578	-	23,578	-
Total investments and other financial assets at fair value		23,578	-	23,578	-

	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	-

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

	Note	Total carrying amount 30 June 2024 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Non-specialised land		3,926	-	3,926	-
Specialised land		7,500	-	-	7,500
Total land at fair value	4.2 (a)	11,426	-	3,926	7,500
Specialised buildings		367,182	-	-	367,182
Total buildings at fair value	4.2 (a)	367,182	-	-	367,182
Plant and equipment at fair value	4.2 (a)	1,936	-	-	1,936
Motor vehicles at fair value	4.2 (a)	32	-	-	32
Medical equipment at Fair Value	4.2 (a)	15,073	-	-	15,073
Computer equipment at fair value	4.2 (a)	41	-	-	41
Furniture and fittings at fair value	4.2 (a)	526	-	-	526
Total plant, equipment, furniture, fittings and vehicles at fair value		17,608	-	-	17,608
Right of use land	4.3 (b)	467	-	467	-
Right of use Buildings	4.3 (b)	1,251	-	-	1,251
Right of use Plant and equipment	4.3 (b)	358	-	-	358
Total right-of-use assets at fair value		2,076	-	467	1,609
Assets Under Construction		213,772	-	-	213,772
Total assets under construction		213,772	-	-	213,772
Total non-financial physical assets at fair value		612,064	-	4,393	607,671

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

		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
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		258,336	-	-	258,336
Total buildings at fair value	4.2 (a)	258,336	-	-	258,336
Plant, equipment and vehicles 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)	93	-	-	93
Furniture and fittings at fair value	4.2 (a)	601	-	-	601
Total plant, equipment, furniture, fittings and vehicles at fair value		20,337	-	-	20,337
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	-	2,884	450,439

ⁱ Classified in accordance with the fair value hierarchy.

How we measure fair value of non-financial physical assets

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

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

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 considered until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best 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 2024.

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

For 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 2024.

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

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

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 2022		7,500	223,534	21,600	305	407
Additions/(Disposals)		-	54	1,542	151	1,111
Net Transfers between classes		-	9,883	910	-	-
- Depreciation and amortisation		-	(12,380)	(3,716)	(295)	(556)
Items recognised in other comprehensive income		-	-	-	-	-
- Revaluation		-	37,246	-	-	-
Balance at 30 June 2023	7.4 (a)	7,500	258,337	20,336	161	962
Additions/(Disposals)		-	-	759	1,230	(36)
Net Transfers between classes		-	1,587	161	-	-
Gains/(Losses) recognised in net result		-	-	-	-	-
- Depreciation and Amortisation		-	(14,883)	(3,650)	(400)	(568)
- Revaluation		-	122,141	-	260	-
Balance at 30 June 2024	7.4 (a)	7,500	367,182	17,606	1,251	358

¹ 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

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

		Total 2024 \$'000	Total 2023 \$'000
	Note		
Net result for the year		12,021	104,726
Non-cash movements:			
Net (Gain)/Loss on sale or disposal of non-financial assets	3.2	23	(14)
Net (Gain)/Loss arising from Revaluation of Financial Instruments		(1,227)	(649)
Depreciation and amortisation of non-current assets	4.5	19,502	16,947
Cash inflow from financing activities			
Assets and services received free of charge	2.1	(626)	(74)
Assets provided free of charge		(582)	(444)
Movement in allowance for impairment	5.1(a)	(8)	52
(Gain)/Loss on revaluation of long service leave liability	3.2	(309)	1,215
Movements in Assets and Liabilities:			
(Increase)/Decrease in receivables and contract assets		(3,266)	1,326
(Increase)/Decrease in inventories		(257)	155
(Increase)/Decrease in prepaid expenses		(194)	(590)
Increase/(Decrease) in payables and contract liabilities		(2,439)	(15,310)
Increase/(Decrease) in employee benefits		6,066	6,994
Increase/(Decrease) in other liabilities		(3)	(352)
Net cash inflow from operating activities		28,701	113,982

Note 8.2 Responsible persons

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

	Period
The Honourable Mary-Anne Thomas MP:	
Former Minister for Medical Research	1 Jul 2023 - 2 Oct 2023
Minister for Health Infrastructure	1 Jul 2023 - 30 Jun 2024
Minister for Health	1 Jul 2023 - 30 Jun 2024
Minister for Ambulance Services	2 Oct 2023 - 30 Jun 2024
The Honourable Gabrielle Williams MP:	
Former Minister for Mental Health	1 Jul 2023 - 2 Oct 2023
Former Minister for Ambulance Services	1 Jul 2023 - 2 Oct 2023
The Honourable Ingrid Stitt MP:	
Minister for Mental Health	2 Oct 2023 - 30 Jun 2024
Minister for Ageing	2 Oct 2023 - 30 Jun 2024
The Honourable Lizzie Blandthorn MP:	
Former Minister for Disability, Ageing and Carers	1 Jul 2023 - 2 Oct 2023
Minister for Children	2 Oct 2023 - 30 Jun 2024
Minister for Disability	2 Oct 2023 - 30 Jun 2024
Governing Boards	
Linda McCoy (Chair of the Board)	1 Jul 2023 - 30 Jun 2024
Ian Maxfield	1 Jul 2023 - 30 Jun 2024
Chelsea Caple	1 Jul 2023 - 30 Jun 2024
Liesl McKay	1 Jul 2023 - 30 Jun 2024
Bernadette Hickey	1 Jul 2023 - 30 Jun 2024
Kathryn Munro	1 Jul 2023 - 30 Jun 2024
Leanne Williams	1 Jul 2023 - 30 Jun 2024
Elizabeth Delahunty	1 Jul 2023 - 30 Jun 2024
Michael Gorton	1 Jul 2023 - 30 Jun 2024
Accountable Officers	
Don McRae (Chief Executive Officer)	1 Jul 2023 - 30 Jun 2024

Note 8.2 Responsible persons (continued)

Remuneration of Responsible Persons

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

Income Band	Total 2024 No	Total 2023 No
\$20,000 - \$29,999	7	7
\$30,000 - \$39,999	1	1
\$60,000 - \$69,999	1	1
\$230,000 - \$239,999	-	1
\$390,000 - \$400,000	-	1
\$400,000 - \$409,999	1	-
Total Numbersⁱ	10	11

	Total 2024 \$'000	Total 2023 \$'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:ⁱ	\$691	\$919

ⁱTotal 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	
	2024 \$'000	2023 \$'000
Short-term benefits	1,840	1,668
Post-employment benefits	185	169
Other long-term benefits	54	-
Total remunerationⁱ	2,079	1,837
Total number of executives	8	8
Total annualised employee equivalent ⁱⁱ	7.65	7.15

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	Michael Gorton	Board Member
Latrobe Regional Health	Ian Maxfield	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 (1/7/23 – 30/6/24)
Latrobe Regional Health	Jon Millar	Chief Operating Officer (1/7/23 - 30/6/24)
Latrobe Regional Health	Simone Redpath	Deputy Chief Operating Officer (1/7/23 – 30/6/24)
Latrobe Regional Health	Ian Graham	Chief Medical Officer (1/7/23 - 30/6/24)
Latrobe Regional Health	Anita Raymond	Executive Director Education Training and Research (1/7/23 – 30/6/24) Acting Chief Nurse (1/7/23 - 30/6/24)
Latrobe Regional Health	Sebastiano Romano	Executive Director of Mental Health/Chief Mental Health Nurse (1/7/23 - 30/6/24)
Latrobe Regional Health	Mark Wilkins	Executive Director of People & Culture) 1/7/23 – 30/6/24)
Latrobe Regional Health	Adrian Shearer	Executive Director of Information Services (1/7/23 - 30/6/24)
Latrobe Regional Health	Monica Holdsworth	Executive Director of Regional Services (1/7/23 - 30/6/24)

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.

Note 8.4: Related Parties (continued)

	Total 2024 \$'000	Total 2023 \$'000
Compensation - KMPs		
Short-term Employee Benefits ⁱ	2,476	2,330
Post-employment Benefits	240	196
Other Long-term Benefits	54	230
Termination Benefits	-	-
Total ⁱⁱ	2,770	2,756

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 \$390m (2023: \$453 m) and indirect contributions of \$3.624 m (2023: \$0.789 m). Balances outstanding as at 30 June 2024 are \$8.98 m (2023 \$7.17 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 2024 (2023: none).

There were no related party transactions required to be disclosed for the Latrobe Regional Health I Board of Directors, Chief Executive Officer and Executive Directors in 2024 (2023: none).

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

Note 8.4: Related Parties (continued)

Revenue received from the following for 2024 (\$'000)

ENTITY	2024 \$'000	2023 \$'000
Alfred Health	2,702	2,335
All TAFE entities	94	149
Bairnsdale Regional Health Service	316	427
Central Gippsland Health Service	1,346	1,491
Department of Health	390,306	452,615
Department of Jobs Precincts and Regions	-	124
Department of Treasury and Finance	1,561	1,421
Gippsland Health Alliance	5,221	5,541
Gippsland Southern Health Service	293	239
Kooweerup Regional Health Service	111	-
Monash Health	378	363
South Gippsland Hospital	51	84
Transport Accident Commission	488	122
West Gippsland Healthcare Group	953	990
Yarram and District Health Service	219	91

Payments made to the following for 2024 (\$'000)

ENTITY	2024 \$'000	2023 \$'000
Alfred Health	2,455	588
Ambulance Victoria	2,074	2,305
Bairnsdale Regional Health Service	332	600
Bass Coast Health	569	782
Central Gippsland Health Service	2,312	2,273
Central Gippsland Regional Water Corporation	396	357
Department of Justice and Community Safety	102	79
Eastern Health	188	-
Gippsland Southern Health Service	289	-
Gippsland Health Alliance	8,158	4,951
Grampians Health	232	-
Kooweerup Regional Health Service	233	280
Monash Health	1,720	1,784
Omeo District Health	129	70
Orbost Regional Health	80	83
South Gippsland Hospital	599	662
Victorian Auditor General's Office	55	-
Victorian Managed Insurance Authority	10,325	8,539
West Gippsland Healthcare Group	724	1,120
Yarram and District Health Service	405	285

Note 8.4: Related Parties (continued)

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

ENTITY	2024 \$'000	2023 \$'000
Alfred Health	558	571
All TAFE entities	-	60
Bairnsdale Regional Health Service	-	119
Central Gippsland Health Service	1,027	622
Department of Health	8,980	7,171
Gippsland Health Alliance	505	96
Gippsland Southern Health Service	-	67
Monash Health	74	-
Transport Accident Commission	234	
West Gippsland Healthcare Group	946	601

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

ENTITY	2024 \$'000	2023 \$'000
Alfred Health	472	
Ambulance Victoria	600	567
Bairnsdale Regional Health Service	57	
Bass Coast Health	57	-
Central Gippsland Health Service	232	-
Central Gippsland Regional Water Corporation	52	
Department of Health	1,262	-
Eastern Health	85	
Gippsland Health Alliance	82	586
Monash Health	129	-
South Gippsland Hospital	86	80
Victorian Auditor General's Office	54	-
West Gippsland Healthcare Group	118	76

Note 8.5: Remuneration of Auditors

Victorian Auditor-General's Office

Audit of the financial statements

Total remuneration of auditors

Total 2024 \$'000	Total 2023 \$'000
55	64
55	64

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	
		2024	2023
		%	%
Gippsland Health Alliance	Provision of Information Technology Services	27.95	27.21

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:

	2024 \$'000	2023 \$'000
Current assets		
Cash and cash equivalents	3,819	2,669
Receivables	328	361
Prepaid expenses	1,251	936
Total current assets	5,398	3,966
Non-current assets		
Property, plant and equipment	135	206
Total non-current assets	135	206
Total assets	5,533	4,172
Current liabilities		
Payables	428	567
Borrowings	55	57
Other Current Liabilities	2,444	1,449
Total current liabilities	2,927	2,073
Non-current liabilities		
Borrowings	54	87
Total non-current liabilities	54	87
Total liabilities	2,981	2,160
Net assets	2,552	2,012
Equity		
Accumulated surplus	2,552	2,012
Total equity	2,552	2,012

Note 8.7 Joint arrangements

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

	2024 \$'000	2023 \$'000
Revenue		
Revenue from Operations	7,542	7,023
Interest Income	146	53
Total revenue	7,688	7,076
Expenses		
Other Expenses from Continuing Operations	6,261	5,604
Depreciation	102	116
Total expenses	6,363	5,720
Net result	1,325	1,356

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.

Property, plant and equipment revaluation surplus

The property, plant and equipment revaluation surplus arises on the revaluation of infrastructure, land and buildings. The revaluation surplus is not normally transferred to the accumulated surpluses/(deficits) on derecognise of the relevant asset.

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.

Restricted specific purpose reserves

Restricted specific purpose reserves are funds 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.

Note 8.9: Economic dependency

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







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