

ANNUAL REPORT



Delivering the best
health outcomes for the
West Gippsland community

2022-2023



WEST GIPPSLAND HEALTHCARE GROUP

Welcome

This Annual Report outlines West Gippsland Healthcare Group's (WGHG) activities and performance from 1 July 2022 to 30 June 2023 and provides detailed financial statements about the organisation.

WGHG is a public hospital established under the Health Services Act 1988 (Vic). The incorporation came into effect in May 1997 when services across the community came together under the one umbrella name, West Gippsland Healthcare Group.

These include the Hospital, Community Health Services at Warragul, Rawson and Trafalgar, Andrews House Residential Aged Care, Coinda Lodge Residential Aged Care, and the Warragul Linen Service.

During 2022-2023, WGHG was accountable, through the Board of Directors, to the responsible Minister for Health:

From 1 July 2022 to 30 June 2023
The Hon Mary-Anne Thomas MP
Minister for Health.

This report is also available online at www.wghg.com.au/publications. Printed copies are available by contacting our Public Relations Manager on 03 5623 0600.

Cover image: West Gippsland Healthcare Group CEO Dan Weeks joins with former CEO Ormond Pearson to celebrate budget funding to kick start the new hospital at the greenfield site in Drouin East.

Photography: Kelly Grindley, Erin Stewart, Lauren Murphy Photography and Remember That Day Photography

Content Editor: Kelly Grindley

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Nicola Keyzer – Dragons Ink

Acknowledgements:

West Gippsland Healthcare Group acknowledges the funding support provided by the Victorian Government.

We acknowledge the traditional owners of the land on which our services are located, and we pay our respects to Elders past, present and emerging.

Thank you to the staff, volunteers, patients and supporters of the West Gippsland Healthcare Group.

ABN: 39 261 883 406



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Photo: Nurse Colleen Butterworth helps patient Ayla Onken in our Paediatrics Unit.

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Photo: Nurses Helen McGorum and Mel Burton with Haemodialysis patient Russell Kennaugh.

Message from the Chair and Chief Executive Officer



Jo-Anne Moorfoot
BAppSc, GradDipBA, GAICD,
CertProjMan

Board Chair

On behalf of the Board and Staff of West Gippsland Healthcare Group (WGHC) it is our pleasure to provide the Report of Operations for the year ending 30th June 2023.

New Hospital Announcement

This was a remarkable year for West Gippsland Healthcare Group as we received support from the Andrews Labor Government for a new hospital for West Gippsland following a major overhaul of our Business Case. Planning and securing our future has been the Board's primary strategic objective for a number of years so it was welcome news that the May State budget announced funding to allow work to commence for a new hospital for West Gippsland, providing better care closer to home for the West Gippsland community. The new hospital will be located on the greenfield site in Drouin East purchased a number



Dan Weeks
BBus(Acc), MHA, GAICD, FACHM

Chief Executive Officer

of years ago by the Board as the site for a future new hospital. The exact scope and timing have yet to be finalised but we are under way.

Activity

In terms of service delivery, this was another year where COVID-19 remained an ever-present threat. Fortunately, the COVID outbreaks were not as severe and while there was still an impact on staffing, most of our activity was increased from the previous year, with the number of hospital admissions increasing to 18,097. There was a major focus on surgery this year as part of the State-wide strategy to address the surgical backlog that resulted from COVID. The number of reportable elective surgery theatre cases performed was 2,794, a significant increase from the previous year and well above our target. It was pleasing to put the third operating theatre to good use.

During the year WGHC supported the establishment of the local Priority Primary Care Centre and participated in the Victorian Virtual Emergency Department, with both services designed to provide alternate treatment options for non-critical patients rather than waiting in the Emergency Department. Even though these are relatively new programs, they are proving successful and the number of Emergency Department patients was reduced to approximately 23,500.

Our birth numbers at 845 were lower than last year but remain within our planned levels.

The Community based services remained popular, with waiting lists developing in areas where we have found staffing challenging. Our residential aged care services continue to play an important role and we were particularly pleased with our accreditation results at Cooyinda with all Standards assessed as met. Both Cooyinda and Andrews House are fully accredited and have been awarded 4 Star ratings by the Aged Care Quality and Safety Commission.

Warragul Linen Service continues to provide a valuable service to Monash Health and Alfred Health, and managed to meet the demands of the new Victorian Heart Hospital.

Partnerships have always played an important role in health service delivery and we have been pleased to actively participate in the Gippsland Health Services Partnership along with the other public health services in Gippsland. The partnership has enhanced collaboration and the development of services across Gippsland.

Finances

We are very pleased to report another breakeven financial result for the year, reflecting strong support from the Department of Health and recognition of the difficult acute public hospital operating environment. Further detail on financial performance is contained in the Financial Statements.

Capital

As a result of the announcement of a new hospital, works on the planned new Chemotherapy Day Unit were delayed to allow discussions with the State and Commonwealth Government to consider if it still makes sense to build the unit or retain the funds for an alternate purpose on the new site now that we know our future will be in Drouin East. Other options to increase access to chemotherapy services in the interim are being reviewed to ensure that we continue to provide the high-quality care our community needs.

During the year we completed the \$3.2 million works focussing on energy performance, which included decommissioning the old, inefficient central steam plant

and introducing energy efficient machinery. This has delivered significant energy savings as we strive to be a responsible community citizen.

Our Culture

Our staff continued to be our most important asset and the Board is grateful for the commitment, professionalism and care demonstrated in serving our community. Staff regularly worked additional shifts and hours to enable service delivery and the dedication displayed was greatly appreciated. Their efforts and goodwill are inspiring and we note with pride the State-wide People Matter (staff satisfaction) Survey results which were above peer average ratings in the majority of measures. The contribution to West Gippsland Healthcare Group by our many volunteers is invaluable and their efforts do not go unnoticed.

Community

The Board remains humbled by the relationship with the community and are honoured by the many and varied individuals, clubs and groups that donated to and otherwise supported West Gippsland Healthcare Group. The Annual Appeal achieved a record amount of \$164,000 which enables the purchase of much needed equipment. The Opp shop Auxiliaries at Drouin and Trafalgar continued to thrive and provide much needed support. The support from donors and service clubs and groups continues to fund much needed services and equipment and we are delighted to recognise major contributors on page 32 of this Annual Report.

Thankyou

At the end of June, the Board farewellled Director Christine Holland after completion of her nine years service. Christine was Chair for the last five years of her time on the Board and was a passionate and tireless advocate for West Gippsland Healthcare Group. The Board thanks her for her leadership and contribution to the Board during her tenure.

Finally, we acknowledge and thank our many community partners, including our local members of Parliament, Baw Baw Shire Council, the Victorian Department of Health, our local Kurnai elders, health providers, our educational providers and other regional organisations that contribute to our results.

Jo-Anne Moorfoot

Board Chair
12 September 2023

Dan Weeks

Chief Executive Officer
12 September 2023





Photo: West Gippsland Hospital is located on Landsborough Street, Warragul.

About Us

West Gippsland Healthcare Group (WGHC) is a consumer-focused health organisation providing acute care, residential care and community health services to almost 60,000 people in the rural, urban residential, agricultural and industrial areas located within the Baw Baw Shire and beyond.

WGHC's main hospital campus is in Warragul with Allied and Community Health-based hubs in Warragul, Rawson and Trafalgar and residential aged care facilities in Warragul and Trafalgar. It also operates the Warragul Linen Service.

Employing 1,543 staff, WGHC is the largest employer in West Gippsland.

Our Vision

To deliver the best health outcomes for the West Gippsland community.

Our Mission

To improve the health and wellbeing of our community by enabling access to high quality, contemporary, person-centred healthcare.

Our Values

Our behaviours and decision-making centres around Our Values of:

- **Respect** – we treat others as we would like to be treated
- **Leadership** – we role model the desired behaviours and speak out when this is not demonstrated
- **Accountability** – we take personal responsibility for our actions and results
- **Collaboration** – we work effectively with our consumers, staff and community
- **Improvement** – we look for opportunities to improve our services and outcomes

Our Services

Aged Care Services

- Andrews House Aged Care Facility
- Cooina Lodge Aged Care Facility
- Community Aged Care Services Respite Care

Allied and Community Health

- Aboriginal Community Health Nurse
- Aboriginal Health Liaison
- Counselling Services (Children and Family services Counselling and Case Management, Generalist and Family Violence Counselling)
- Child Safe and Family Violence Program
- Cognitive Dementia and Memory Service (CDAMS)
- Community Allied Health Team (CAHT)
- Continence Assessment and Treatment Service
- Diabetes Nurse Education
- First Call – Central Intake Service
- Health Promotion
- National Disability Insurance Scheme (NDIS) Program
- Rawson Community Health Centre
- Wellness and Re-ablement
- Home and Community Care Program for Young People

Allied Health and Community Rehabilitation Service

- Cardiac Rehabilitation Service
- Dietetics
- Occupational Therapy
- Physiotherapy
- Social Work
- Speech Pathology

Business Units

- Cafeteria
- Warragul Linen Service

Consulting Suites

- General Surgery
- General Surgery – Breast
- General Surgery – Thyroid
- Gynaecology
- Gynae Oncology
- Gynae Dermatology
- Obstetrics
- Orthopaedics
- Thoracics
- Urology
- Vascular

Continuing and Complex Care

- Geriatric Evaluation and Management (GEM) – Subacute Care
- Transitional Care Program – Subacute Care
- Hospital Admission Risk Program
- Post-Acute Care
- Residential In Reach

Contract Services

- Endoscopy
- Pathology
- Pharmacy
- Radiology

Home Nursing Service

- District Nursing Service
 - Hospital in the Home (HITH)
 - Palliative Care Nursing
 - McGrath Breast Care Nurse
 - Infusion Clinic

Hospital (Acute)

- Anaesthesia
- Breast Feeding Support
- Cardiology
- Day Surgery
- Diabetes Education
- Ear, Nose and Throat Surgery
- Emergency Medicine
- Gastroenterology

- General Medicine
- Haemodialysis
- High Dependency Care
- Midwifery
- Neonatology
- Oncology
- Ophthalmology
- Orthopaedic Surgery
- Paediatric Medicine
- Paediatric Surgery
- Pain Management
- Palliative Care (Inpatients)
- Pre-Admission
- Renal Medicine

Support Services

- Administration
- Activity Based Funding (Casemix)
- Central Sterile Supply Department
- Consumer Engagement and Volunteering
- Contract Management
- Environment Services
- Facilities Maintenance
- Finance and Salary packaging
- Food Services
- Health Information Services
- Human Resources
- Infection Control
- Information, Communications and Technology
- Learning and Development
- Library
- Occupational Health and Safety
- Pay Office
- Quality and Safety Unit
- Public Relations, Fundraising and Donations
- Reception (Hospital)
- Security and Car Parking
- Supply and Purchasing
- Work Health and Wellbeing



Photo: Midwife Robyn McGaw-Krull in our Maternity Unit at West Gippsland Hospital.

Our History

1908	Warragul District Hospital officially opened.		
1924	Name change to West Gippsland Hospital (WGH).		
1936	The original wooden hospital building redeveloped.		
1939	The foundation stone of the new brick hospital laid by Mr Dunstan.		
1940	The new hospital opened by Sir Winston Duggan.		
1970	Eastern extensions to the hospital opened. The hospital expanded to 144 beds.		
1978	Stage 1 of Cooinda Lodge nursing home built, accommodating 28 residents.		
1986	Stage 2 of Cooinda Lodge added, accommodating 56 residents. The Warragul Linen Service moved into purpose-built premises in Ley Street.		
1996	A Community Services Centre was established in Warragul. Stage 1 Redevelopment of the hospital completed.		
1997	The various health services provided across the community were brought together under the umbrella name of West Gippsland Healthcare Group (WGHG). Rawson Community Health Centre incorporated into WGHG. Andrews House opened, accommodating 30 residents.		
1998	Baw Baw Health and Community Care Centre opened in Drouin, a joint venture with the Baw Baw Shire. Stage 2 Redevelopment of the hospital officially opened.		
		2005	Extensions to Andrews House in Trafalgar completed, accommodating 50 residents. Queen Street Community Services building redeveloped. Extensions to Warragul Linen Service completed to accommodate new continuous batch washing system.
		2006	Community Rehabilitation Centre relocation project started. Stage 3 Redevelopment of the hospital, incorporating the High Dependency and Midwifery units completed.
		2007	Community Health and Community Mental Health project completed.
		2008	Community Rehabilitation Centre redevelopment underneath Cooinda Lodge completed. Centenary of opening of first Warragul District Hospital celebrated. Centenary history book 'Of the People...For the People' and Centenary quilt launched.
		2009	WGHG awarded Premier's Award for Regional Health Service of the Year.
		2010	WGH Drouin Auxiliary 50th anniversary celebrated. Permanent home purchased for Trafalgar Community Health Services. Extensions to Drouin Opportunity Shop completed.
		2011	WGH site redevelopment feasibility study began.
		2012	Emergency Department extension began. New physicians consulting rooms, education facilities, tele-conferencing facilities and new home for the District Nursing Service completed. Feasibility study confirms Lardners Track in Drouin East as preferred site for a new Hospital.
		2013	Emergency Department redevelopment completed and officially opened by The Hon. David Davis MP 17 May. A record breaking 1020 babies born at WGH.
		2014	The first self-funded research program announced, with \$100,000 made available to support clinical staff to undertake research programs.
		2015	Relocated High Dependency Unit within Medical Unit to expand the number of postnatal and medical unit beds.
		2016	Constructed five units in Sargeant Street, Warragul to provide on-site accommodation for visiting clinicians. Completed \$5.8m Energy Performance Contract (EPC) asset refresh and major refurbishment of Cooinda Lodge.



<p>2017</p>	<p>WGHG awarded Excellence in Women's Health Award for its Positive Pregnancy Program. Completed masterplan and feasibility studies to develop detailed proposals for a new hospital on the current site or a new hospital on the greenfield site at Lardners Track in Drouin East. Secured funding to build a Short Stay Unit to support the Emergency Department and a third operating theatre.</p>	<p>2019</p>	<p>Completed construction of five additional units in Sargeant Street, Warragul to provide on-site accommodation for visiting clinicians. Constructed a new eight bed Short Stay Unit next to the Emergency Department, a new roadway and car parking at the front of the hospital. Constructed a third Operating Theatre.</p>	<p>2021</p>	<p>Established a community vaccination clinic at the Warragul Goods Shed building to administer COVID-19 vaccinations to the Baw Baw community and health workers.</p>
<p>2018</p>	<p>Monash University expanded their site in Sargeant Street, Warragul adding a demountable building.</p>	<p>2020</p>	<p>Opened the new Short Stay Unit and the new third Operating Theatre. Replaced the hospital public lift, two new sterilisers in theatre and Reverse Osmosis water system, kitchen plant, and new nurse call bell and communications system.</p>	<p>2022</p>	<p>Secured \$4.5 million funding for a purpose-built Chemotherapy Treatment Unit at WGHG.</p>
				<p>2023</p>	<p>Secured funding from the Health Infrastructure Delivery Fund announced in the Victorian State budget in May to kick start the brand-new West Gippsland Hospital.</p>



Photo: Nurses Kiona Smith and Colleen Butterworth in West Gippsland Hospital's Oncology Unit.

Governance

The West Gippsland Healthcare Group (WGHG) Board of Directors is appointed by the Governor-In-Council on the recommendation of the Minister for Health in accordance with the *Health Services Act 1988*.

Board Functions

The Boards functions are to:

- oversee and manage the WGHG
- ensure services provided by the WGHG comply with the Act requirements and the vision, mission and values of WGHG.

Board governance is achieved through:

- strategic planning
- effective Chief Executive Officer management
- service agreements funding
- local policy setting
- regular reviews of the WGHCs by-laws and strategic plans.



Board Sub-committees

The Board Directors met 11 times throughout the year and are active members of various sub-committees set up to help monitor WGHG operations.

- Audit and Finance Committee: Rob Barr, Josh Chikuse, Shannon Davies
 - Quality and Safety Committee: Sara Brentnall, Adam Selent, Caitlin Grigsby, Jo-Anne Moorfoot
 - Board Performance and Remuneration Committee: Christine Holland, Sarah Lukies, Jo-Anne Moorfoot
- The Board establishes working groups for appropriate projects on an 'as needs' basis.



Photo: Board director Joshua Chikuse, Community Health Manager Meredith Davey, Board director Shannon Davies, CEO Dan Weeks, Cheryl Drayton, Board director Adam Selent, Board Chair Christine Holland, WGHG's Aboriginal Hospital Liaison Officer Leah Horvath and Director of Allied and Community Health Audra Fenton at the launch of West Gippsland Healthcare Group's cultural safety videos to mark National Close the Gap Day.



Board of Directors 2022-2023



Christine Holland

MCareerDev GradCertCarCounsel TSTC(HomeEco) FAICD MAHRI PCDA
HR and Career Consultan

Board Chair - Joined in July 2014

Member of the Board Performance and Remuneration Sub-committee
Board meetings attended (100%)



Jo-Anne Moorfoot

BAppSc, GradDipBA, GAICD, CertProjMan

Executive Director (Healthcare Governance)

Deputy Chair - Joined in July 2017

Member of the Quality and Safety Sub-committee and the Board
Performance and Remuneration Sub-committee
Board meetings attended (91%)



Sarah Lukies

MBA LLB BBUS

Senior Legal and Governance Counsel

Board Director - Joined in July 2018

Member of the Board Performance and Remuneration Sub-committee
Board meetings attended (91%)



Sara Brentnall

BAppSc(Physio), PGDip(Musc), PGDip(Manip), MScMed(Pain Managt), GAICD

Board Director - Joined in May 2019

Member of the Quality and Safety Sub-committee
Board meetings attended (100%)



Adam Selent

BOptom, PGCertOc, Ther

Optometrist

Board Director - Joined in July 2019

Member of the Quality and Safety Sub-committee

Board meetings attended (100%)



Joshua Chikuse

GAICD, AGIA, ACIS, BEnv, MAppSc

Environmental Management Sector

Board Director - Joined in July 2019

Member of the Audit & Finance Sub-Committee

Board meetings attended (82%)



Robert Barr

BBus(Acc) Dip AICD, FCPA, GAICD

Board Director - Joined in July 2021

Member of the Audit and Finance Sub-committee

Board meetings attended (91%)



Shannon Davies

B.Sc, MSocSc (Env and Plan)

Town Planning Executive and Small Business Owner

Board Director - Joined in July 2022

Member of the Audit and Finance Sub-committee

Board meetings attended (100%)



Caitlin Grigsby

Assoc. BBComm, MAHRI

Board Director - Joined in July 2022

Member of the Quality and Safety Sub-committee

Board meetings attended (82%)

Organisational Structure

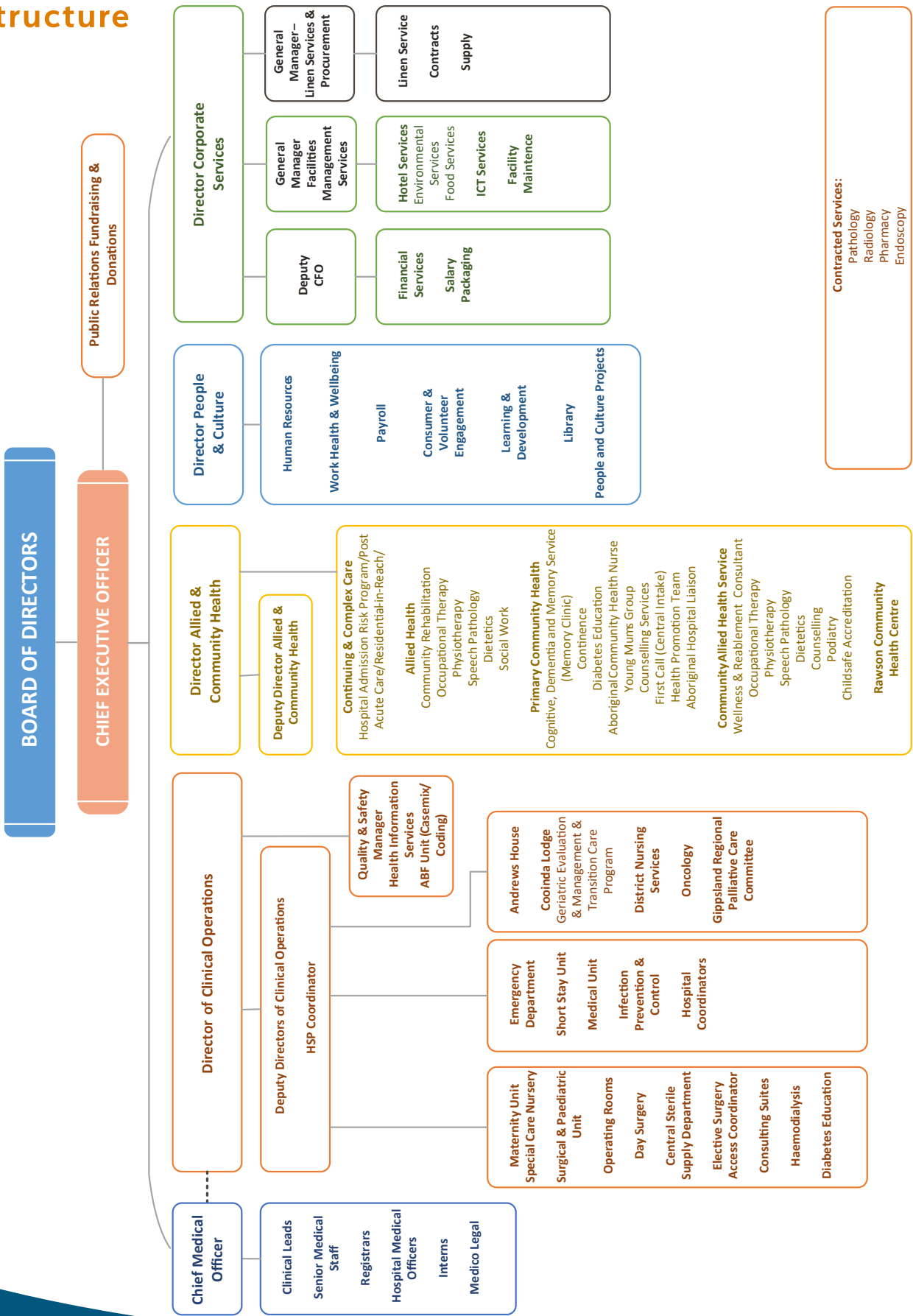


Photo: West Gippsland Hospital in Warragul





Photo: One year old Patrick Harkess in the Theatre at West Gippsland Hospital.

Achievements

Clinical Operations Director



Trish O'Kelly

MNurs, Postgrad Cert CritCare, Grad Dip Proj Mgt

The Clinical Operations Director is responsible for all clinical units in the hospital, two aged care residential facilities and same day services such as dialysis, day surgery and oncology and community-based nursing services. The Clinical Operations Director is also responsible for Health Information Services, Quality and Safety and the Activity Based Funding Unit.

Key achievements in 2022-23:

- Coinda Lodge Residential Aged Care achieving full accreditation
- After the successful launch of Electronic Medical Records (EMR) in our Emergency Department in 2021, it was rolled out to the rest of the organisation in October 2022.
- A new Health Service Partnership Coordinator role was established. This role is a conduit between the Gippsland Health Service Partnership and WGHG which helps to build our relationship with the region and share knowledge.
- WGHG participated in a regional maternity escalation pathway project making access to maternal care easier for women across the region.
- The Clinical Operations team is involved with the Baw Baw LLEN project to engage high school students to consider a career in health.
- Registered Undergraduate Students of Nursing (RUSON) and Midwifery (RUSOM) is a new model of care for our nursing division. We have on-boarded many RUSONs who are 2nd or 3rd year nursing and midwifery students to work in an above ratio position to help clinical staff in delivery care to our patients. This is not only a learning experience for the student but also a successful recruitment strategy.
- Care Boards, Patient Journey Boards and Quality Boards have been developed and established in each clinical area. These boards share our data, feedback and other relevant information about our performance with our staff, patient and visitors..

Achievements

Chief Medical Officer



Dr Letitia Clark

MBBS, FRACGP, DipRGA, DipCH, GAICD

The Chief Medical Officer (CMO) oversees junior and senior medical staff, provides high level medical advice, helps foster optimal working relationships between medical staff and the Executive to achieve high quality patient care.

Key achievements in 2022-23:

- Staff have continued to work in incredibly challenging circumstances with ongoing staff shortages across the medical workforce. Our staff continue to work overtime and extra shifts, and consistently go above and beyond to provide patient care.
- Continuing rapid pace of change as we have moved towards managing “Covid – normal” in a hospital environment.
- We have received accreditation for an additional advanced physician trainee, as well as maintaining our accreditation to provide surgical training and GP anaesthetics training through the Diploma of Rural Generalist Anaesthesia.
- We have re-commenced our face to face training and workshops including PROMPT obstetric emergency workshops.
- We have had some excellent results in maternity with our Victorian perinatal services performance indicators putting us as one of the safest places to have a baby in the state.
- We have also been part of a Safer Care Victoria collaborative on reducing post-partum haemorrhage which has seen our rates of post-partum haemorrhage reduce.
- We have established a partnership with Gippsland Southern Health Service to provide outpatient and surgical gynaecology services in Leongatha.
- Several of our senior medical staff have been invited to teach courses across Australia and around the world in resuscitation and emergency care.

Allied and Community Health Director



Audra Fenton

RN, Grad Dip MN, Grad Dip Bus Man, MNurs (Mental health), ACHSM, GAICD

Allied and Community Health delivers pivotal community and hospital-based services for West Gippsland, advising on issues related to primary, allied and community health services. The role focuses on strategic alliances and partnerships, and community-based networks both within Baw Baw Shire and on a regional and State-wide basis.

WGHC is committed to providing all children and young people with a positive experience of healthcare, where they are safe and feel safe, where they are consulted and empowered, where their voices are heard, and where the safety and wellbeing of children and young people is everyone's responsibility.

Key achievements in 2022-23:

- WGHC was re-accredited and awarded Child Wise accreditation at a bronze level status. The standards embedded within WGHC focus on inclusion and the voice of children and young people being heard.
- We held a community health promotion event for our local Aboriginal and Torres Strait Islander families about cancer screening. As a result, 14 women signed up for both cervical and breast screening.
- A breast screen shawl has been produced by the Victorian Aboriginal Community Controlled Health Organisation featuring the artwork designed by local artist Eileen Harrison. The shawl aims to promote culturally safe practice and is provided to women to use during their breast screening appointments.
- Responding to community need, monthly Health Yarns with the Aboriginal and Torres Strait Islander community commenced in March 2023. These are held at the Community Health Centre in Gladstone Street with each session focusing on a different health topic.
- WGHC once again received funding from the Andrews Foundation to run a Christmas Shop to assist vulnerable and disadvantaged families in our community. This project followed on from the successful Christmas Shop events held in 2019, 2020 and 2021. In 2022, the Christmas Shop assisted 87 local families and 214 children.
- WGHC's Family Counselling and Family Violence programs were audited against the Human Services Standards and passed with all standards met.
- The Children and Young People Services Group has been developed within Allied and Community Health to advocate for the needs of children and young people.
- Allied Health services were expanded to provide weekend cover in the physiotherapy and occupational therapy programs.
- The Residential in Reach nurse-led program has been expanded to a Saturday service with the aim to provide care for residents of aged care facilities in their own home should they become unwell.

Achievements

Corporate Services Director



Justin Walsh

CPA, GAICD, BBus (Acct) BBus (Bank&Fin)

The Director of Corporate Services oversees the business, corporate and facilities operations that supports the delivery of our services. The position provides financial and procurement leadership as the Chief Financial Officer (CFO) and Chief Procurement Officer (CPO) for the Group.

Key achievements in 2022-23:

- Completion of Energy Performance Contract (EPC) extension works of \$3.2m including the decommissioning of the central steam system and gas fired boiler replacements. We have observed recurrent energy savings of \$0.318m per annum.
- In conjunction with our Regional Gippsland Health ICT Alliance (GHA), we completed a cybersecurity maturity assessment against the controls and program set by the Digital Health branch of DH, and have commenced a consultant-led review of the recommended cybersecurity policy documents to adopt across the sector.
- Completion of an external consultant-led review of our staff accommodation model and service including alternate outsourcing options to improve the standard of accommodation and staff experience. Recommendations from this year are expected to be implemented next financial year.
- Successful restructuring within the Corporate Services directorate which included:
 - The linen service change of reporting line over to Corporate Services from October 2022.
 - General Manager expanded role to include linen service and procurement for whole of organisation.
 - Dissolution of the centralised business unit and an elevated position to Deputy CFO so as to provide a more mature organisation structure.
- Procurement activities for the year included successful tendering outcomes and new providers awarded for grounds maintenance, Non-Emergency Patient Transport (NEPT) and our required five yearly fire safety audit of buildings that accommodate overnight patient stays.
- Warragul Linen Service manual repetitious labour, investment in plant.
- Improved linen service ordering and despatch efficiencies with the introduction of the QDOS order management module (inventory system).
- New linen service supply to the Victorian Heart Hospital which opened in February 2023.
- Demonstrated our commitment to providing healthy food and drink environments in achieving phase 1 (drinks targets under the *Healthy choices: policy directive for Victorian public health services for the Phase 1 (2022)*).
- ISO accreditation for the Warragul Linen Service.

Acting People and Culture Director



Leanne Coupland

BA (SocSci), GradDip (SocWork), MA (SocWork), PGrad (PaedsSW), PGrad (Health Ser Mgt), GAICD

The People and Culture Director leads staff and leadership growth, organisational culture development, employee and consumer engagement, diversity and inclusion for WGHG. The role provides learning and development, performance management, employee relations, policy development, human resources and workplace health and wellbeing expertise and support.

Key achievements in 2022-23:

- Review of WGHG's learning and education platform to make access easier for staff, ensure training and education is completed as required. Compliance rates have increased as a result of this.
- Establishment of a youth representative group to provide feedback and input on strategic and operational matters.
- Review of annual staff appraisals to ensure this document is more meaningful and beneficial to staff. Staff were consulted in the process of developing the tool which contributes to their professional development, ongoing learning and job satisfaction. The change in this process has led to an increase in compliance rates.
- Post "Covid-19" review has been undertaken of the organisation's orientation program, which had been adapted to an online platform during the pandemic. The orientation has been updated with new information and has successfully returned to face to face.
- Managing workplace stress and anxiety sessions were run for staff following feedback in the People Matter Survey that indicated as a consequence of the Covid-19 pandemic, they were experiencing an increased level of emotional workplace stress and anxiety.
- In consultation with our consumers and to promote diversity and inclusion, training packages were developed and launched for Rainbow 102 and Disability Inclusion.
- A new position of Social Health Educator has been created to provide training and support to staff across the whole organisation relating to child protection, family violence, communication skills and relationship building. This position has given confidence to staff in dealing and managing difficult and sensitive issues.

Our People



Photo: Deputy Director of Clinical Operations Jacqui Meyers visited Emergency Department Nurse Unit Manager Sue Colby and nurses April and Emily to deliver chocolate freckles to mark International Nurses Day

Conduct and principles

West Gippsland Healthcare Group (WGHC) is committed to fairness and transparency in all aspects of employment including recruitment, selection, promotion, training and employee retention.

Policies and procedures provide employment standards and practices, embedding merit and equity principles, with appropriate avenues for grievance and complaint processes. Conduct

standards and behaviour are driven by WGHC's values and codes of conduct, to foster a respectful and constructive way of working.

Our People

Workforce data

In 2022-2023, WGHG employed a total of 1,543 people (824 full-time equivalent) across the organisation. The biggest category of employees is Nursing Services.

Table 1: Workforce data

Labour Category	Full time equivalent staff			
	June current month		Average monthly	
	2022	2023	2022	2023
Administration and Clerical	110.70	133.58	113.09	133.23
Ancillary Staff (Allied Health)	40.11	62.39	49.38	62.54
Hospital Medical Officers	33.17	40.92	33.48	41.99
Hotel and Allied Services	197.03	208.75	200.06	199.79
Medical Officers	4.44	1.00	5.01	2.04
Medical Support	49.72	34.48	39.45	31.44
Nursing Services	336.68	343.43	338.57	331.56
Sessional Clinicians	20.99	24.46	17.68	21.93
TOTAL	792.84	849.01	796.72	824.52

FTE – stands for full-time equivalent position. All employees of WGHG are correctly classified in the workforce data collections

Occupational Health and Safety

West Gippsland Healthcare Group (WGHG) aims to provide a safe and healthy environment for patients, residents, staff, contractors and visitors. We manage all hazards and control any risks so far as is reasonably practicable.

In 2022-23, our continued focus is occupational violence and aggression (OVA) prevention and musculoskeletal injuries prevention due to hazardous manual handling and slips, trips and falls.

Staff OVA Training

Over 1070 staff have completed OVA training. The training is done face to face as a full day session and a 1-hour refresher session (staff are only eligible if they have done the first initial session).

Early return to work

Our early return initiatives and injured employees' ability to access treatment more readily post COVID has seen an improvement in our lost time hours - 52 hours lost per claim (22/23) compared to 68 lost per claim previous year (21/22).

WGHG has had a slight reduction in Standard claim from last year, 14 claims (22/23) compared to 17 claims last year (21/22).

The ability of our injured staff to access treatment and also engage in return to work more readily has seen the average cost per claim reduce to \$16,660 (22/23) from \$34,733 in the previous financial year.

Our Premium costs increased by 30% in 2022-23 due to an increase in incurred claims cost due to the

effects of 2021-22 year (on the back of COVID – reduced access to treatment and delays in being able to effect early return to work). There is also component of the premium increase that is attributed to by a 10% increase in the organisation's wages remuneration.

Employment Assistance Program (EAP)

Staff and volunteers and their families use the WGHG Employee Assistance Program (EAP). The program provides free external counselling and support with experienced and qualified professionals.

Those who used EAP sought support for work-related issues (accounting for 31%), and non-work related, (accounting for 69%), mainly stress and anxiety.

Our People

Table 2: Occupational Health and Safety data

Category	2020-21	2021-22	2022-23
Reported hazards or incidents per 100 FTEs	28.90	28.20	20.3
Standard claims lost time per 100 FTEs	0.49	0.52	0.58
Average cost per claim. (Includes payments to date and outstanding claims costs estimated advised by WorkSafe)	\$39,479	\$34,733	\$16,660

Table 3: Occupational Violence data

Category	2022-23
OVA cause claims per 100 FTEs accepted by WorkCover	0
OVA lost time injury caused claims per 1M hours worked accepted by WorkCover	0
OVA incidents reported	52
OVA incidents reported per 100 FTEs	7
OVA incidents resulting in a staff injury, illness or condition percentage	0

Definitions:

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.

WorkCover claims accepted: Claims that were lodged with WorkCover in 2022-23.

Lost time: 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.

Photo: Receptionist Hannah Achilles at West Gippsland Hospital's main reception.



Photo: Staff at Warragul Linen Service.



Awards and Recognition

Staff Awards

West Gippsland Healthcare Group's (WGHC) Annual General Meeting (AGM) traditionally recognises staff who have achieved significant employment milestones.

WGHC again held its AGM online for the third year in a row due to the tabling of the annual report being delayed as a result of the 2022 Victorian State Election.

Being unable to present awards in-person at our AGM, to ensure that recipients were duly recognised, the Board Chair and Executive personally presented staff with their awards in their workplaces.

At the 2022 AGM, 53 staff members achieved long service milestones from 15 years to 40 years:

40 Years

Lina Nicholls
Rosa Petruccelli
Leesa Rylie
Danny Websdale

35 Years

Donna Ablett
Kerry O'Toole
Teresa Schreyer
Dianne Telford
Coralie Tyrrell
Wilma Wallace
Robyn Wright

30 Years

Geralyn Backman
Antoinette Byrne
Peter Clark
Maria Damsma
Trevor Forrest
Mark Fox
Suzanne Hammond
Stephanie Ives
Dianne Matthews
Wendy Tilling
Robin Websdale

25 Years

Julie Brock
Robyn Brown
Linda Brown
Lynda Crotty
Pauline Peters

20 Years

Richard Adams
Judith Atkinson
Shane Blackham
Melissa Burton
Emily Eade
Diane Garratt
Samantha Hamilton
Jane Law
Joy Lyon
Alison McGregor
Kate Palmer
Tania Piner
Sharon Saunders
Sheryl Smith
Marcia Wilbraham

15 Years

Erlinda Baker
Samantha Bridger
Jennifer Briggs
Kathleen Dawson
Elena Eunson
Suzanne Griffiths
Sharon Irvine
Rosemary Moore
Beverley Renwick
Caroline Stephen
Andrew West

Awards and Recognition

Medical Staff Recognition of Service

In recent years the Board also acknowledges our Medical Staff that have achieved 20 years of service. This includes the medical staff who are employed here, and the many who visit and provide services to the community as contractors.

There were no medical staff acknowledged for over twenty years of service with WGHC.

Photo: Margaret, Zelma and Margaret cut the cake at West Gippsland Hospital Past Graduates and Associates Inc final annual general meeting alongside West Gippsland Healthcare Group Chief Executive Officer Dan Weeks, Director of Clinical Operations Trish O'Kelly, Treasurer Pam Sharman, President Gai Duncan and Secretary Jan Ashby.

Volunteer Recognition of Service

Volunteers and Auxiliary members with 10 years or more of volunteer service to WGHC are recognised under the award category of Volunteer Recognition of Service Award. There were no volunteers and Auxiliary members awarded this year.

Our Volunteers

As we have returned to a 'new normal' post the pandemic, unfortunately volunteering has not. Volunteering Australia recently reported that nationally, organisations have lost up to 60 per cent of their volunteer base and are struggling to recruit and retain volunteers. At West Gippsland Healthcare Group, we are also experiencing this trend, and are currently advertising for interested community members to apply to join our volunteer teams.





Photo: West Gippsland Healthcare Group's Youth Community Voices group members Alyssa, Mia, Maeve, Ellie, Zara and Susan.

We currently have 142 volunteers working to support our staff. We have consumer representatives who sit on a range of committees as well as those volunteers who are social visitors in Cooinda Lodge and Andrews House aged care. We also have volunteers at our Drouin and Trafalgar opportunity shops raising vital funds for aids and equipment.

We established a new Youth Representatives Group in October 2022, and were able to re-engage our Concierge team to assist people to find their way around the hospital site.

We held our National Volunteers Week celebrations in May 2023 with two of our new Youth Consumer Representatives as guest speakers.

We are always so grateful for the time and effort that our volunteers give to our organisation, and sincerely thank them for their generosity and commitment to WGHG.



Some of our wonderful supporters and 'Happy' the cow

Our Donors

Donations July 2022 – June 2023

WGHC is most grateful for the generous support from the community. During 2022-2023, we received \$1,046,420.93 through donations and fundraising activities.

We acknowledge the support received through Trusts and Bequests, and those in our community who chose to donate to us privately.

\$100,000 or above

Estate of Allan Walters
Drouin Auxiliary Opportunity Shop

\$50,000 - \$99,000

Trafalgar and District Comm
Opportunity Shop
Warragul Lions Club

\$20,000 - \$49,999

Pharaohs Secret Angels
Mrs Audrey Campbell
The Andrews Foundation

\$5,000 - \$19,000

Gippsland Sporting and Classic Car
Register
Mr Barry Coster/Lardner Park
David Tomasetti
Mr and Mrs J and J Wolswinkel
Quirk Real Estate
Uncle Bob's Club
Hallora Hall Committee
Mrs Eva Victoria Bateson

Mrs Helen Cremin
Dorothy Howe
Robyn Hoggins

\$1,000 - \$4,999

M Gardner
Nick Norris
Mr Allan Walker
Ms Sally Hudson
Melinda
Mr Gavin Watkins
Ms Jennifer Portelli
Ms Maureen Verstedden
Ormond Pearson
Brendan Whitehead
Sanctuary Lifestyle Drouin
David Koschade
Bunyip IGA Supermarket
Baw Baw Food Hub
Ms Margot Thorne
Mr Wilson Maslen
Ms Alison Matthews
Therese Scalzo
Christine Chen
Stuart Dickinson
Mrs E Hine
Mrs Barbara Willingham
Joan Dawson
Alexandra Jarvis
Mr and Mrs C B and L M Vaughan
DE and JL Fortune
Helen Winter
Hazel Spargo



Photo: Leonie Knight from Allied and Community Health at Gladstone Street.

Under \$1,000

We are grateful for all donations large and small. During 2022 – 2023, WGHC received 263 donations under \$1,000. When combined, these donations assist us to purchase medical equipment and patient comfort items.

Gifts in-kind

A special thank you to the individuals and businesses who support our health service with flowers, cards and other items which provide assistance to staff, consumers and aged care residents.

In Memoriam Donations

We receive many in memoriam donations following the death of a loved one, for which we are most appreciative.



How to donate:

- By phone 03 5623 0600
Monday – Friday 9am – 5pm
using a credit card
- Online at www.wghg.com.au
- By cheque made payable to:
West Gippsland Healthcare
Group and mailed to
Public Relations Office, 41
Landsborough Street, Warragul
- In person to the Public
Relations Manager at West
Gippsland Hospital.

Photo: Christmas at Andrews House aged care with Lucy Lewis and Merita Rawlyk.

Our Performance



Photo: Physiotherapist Eilish O'Haire at West Gippsland Hospital.

Our Performance

Part A Strategic Priorities

Table 4: Strategic Priorities

Keep people healthy and safe in the community:

Maintain COVID-19 readiness

Deliverables	Outcomes	Progress
<p>Maintain a robust COVID-19 readiness and response, working with the department, Health Service Partnership and Local Public Health Unit (LPHU) to ensure effective responses to changes in demand and community pandemic orders. This includes, but is not limited to, participation in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing.</p>	<p>WGHG has onboarded a new position of Health Services Partnership (HSP) Coordinator. This role is the conduit between the Gippsland HSP and WGHG. The role oversees all regional and local projects including COVID readiness and pathway plans.</p> <p>The Infection Prevention Team has embedded COVID readiness and responsiveness into the core business of all areas and specialities.</p> <p>Infection Prevention resources are readily accessible to all staff requiring Rapid Antigen Tests (RATs) and Screening for COVID, and advice regarding healthcare staff furloughing.</p> <p>The Pandemic Management Committee meetings were regularly held throughout the year to review latest advice and coordinate local responses.</p> <p>WGHG Aged Care have robust contingency and escalation plans for outbreak management at both facilities.</p> <p>Winter planning commenced to develop increased capacity through alternate models of care, including expanding medical services to Neerim Health and a service review of Hospital in the Home.</p> <p>Staff health and wellbeing was a key priority with the onboarding of a new wellbeing team to support staff.</p>	<p>Achieved</p>

Care closer to home:

Delivering more care in the home or virtually

Deliverables	Outcomes	Progress
<p>Increase the provision of home-based or virtual care, where appropriate and preferred, by the patient, including via the Better at Home program.</p>	<p>Residential in Reach (RIR) hours were increased to introduce a seven day a week model to support residents in their nursing home. This has reduced presentations to ED.</p> <p>A Medical Registrar was recruited to oversee Hospital in The Home (HITH) and enable increased capacity. This will include a full review of the HITH model</p> <p>WGHG is participating in the state-wide Victorian Virtual Emergency Department.</p>	<p>Achieved</p>

Keep improving care:

Improve quality and safety of care

Deliverables	Outcomes	Progress
Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired complications, low value care and targeting preventable harm to ensure that limited resources are optimised without compromising clinical care and outcomes.	<p>WGHG has engaged with SCV to participate in a Pre-habilitation learning opportunity with the potential for further development of the service. The Pre-habilitation program is evidence based and aims to reduce hospital acquired complications by reducing Length of Stay and expediting post-operative recovery.</p> <p>WGHG Maternity services were part of the state-wide Post-Partum Haemorrhage Collaborative which resulted in a decrease in adverse outcomes.</p>	Achieved

Improve Emergency Department access

Deliverables	Outcomes	Progress
Improve access to emergency services by implementing strategies to reduce bed access blockage to facilitate improved whole of system flow, reduce emergency department four-hour wait times, and improve ambulance to health service handover times.	<p>Discharge Coordinator role established to assist with flow across the organisation for acute overnight admissions. This role reviews the Did Not Waits in the Emergency Department (ED) and conducts a welfare check via Telehealth.</p> <p>A new model of response has been implemented for Triage Category 2 patients which enables a faster response to care for our patients.</p> <p>Rapid assessment model developed within ED to improve performance against the National Emergency Access Targets (NEAT).</p> <p>An education package was commenced to upskill nursing staff to be able to initiate analgesics, pathology and radiology to assist with meeting NEAT target resulting in a quicker response to triage times and patient needs.</p> <p>Additional allied health practitioner hours were allocated to the ED to enable a seven day a week model to reduce length of stay.</p> <p>WGHG in collaboration with the Public Health Network, successfully assisted the development and launch of a high functioning Priority Primary Care Clinic. This helps to redirect patients to the most appropriate health service for their needs. This gives our community more options.</p>	Achieved

Our Performance

Plan update to nutrition and food quality standards

Deliverables	Outcomes	Progress
Develop a plan to implement nutrition and quality of food standards in 2022-23, implemented by December of 2023.	An action plan to implement nutrition and quality of food standards was developed by Dietetics manager in partnership with Hotel Services manager. The plan includes working to achieve Healthy choices policy directive in the Cafeteria by September 2023. WGHG is on track to implement the action plan by December 2023.	Achieved

Climate Change Commitments

Deliverables	Outcomes	Progress
Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change.	Completed energy performance contract (EPC) extension works worth \$3.2m in January 2023, which included the decommissioning of central steam plant. Since 2016, when the initial EPC works (worth \$5.7m) were implemented, WGHG has reduced greenhouse gases of nearly 14,000 tonnes of CO ₂ -e (the equivalent of 14,000 fully mature trees). The extension works will deliver a further 1,000 tonnes of CO ₂ -e savings per year. WGHG continues to improve its environmental sustainability outcomes by delivering on its projects and initiatives under its Environmental Management Action Plan (EMP).	Achieved

Asset Maintenance and Management

Deliverables	Outcomes	Progress
Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery.	WGHG maintains active engagement with the Victorian Health Building Authority (VHBA) and chairs the Gippsland Communities of Practice. VHBA asset condition assessment criteria and framework has been adopted and WGHG continues to work with VHBA to address infrastructure challenges on the current site in the short term. The aim is to reduce the risk of business disruptions due to key asset failures until the new hospital is operational. AMAF self-assessment of compliance was undertaken as part of the Financial Management standing directions.	Achieved

Improve Aboriginal health and wellbeing:

Improve Aboriginal cultural safety

Deliverables	Outcomes	Progress
Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care.	The cultural safety education plan was revised with support of community partners. A series of educational videos, featuring local elders, were developed. Cultural safety education based around the revised plan has been launched and well received by staff, with 88% of staff completing the training in the first three months.	Achieved
Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations.	In the absence of a local Aboriginal Community Controlled Health Organisation, WGHG has established effective relationships and connections with the local Kurnai elders and the wider community to work in partnership to close the gap on health-related matters.	Achieved
Implement strategies and processes to actively increase Aboriginal employment.	The Aboriginal Health and Employment Working Group, is a cross directorate group, with oversight of the Aboriginal traineeship program. The program provides employment and training opportunities for Aboriginal community members. WGHG has employed several Aboriginal trainees post completion of their training. These staff members are now established within a variety of ongoing roles within the organisation.	Achieved
Improve patient identification of Aboriginal people presenting for health care, and to address variances in health care and provide equitable access to culturally safe care pathways and environments.	The Aboriginal Hospital Liaison Officer (AHLO) and Community Health Nurse work in partnership with the local Aboriginal community to develop pathways for the provision of culturally safe care. Following a cancer screening day held in the community a project was developed to design art work to feature on a dignity shawl. The shawl eventually produced with the winning art on it, is worn by women when attending breast screening providing culturally safe connection.	Achieved
Develop discharge plans for every Aboriginal patient.	The AHLO has commenced work on a plan and new approach for discharge planning ensuring consumer input and culturally safety needs will be met.	Partially Achieved

Our Performance

Moving from competition to collaboration:

Foster and develop local partnerships

Deliverables	Outcomes	Progress
Strengthen cross-service collaboration, including through active participation in health service partnerships ¹ (HSP).	WGHG actively collaborates with regional partners, including the Gippsland Health Services Partnership, Gippsland Health Alliance, Gippsland Regional Public Health Unit, Gippsland Regional Integrated Cancer Service, Gippsland Region Palliative Care Consortium and Gippsland Primary Health Network. WGHG has also provided feedback on the new model of mental health service delivery for the region.	Achieved
Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better at Home program and mental health reform.	<p>A Health Services Partnership (HSP) Coordinator was appointed at WGHG to improve participation and implementation of Partnership activities and opportunities.</p> <p>Through the HSP a number of initiatives have been implemented including the regional appointment of Clinical Product Advisor (CPA) to provide expertise in helping Gippsland health services identify new product opportunities to improve patient care, safety, rationalise product lines and reduce costs. WGHG monitors its participation in the HSP programs.</p> <p>Elective surgery reform – via the GHSP and GHA, a region wide dashboard has been developed to enable staff to monitor in real time, surgical demand and wait times.</p> <p>WGHG participated in exploring non-surgical and alternative pathways for surgical patients via our pre-habilitation program. This will reduce elective waitlist numbers.</p> <p>Under Better at Home WGHG have successfully applied for HoloLens which has enabled patients to receive medical assessments, via the virtual care HoloLens and with nurses assisting, resulting in decreased admissions to the ED.</p>	Achieved

¹ All health services are members of a Health Service Partnership. Health Service Partnership members demonstrate inclusivity, partnership and collaboration in ways that are stable and enduring – not person-dependent and time limited. All members take responsibility for participating in the Partnership, reaching consensus-based decisions as a group, taking multiple points of view into consideration and compromising to move forward on broader shared aims.

Planned Surgery Recovery and Reform Program

Deliverables	Outcomes	Progress
Maintain commitment to deliver goals and objectives of the Planned Surgery Recovery and Reform Program, including initiatives as outlined, agreed and funded through the HSP workplan. Health services are expected to work closely with HSP members and the department throughout the implementation of this strategy, and to collaboratively develop and implement future reform initiatives to improve the long-term sustainability of safe and high quality planned surgical services to Victorians.	<p>WGHC is currently running the pre-habilitation program as part of the surgical reform initiative. The clinic aims to ensure patients are fit and well for their surgery resulting in better post-operative outcomes and a reduced length of stay.</p> <p>Work force investment - Funding was allocated to upskilling our nurses via completion of the perioperative nursing postgraduate certificates and diplomas. Six nurses have enrolled in the post graduate studies. In addition to the training of additional theatre technicians under the elective surgery reform. Recruitment is continuing.</p> <p>Additional funding has been received and utilised to increase planned surgical activity as part of the Surgery Recovery and Reform Strategy.</p> <p>WGHC has participated via GHSP "Maximising Regional Capacity Workshops" to develop strategies to minimise the ESIS (Elective Surgery Information System) waitlist across the Gippsland as a region.</p> <p>Surgical Equipment Innovative Funding was utilised to purchase additional equipment which enabled WGHC to perform additional surgeries.</p> <p>Development of future plans for new surgical services underway with public endoscopy commenced and Ophthalmologist position being advertised.</p> <p>WGHC provided more surgery than its annual elective surgery (ESIS) target.</p>	Achieved

A stronger workforce:

Improve workforce wellbeing

Deliverables	Outcomes	Progress
Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022-23.	WGHC has an external provider to deliver this education on a monthly basis. This training is a mandatory requirement for clinical staff and 84% of clinical staff have received the training by the end of June.	Achieved
Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management framework.	<p>WGHC has facilitated MARAM training in partnership with Gippsland Women's' Health and continue to make this available to staff, providing a multi-disciplinary training environment.</p> <p>WGHC has recruited a permanent social health educator who will continue the delivery of MARAM and SHRFV training internally.</p>	Achieved

Our Performance

Deliverables	Outcomes	Progress
Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.	The People Matter Survey (PMS) identified stress and worker fatigue as concerns. WGHG has implemented education on stress management and self-care. Enhancing team, capability and culture is one of the four strategic pillars in the WGHG Strategic Plan and is monitored by the Board	Achieved

Part B Performance Priorities

High Quality and safe care

Key performance measure	Target	Result
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	85%	87.3%
Percentage of healthcare workers immunised for influenza	92%	98%
Healthcare associated infections (HAI's)		
Rate of patients with surgical site infection	No outliers	No outliers
Patient experience		
Percentage of adult patients who reported positive experiences of their hospital stay - Quarter 1	95%	95%
Percentage of adult patients who reported positive experiences of their hospital stay - Quarter 2	95%	87%
Percentage of adult patients who reported positive experiences of their hospital stay - Quarter 3	95%	95%
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%	1.9%
Percentage of singleton babies with severe fetal growth restriction (FGR) delivered at 40 or more weeks gestation	≤ 28.6%	0%
Unplanned readmissions		
Unplanned readmissions to any hospital following a hip replacement	≤ 6%	9.2%

Strong governance, leadership and culture

Key performance measure	Target	Result
Organisational culture		
People Matter Survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	66%

Timely access to care

Key performance measure	Target	Result
Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%	85%
Number of patients on the elective surgery waiting list	400	454
Number of patients admitted from the elective surgery waiting list	2355	2783
Number of additional patients admitted from the elective surgery waiting list	116	428
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5%	7.8%
Number of hospital-initiated postponements per 100 scheduled elective surgery admissions	≤ 7	4%
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	72%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	71%
Percentage of emergency patients with a length of stay in the emergency department of less than 4 hours	81%	55%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	329
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	94%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	99.5%

Effective financial management

Key performance measure	Target	Result
Operating result (\$m)	\$0.00	\$0.00
Average number of days to paying trade creditors	60 days	60 days
Average number of days to receiving patient fee debtors	60 days	21 days
Adjusted current asset ratio (Variance between actual ACAR and target, including performance improvement over time or maintaining actual performance)	0.7 or 3% improvement from health service base target	0.63
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	10.1

Our Performance

Part C State Funding

Table 9: West Gippsland Healthcare Group's funding summary for 2022–23

Funding type	2022-2023 Activity
Consolidated activity funding	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	16,327
Acute admitted	
Acute admitted DVA	37
Acute admitted TAC	15
Acute non-admitted	
Home enteral nutrition NWAU	9
Aged care	
Residential aged care	28,598
HACC	4,827
Primary health	
Community health / primary care programs	5,676

Financial Summary

Performance against Operational and Budgetary Objectives

Financial performance for the year was essentially the derivative of the Department of Health's (DH) overall position and treatment of funding for the sector; with the suspension of standard funding recall. This helped ensure financial sustainability across the sector and WGHG was able to achieve its SOP break-even operating target for FY2023.

In terms of variable activity based funding (ABF) performance, our National Activity Weighted Unit (NWAU) achieved 90% of the annual target agreed in the Statement of Priorities. Disruptions

to frontline services coupled with continued workforce shortages were the main contributing factors impacting activity and performance. Fortunately, and consistent with the past two financial years, the DH suspended recall of activity-based funding and this funding was repurposed as financial sustainability funding.

Government funding from DH totalled \$116.04m for the financial year (previous year \$109.23m) which included one-off COVID winter retention payments to eligible healthcare workers and additional financial sustainability funding.

Changes in Financial Position

The net asset position decreased by \$6.79m to \$59.45m at 30 June 2023. This reflected the net loss result for the year.

Significant events occurring after balance Date

There were no significant changes or subsequent events occurring after balance date and before the authorisation of the financial statements.

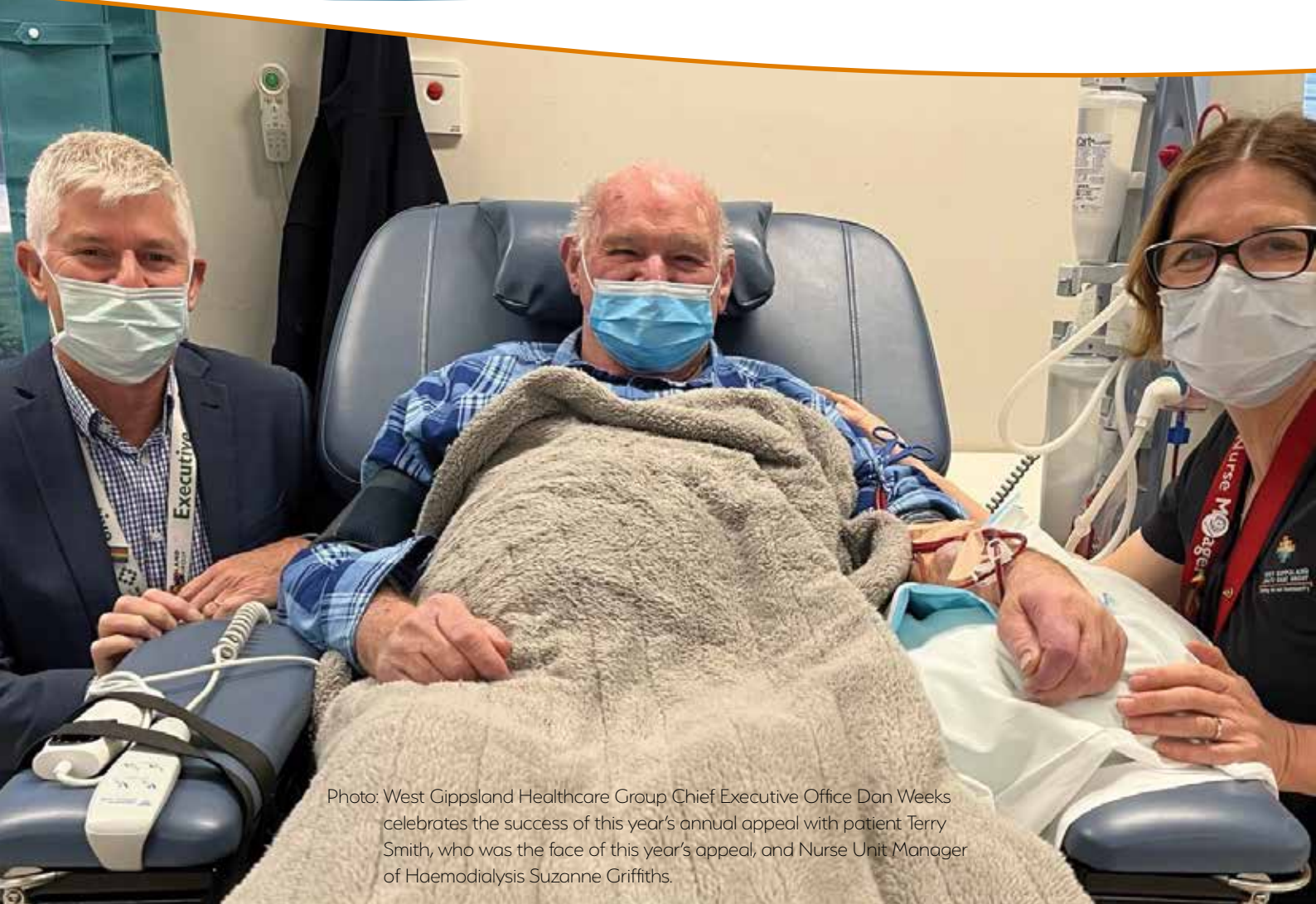


Photo: West Gippsland Healthcare Group Chief Executive Office Dan Weeks celebrates the success of this year's annual appeal with patient Terry Smith, who was the face of this year's appeal, and Nurse Unit Manager of Haemodialysis Suzanne Griffiths.

Table 10: Financial information

	2023 \$000	2022 \$000	2021 \$000	2020 \$000	2019 \$000
Operating result*	-	-	-	(1,754)	(3,722)
Total revenue	155,139	142,640	133,881	126,016	118,102
Total expenses	161,692	148,258	139,694	130,447	124,515
Net result from transactions	(6,553)	(5,618)	(5,813)	(4,431)	(6,413)
Total other economic flows	(240)	(671)	255	8	188
Net result	(6,793)	(6,289)	(5,558)	(4,423)	(6,225)
Total assets	111,632	117,056	110,381	107,466	109,439
Total liabilities	52,178	50,809	44,907	42,594	40,201
Net assets/total equity	59,454	66,247	65,474	64,872	69,238

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

Reporting Requirements

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

Table 11: Reconciliation of Net Result from Transactions and Operating Result

	2022-2023 (\$000)
Operating result	-
Capital purpose income	2,461
COVID-19 State Supply Arrangements	
- Assets received free of charge or for nil consideration under the State Supply	1,057
State Supply items consumed up to 30 June 2022	(1,057)
Assets received free of charge	27
Expenditure for capital purpose	(542)
Depreciation and amortisation	(8,425)
Finance costs (other)	(74)
Net result from transactions	(6,553)

Freedom of Information Act 1982

Under the *Freedom of Information Act 1982* (the FOI Act) any person can ask to see documents held by the West Gippsland Healthcare Group (WGHC).

Consumers who want to access documents may contact the Freedom of Information Officer at WGHC on 03 5623 0611. The FOI Officer is the Manager, Health Information Services and is authorised by the agency to process requests in conjunction with the Chief Medical Officer. Guidance can be provided by the FOI Officer on how to make a request, what format it should be in and any costs associated. Information is also available on the

WGHC website: www.wghg.com.au under 'Patient Information'.

During the 2022-23 financial year, 155 requests for information under the regulations of the FOI Act were received plus an additional 15 that carried over from last financial year. This year shows a larger number of FOI applications to last financial year. Access was granted in full to 133 applicants. After investigation, no documents existed for 19 requests. As of 30 June 2023, there are no outstanding requests awaiting a decision.

The majority of requests (91) were made by TAC, Worksafe, solicitors and insurance companies on behalf of patients and the remainder were directly requested by the general public.

Photo: Nurse Janet with patient Matilda Onken in our Paediatrics Unit.



Table 12: Freedom of information

Full access	133
Partial access	1
Denied	1
Withdrawn	1
No documents	19
Not yet finalised	15
Total	*170

*This includes an additional 15 requests not finalised and reported last financial year



Reporting Requirements

Public Interest Disclosure Act

WGHG complies with the Public Interest Disclosure Act 2012 and has a policy available to staff on the WGHG intranet or via the Executive Office. The Chief Executive Officer is the Public Interest Disclosure Coordinator for the purpose of the Public Interest Disclosure Act. There were no complaints made under the Act against WGHG or its staff for 2022-23.

Safe Patient Care Act

WGHG complies with the Safe Patient Care (Nurse to Patient and Midwife to Patient Ratios) Act 2015. The legislation ensures the number of nurses and midwives per patient is preserved and protected.

During 2022-23, WGHG had no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015.

Carers Recognition Act

The Carers Recognition Act (2012) formally recognises and values the role of carers and the importance of care relationships in the community.

The Act defines a carer as someone who provides care to another person and includes carers under the age of 18. Carers can provide care for a person who has a disability, a mental illness, an ongoing medical condition or is an older person with care needs.

WGHG recognises the principles of the Act and has incorporated these into a number of strategies including the WGHG Disability Plan and Diversity Plan. Our strategic person-centred care and inclusiveness objectives were decided in response to consultation with community, including people living with disability and carers. This helps us to recognise, promote and value the role of carers in our local community.

Gender Equality Act

WGHG submitted a compliant Gender Equality Action Plan to the Victorian Commission in July 2022 to ensure we meet the recommendation of the 2016 Royal Commission into family violence.

Work against strategies and measures of the Gender Equality Action Plan has included the following outcomes:

- Analysis and data reporting on the gender composition of our workforce from the People Matter Survey, which has been communicated to the Commission and to our staff.
- The sharing of our Gender Equality Action Plan on our website for the community.
- The development of Gender Equality and Gender Impact Assessment training
- The development of a range of staff training programs which promote diversity and inclusion

- Support for staff undertaking Gender Impact Assessments on a range of policies, programs and services to develop improvements in their equity and inclusivity of access.

Reporting of outcomes for the Gender Equality Commission is currently underway and is due for submission in February 2024.

Local Jobs First Act

Under this Act, WGHG is required to disclose certain information on any Local Jobs First Standard projects (LJFSP) that either commenced and/or completed during the 2022-23 reporting period. A LJFSP is a project with a budget value of \$1m or more in regional Victoria.

In February 2023, the existing LJFSP pertaining to the design and construction of the Chemotherapy Day Unit (which commenced during 2021-22) was paused on account of the new West Gippsland Hospital commitment announced during the November 2022 State Election. This project remains paused as at 30 June 2023 until further notice.

National Competitive Policy Statement

It is Government policy that the costing policies of publicly funded organisations should reflect any competitive advantage available to the private sector. During 2022-23, WGHG maintained compliance with the requirements under the Competitive Neutrality Policy Victoria.



Photo: Resident Linda Button enjoys some gardening at Coolinda Lodge Aged Care..

Building Act: Conformity and Building Maintenance

The aged infrastructure, plant and equipment across WGHC requires active support to ensure the facilities remain safe and can support models of care and hospital operations.

Work continued throughout 2022-23 to improve the condition of our aged facilities.

All new construction, alterations or additions to existing buildings are assessed for conformance to the Building Act 1993, including relevant provisions of the National

Construction Code. Where necessary, an independent building inspector is engaged to ensure compliance with the Building Act 1993. All existing buildings complied with regulations in force at the time of construction. There were no emergency orders nor building orders to cease occupancy or to undertake urgent works.

Public health sites are subject to Annual Essential Safety Measures reporting and compliance

statements. West Gippsland Healthcare Group maintained compliance throughout 2022-23.

West Gippsland Healthcare Group confirm certification as required under The Department of Health, Capital Development Guidelines - Series 7 Fire Risk Management, dated August 2013: Fire Risk Management, specifically 7.6: Fire Risk Management for Hospitals.

Reporting Requirements

Consultancy information

Consultancies details (under \$10,000)

In 2022-23, there were three consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2022-23 in relation to these consultancies is \$0.024m (excl. GST).

Consultancies details (valued at \$10,000 or greater)

In 2022-23, there were eight consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2022-23 in relation to these consultancies is \$0.38m (excl. GST). Details of individual consultancies are listed in the below table.

Consultant	Consultancy purpose	Start date	End date	Total approved project fee (excl GST \$,000)	Expenditure 2021-2022 (excl GST \$,000)	Future expenditure (excl GST \$,000)
AlltasksIT T/A All Tasks Computer Services	Local cybersecurity assessment and program of works	Feb 23	Jun 23	30	30	-
Andrew Wegener Pty Ltd	Review of on-site staff accommodation service and facility model including future options and implementation plan	Mar 23	Jun 23	64	64	-
Coverite Projects Pty Ltd	Schematic design of refurbished cafeteria area including a barista service	May 23	Jun 23	31	31	-
Graylin Pty Ltd T/A Ros Pearson Consulting	Architect Consultant for the new hospital business case refresh	Feb 23	Jun 23	21	21	-
Hydro Chem Pty Ltd	Update to water quality risk management plan following decommissioning of central steam plant	Apr 23	Jun 23	11	11	-
Lyons Architects (T/A Newpolis Pty Ltd)	Principal Consultant for the design and construction of a new Chemotherapy Day Unit project	Oct 21	Feb 23	330	149	0*
Schneider Electric Australia Pty Ltd	Gladstone St HVAC condition assessment and building management system (BMS) review	May 23	Jun 23	30	30	-
Warringtonfire Australia Pty Ltd	Fire safety audit (5yr)	Feb 23	Jun 23	41	41	-

* Project was paused Feb 23 following the New Warragul hospital commitment during the Nov 22 State Election. Status remains pending as at 30.6.23

Information and Communication Technology (ICT) expenditure

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

- Operating and capital expenditure (including depreciation);
- ICT services – internally and externally sourced;
- Cost in providing ICT services (including personnel & facilities) across the agency, whether funded through a central ICT budget or through other budgets; and
- Cost in providing ICT services to other organisations.

Total ICT expenditure is made up of Business as Usual (BAU) and Non-Business as usual (NBAU) expenditure:

- a. Business As Usual (BAU) expenditure – includes all remaining ICT expenditure other than Non-BAU ICT expenditure and typically relates to ongoing activities to operate and maintain the current ICT capability.
- b. Non-Business As Usual (Non-BAU) expenditure – is a subset of ICT expenditure that relates to extending or enhancing current ICT capabilities and are usually run as projects.

The total ICT expenditure incurred during 2022-23 is \$4.201m (excluding GST) with the details shown below. This includes WGHG's annual membership contribution to core and non-core services of the Gippsland Health ICT Alliance (GHA) and ongoing implementation costs incurred during 2022-23 for the Electronic Medical Records project rollout to inpatient wards. Total ICT expenditure excludes our share of the GHA joint operations (revenue and expenditure).

Table 14: ICT expenditure

Business as usual (BAU) ICT expenditure \$,000	Non business as usual (non BAU) ICT expenditure \$,000		
Total (excl. GST)	Total=Operational expenditure and Capital Expenditure (excluding GST) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
\$3,775	\$426	\$167	\$259

Additional Information available on request

Details in respect of the items listed below have been retained by WGHG 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;

Reporting Requirements

- 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, and
 - iii. Expenditure committed for each engagement

Environmental performance

For the purposes of the reporting of environmental data by Government entities under FRD24, WGHC is classified as a level 3a (Sub regional hospital) tiered reporting entity.

Activity data has been derived from the following sources:

Utility data - actual invoices. The data has also been compared to the Environmental Data Management System (EDMS) provided by the Sustainability branch of the Department of Health.

Waste data - Client usage reports issued by the contracted supplier.

Paper data - Reports generated from the printing suppliers software program (Papercut).

Table 15: Greenhouse Gas Emissions

Total greenhouse gas emissions (tonnes CO ₂ e)	2023	2022	2021
Scope 1	2,651	3,340	3,694
Scope 2	2,879	3,119	3,323
Total	5,530	6,459	7,017
Normalised greenhouse gas emissions	2023	2022	2021
Emissions per unit of floor space (kgCO ₂ e/m ²)	217.05	251.55	273.27
Emissions per unit of separations (kgCO ₂ e/separations)	231.21	361.96	400.95
Emissions per unit of bed-day (LOS+Aged Care Cooinda Lodge only) (kgCO ₂ e/OBD)	119.80	144.63	147.76

Table 16: Stationary Energy

Total stationary energy purchased by energy type (GJ)	2023	2022	2021
Electricity	12,192	12,340	12,207
Natural Gas	51,443	59,800	71,685
Total	63,636	72,140	83,892

Electricity and gas consumption data is for the main hospital site only including the Warragul Linen Service.

Total energy consumption continues to fall significantly, reducing 11.8% in FY23. Gas consumption fell 14% following the completion of the Energy Performance Contract (EPC) extended works in January 23 which included the decommissioning of the centralised steam infrastructure and changeover of plant from gas fired to electric. Electricity consumption reduced 1.2% even after an expected increase of 100GJ was to occur following the EPC works and changeover of plant to electric powered. The EPC project is now in its eighth year of measurement and verification, with four years remaining. This project has been a great success in enabling WGHC to reduce its carbon footprint.



Photo: Doctors Muthanna Al-Kaabi, Giovana Mendes-Teles and Stephanie Tam at West Gippsland Hospital.

Reporting Requirements

Normalised stationary energy consumption	2023	2022	2021
Energy per unit of floor space (GJ/m ²)	2.50	2.81	3.27
Energy per unit of Separations (GJ/ Separations)	2.66	4.04	4.79
Energy per unit of bed-day (LOS+Aged Care Cooida only) (GJ/OBD)	1.38	1.62	1.77

Total floor space at the main hospital site remains largely unchanged since 2020 (the George Cole building of 202sqm was demolished in Jun 22).

Energy performance across all metrics continues to improve.
Consumption per inpatient separation has decreased 34.2% for the year.

Table 17: Water

Total water consumption by type (kL)	2023	2022	2021
Potable Water	36,505	38,062	45,075
Total	36,505	38,062	45,075

Water consumption data is main hospital site only excluding Warragul Linen Service. Water usage decreased 4.1% year on year due largely to the full year effect of water savings arising under the Energy Performance Contract (EPC) extension works which included the decommissioning of the central steam infrastructure to the main hospital and replacement of boilers. The EPC water savings were expected to be 1,384kl per annum.

Normalised water consumption (Potable + Class A)	2023	2022	2021
Water per unit of floor space (kL/m ²)	1.43	1.48	1.76
Water per unit of separations (kL/ separations)	1.53	2.13	2.58
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.57	0.62	0.69

Table 18: Waste and recycling

Waste (tonnes)	2023	2022	2021
Total waste generated (clinical waste+ general waste+ recycling waste)	287	293	295
Total waste to landfill generated (clinical waste+ general waste)	228	241	229
Total waste to landfill per patient treated ((kg clinical waste+ kg general waste)/PPT)	2.18	2.37	2.11
Recycling rate % (recycling / (general waste+ recycling))	22.0%	20.1%	24.8%





Photo: Food Services at West Gippsland Hospital.

Total waste generated declined by 1.9% with the easing of the COVID pandemic and consumption of PPE items. Clinical waste reduced 53.6% whilst general waste increased 2.7%. The increase in general waste is due to the change in classification for the disposal of unsoiled PPE from clinical to general waste from around March 2022. Waste diverted from landfill improved to 22% for the year with an improvement in recycling practices.

Paper (reams)	2023	2022	2021
Total reams of paper*	5,924	6,546	4,793
Reams of paper per FTE	7	8	6
Greenhouse Gas Emissions per unit of FTE (kgCO ₂ e/FTE)	46	53	37

* Paper consumption data is available from October 2020 (part year FY2021) following the replacement of all printers and multi-function devices. Usage reporting is generated from the Papercut software management tool.

Average paper usage decreased by around 52 reams per month for FY23. This equates to around 37 less trees consumed for the year. The reduction is partly attributable to the organisation becoming more paper light following implementation of the Electronic Medical Record (EMR) within inpatient wards from Nov 2022. Paper usage has reduced despite an overall increase in average FTE for the year of 34 or 4.3%.

Table 19: Transport

Waste (tonnes)	2023	2022	2021
Petrol	45	45	NA
Diesel	142	146	NA
Normalisers (for information only)	2023	2022	2021
Area M ²	25,476	25,678	25,678
Aged Care OBD	28,702	25,893	30,435
Aged Care OBD Cooinda Lodge only	10,627	9,568	12,514
ED Departures	16,213	24,924	25,328
FTE	824	796	791
LOS	35,530	35,092	34,975
OBD	64,232	60,985	65,410
PerPtTreated (OBD + ED Departures + separations)	104,361	103,754	108,239
Separations	23,916	17,845	17,501

Definitions:

ED = Emergency Department
OBD = Overnight Bed Days
FTE = Full Time Equivalent
LOS = Length of Stay

PPT = Per Patient Treated
Separations = an end of episode of care for admitted patients

Reporting Requirements

Social procurement activities and commitments

West Gippsland Healthcare Group has undertaken the following activities to support its Social Procurement Strategy during FY2023:

- created employment opportunities for Victorian Aboriginal people through traineeship programs.
- attending information sessions held by Department of Jobs, Skills, Industry and Regions (DJSIR) and GROW Gippsland.
- supported a number of prospective suppliers in building their capability to submit responses that comply with the social procurement information requirements

The total amount spent with social benefit suppliers for FY2023 was \$0.014m.

The number of social benefit suppliers engaged during the reporting period was four (4).

During the 2022-23 reporting period, WGHG identified four (4) procurement activities where there was an opportunity to engage with social benefit suppliers.

Unfortunately, none of the respondents to the invitations to tender were registered social benefit suppliers however.

The total number of suppliers engaged, which are not social benefit suppliers, that have made social procurement commitments in their procurement contracts with the Victorian Government was one (1). Please refer to the Local Jobs

First (LJF) Act disclosure note for more information.

WGHG continues to partner with Health Share Victoria (HSV) in identifying more social procurement opportunities and in better understanding our supplier base and their commitment levels in this space.

Photo: Health Service Partnership Coordinator Jamie St Mart, Deputy Director of Clinical Operations Jacqui Meyers, Executive Assistant of Clinical Operations Lisa McStay, Quality and Safety Co-ordinator Nicole McFarlane, Leah Adams from Quality and Safety and Acting Deputy Director of Clinical Operations Lucy Lewis enjoy the West Gippsland Healthcare Group cocktail event to celebrate budget funding to kick start the new hospital.



Attestations

Responsible Bodies Declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for West Gippsland Healthcare Group for the year ending 30 June 2023.



Jo-Anne Moorfoot
Board Chair

West Gippsland Healthcare Group
12 September 2023

Financial Management Compliance

I, Jo-Anne Moorfoot, on behalf of the Responsible body, certify that the West Gippsland Healthcare Group has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Jo-Anne Moorfoot
Board Chair

West Gippsland Healthcare Group
12 September 2023

Data Integrity Declaration

I, Dan Weeks, certify that West Gippsland Healthcare Group has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. West

Gippsland Healthcare Group has critically reviewed these controls and processes during the year.



Dan Weeks

Chief Executive Officer
West Gippsland Healthcare Group
12 September 2023

Integrity, Fraud and Corruption Declaration

I, Dan Weeks, certify that West Gippsland Healthcare Group has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at West Gippsland Healthcare Group during the year.



Dan Weeks

Chief Executive Officer
West Gippsland Healthcare Group
12 September 2023

Conflict of Interest Declaration

I, Dan Weeks, certify that West Gippsland Healthcare Group has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with

the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within West Gippsland Healthcare Group 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.



Dan Weeks

Chief Executive Officer
West Gippsland Healthcare Group
12 September 2023

Health Share Victoria Compliance

I, Dan Weeks, certify that West Gippsland Healthcare Group 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.



Dan Weeks

Chief Executive Officer
West Gippsland Healthcare Group
12 September 2023

Financial Report



Photo: The new hospital will be located on the greenfield site in Drouin East.





Financial Report

Board Member's, Accountable Officer's, and Chief Finance & Accounting Officer's declaration

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

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

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

We authorise the attached financial statements for issue on 12 September 2023



Joanne Moorfoot
Board Chair

Warragul
12 September 2023



Dan Weeks
Chief Executive Officer

Warragul
12 September 2023



Justin Walsh
Chief Finance & Accounting Officer

Warragul
12 September 2023

Independent Auditor's Report

To the Board of West Gippsland Healthcare Group

Opinion	<p>I have audited the financial report of West Gippsland Healthcare Group (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance sheet as at 30 June 2023 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • Board directors', accountable officer's, and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2023 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Other information	<p>My opinion on the financial report does not cover the Other information and accordingly, I do not express any form of assurance conclusion on the Other information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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



Dominika Ryan

as delegate for the Auditor-General of Victoria

MELBOURNE
9 October 2023

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Comprehensive Operating Statement

For the Financial Year Ended 30 June 2023

	Note	2023 \$'000	2022 \$'000
Revenue and income from transactions			
Operating activities	2.1	150,805	139,784
Non-operating activities	2.1	1,091	88
Share of operating revenue from joint operations	8.8	3,243	2,768
Total revenue and income from transactions		155,139	142,640
Expenses from transactions			
Employee expenses	3.1	(118,560)	(106,553)
Supplies and consumables	3.1	(18,093)	(17,060)
Finance costs	3.1	(44)	(178)
Depreciation and amortisation	4.5	(8,425)	(7,591)
Other administrative expenses	3.1	(5,956)	(5,490)
Other operating expenses	3.1	(7,938)	(8,320)
Other non-operating expenses	3.1	(74)	(72)
Share of operating expenditure from joint operations	8.8	(2,602)	(2,994)
Total Expenses from transactions		(161,692)	(148,258)
Net result from transactions		(6,553)	(5,618)
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	69	(106)
Net gain/(loss) on financial instruments	3.2	3	17
Other gain/(loss) from other economic flows	3.2	(312)	(582)
Total other economic flows included in net result		(240)	(671)
Net result for the year		(6,793)	(6,289)
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.4	-	7,062
Total other comprehensive income		-	7,062
Comprehensive result for the year		(6,793)	773

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

Balance Sheet

As at 30 June 2023

	Note	2023 \$'000	2022 \$'000
Current assets			
Cash and cash equivalents	6.2	20,944	22,357
Receivables	5.1	2,740	3,255
Contract Assets	5.2	425	-
Inventories	4.6	303	296
Investments and other financial assets	4.1	3,545	3,574
Prepaid expenses		519	579
Total current assets		28,476	30,061
Non-current assets			
Receivables	5.1	1,669	1,174
Property, plant and equipment	4.2(a)	80,455	84,818
Right of use assets	4.3(a)	1,032	1,003
Total non-current assets		83,156	86,995
Total assets		111,632	117,056
Current liabilities			
Payables	5.3	9,477	10,858
Contract liabilities	5.4	-	357
Borrowings	6.1	719	976
Employee benefits	3.3	24,356	22,041
Other liabilities	5.5	12,659	11,499
Total current liabilities		47,211	45,731
Non-current liabilities			
Borrowings	6.1	1,543	2,082
Employee benefits	3.3	3,424	2,996
Total non-current liabilities		4,967	5,078
Total liabilities		52,178	50,809
Net assets		59,454	66,247
Equity			
Property, plant and equipment revaluation surplus	4.4	65,432	65,432
Contributed capital	SCE	37,079	37,079
Accumulated surplus/(deficit)	SCE	(43,057)	(36,264)
Total equity		59,454	66,247

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

Cash Flow Statement

For the Financial Year Ended 30 June 2023

	2023 \$'000	2022 \$'000
Cash Flows from operating activities		
Operating grants from Government	123,295	116,267
Capital grants from Government	1,276	947
Patient fees received	3,422	2,664
Private practice fees received	785	736
GST received from ATO	3,604	3,126
Interest and investment income received	794	80
Other receipts	18,738	19,649
Total receipts	151,914	143,469
Payments to employees	(105,075)	(97,453)
Payments to contractors and consultants	(10,541)	(8,607)
Payments for medical indemnity insurance	(2,527)	(2,280)
Payments for supplies and consumables	(17,096)	(13,455)
Payments for repairs and maintenance	(3,343)	(3,450)
Finance costs	(31)	(33)
GST paid to ATO	(1,713)	(1,717)
Payment for share of rural health alliance	(1,954)	(1,900)
Cash outflow for leases	(272)	(293)
Other payments	(8,533)	(10,424)
Total payments	(151,085)	(139,612)
Net cash flows from/(used in) operating activities	829	3,857
Cash Flows from investing activities		
Proceeds from sale of non-financial assets	270	66
Purchase of non-financial assets	(4,050)	(4,415)
Capital donations and bequests received	1,109	1,296
Net cash flows from/(used in) investing activities	(2,671)	(3,053)
Cash flows from financing activities		
Repayment of borrowings	(578)	(630)
Receipt of borrowings	-	1,679
Repayment of principal portion of lease liabilities	(187)	(174)
Repayment of accommodation deposits	(3,387)	(3,138)
Receipt of accommodation deposits	4,581	4,010
Net cash flows from/(used in) financing activities	429	1,747
Net increase/(decrease) in cash and cash equivalents held	(1,413)	2,551
Cash and cash equivalents at beginning of year	22,357	19,806
Cash and cash equivalents at end of year	20,944	22,357

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

Statement of Changes in Equity

West Gippsland Healthcare Group for the financial year ended 30 June 2023

For the Financial Year Ended 30 June 2023

Consolidated	Property, Plant and Equipment Revaluation Surplus	Contributed Capital	Accumulated Surplus/(Deficit)	Total
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2021	58,370	37,079	(29,975)	65,474
Net result for the year	-	-	(6,289)	(6,289)
Other comprehensive income for the year	7,062	-	-	7,062
Balance at 30 June 2022	65,432	37,079	(36,264)	66,247
Net result for the year	-	-	(6,793)	(6,793)
Balance at 30 June 2023	65,432	37,079	(43,057)	59,454

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

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 1: Basis of preparation

Structure

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

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for West Gippsland Healthcare Group for the year ended 30 June 2023. The report provides users with information about West Gippsland Healthcare Group'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*.

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

West Gippsland Healthcare Group 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 8.10 Economic Dependency).

The financial statements are presented 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 West Gippsland Healthcare Group on 12 September 2023.

Note 1.2 Impact of COVID-19 pandemic

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

Where financial impacts of the pandemic are material to West Gippsland Healthcare Group, they are disclosed in the explanatory notes. For West Gippsland Healthcare Group, this includes:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services.

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 1.3 Abbreviations and terminology used in the financial statements

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

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

Note 1.4 Principles of consolidation

The financial statements include the assets and liabilities of West Gippsland Healthcare Group and its controlled entities as a whole as at the end of the financial year and the consolidated results and cash flows for the year.

Transactions between segments within West Gippsland Healthcare Group have been eliminated to reflect the extent of West Gippsland Healthcare Group's operations as a group.

Note 1.5 Joint arrangements

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

West Gippsland Healthcare Group has the following joint arrangements:

- Gippsland Health Alliance – Joint Operation

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

Note 1.6 Key accounting estimates and judgements

Management makes estimates and judgements when preparing the financial statements.

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

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

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and relate to the following disclosures:

- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.2: Property, plant and equipment
- Note 4.3: Right-of-use assets
- Note 4.5: Depreciation and amortisation
- Note 4.7: Impairment of assets
- Note 5.1: Receivables
- Note 5.2: Contract assets
- Note 5.3: Payables
- Note 5.4: Contract liabilities
- Note 5.5: Other liabilities
- Note 6.1(a): Lease liabilities
- Note 7.4: Fair value determination

Note 1.7 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 West Gippsland Healthcare Group and their potential impact when adopted in future periods is outlined below:

Standard	Adoption Date	Impact
AASB 17: <i>Insurance Contracts</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material 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 2022-6: <i>Amendments to Australian Accounting Standards – Non-Current Liabilities with Covenants</i>	Reporting periods beginning on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2022-8: <i>Amendments to Australian Accounting Standards – Insurance Contracts: Consequential Amendments</i>	Reporting periods beginning on or after January 2023.	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 West Gippsland Healthcare Group in future periods.

Note 1.8 Goods and Services Tax (GST)

Income, expenses, 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 within 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 and/or financing activities, which are recoverable from, or payable to the ATO. These GST components are disclosed as operating cash flows.

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

Note 1.9 Reporting Entity

The financial statements include all the controlled activities of West Gippsland Healthcare Group.

West Gippsland Healthcare Group's principal address is:

41 Landsborough Street
Warragul, Victoria 3820

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

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 2 Funding delivery of our services

West Gippsland Healthcare Group's overall objective is to improve the health and wellbeing of our community by enabling access to high quality, contemporary, person centred healthcare. West Gippsland Healthcare Group is predominantly funded by grant funding for the provision of outputs. West Gippsland Healthcare Group also receives income from the supply of services.

Structure

2.1 Revenue and income from transactions

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

Telling the COVID-19 story

Revenue and income recognised to fund the delivery of our services decreased during the financial year which was attributable to the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023 as COVID became more an enduring business as usual response. During the year, the DH position and guidance on COVID cost treatment and allocation changed and from quarter 3 onwards, COVID costs were considered BAU and no longer subject to specified COVID grant reimbursement.

For the year ended 30 June 2023, the COVID-19 pandemic has once again impacted West Gippsland Healthcare Group's ability to satisfy its performance obligations contained within its contracts with customers. West Gippsland Healthcare Group received indication there would be no obligation to return funds to each relevant funding body where performance obligations had not been met. This resulted in approximately \$7.6m being recognised as income for the year ended 30 June 2023 (2021: \$9.5m) which would have otherwise have been recognised as a contract liability in the Balance Sheet until subsequent years when underlying performance obligations were fulfilled. The impact of contract modifications obtained for West Gippsland Healthcare Group's most material revenue streams, where applicable, is disclosed within this note.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 2.1 Revenue and income from transactions

	2023 \$'000	2022 \$'000
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	91,830	87,581
Government grants (Commonwealth) - Operating	8,893	7,537
Patient and resident fees	3,392	3,103
Private practice fees	-	5
Commercial activities ¹	15,572	14,012
Total revenue from contracts with customers	119,687	112,238
	2.1(a)	
Other sources of income		
Government grants (State) - Operating	24,715	20,191
Government grants (State) - Capital	1,276	947
Other capital purpose income	1,109	1,296
Assets received free of charge or for nominal consideration	1,084	1,533
Other income from operating activities	2,934	3,579
Total other sources of income	31,118	27,546
	2.1(b)	
Total revenue and income from operating activities	150,805	139,784
Non-operating activities		
Income from other sources		
Other interest	1,091	88
Total other sources of income	1,091	88
Total income from non-operating activities	1,091	88
Share of Revenue from Joint Operations	3,243	2,768
	8.9	
Total revenue and income from transactions	155,139	142,640

1. Commercial activities represent business activities which West Gippsland Healthcare Group enters into to support their operations.

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

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

	2023 \$'000	2022 \$'000
West Gippsland Healthcare Group disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	113,313	107,176
Over time	6,374	5,062
Total revenue from contracts with customers	119,687	112,238

How we recognise revenue and income from operating activities

Government operating grants

To recognise revenue, West Gippsland Healthcare Group 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, West Gippsland Healthcare Group recognises revenue in profit or loss as and when it satisfies its obligations under the contract.

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.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for West Gippsland Healthcare Group's goods or services. West Gippsland Healthcare Groups 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.

This policy applies to each of West Gippsland Healthcare Group's revenue streams, with information detailed below relating to West Gippsland Healthcare Group's significant revenue streams:

Government grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	<p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</p>

Capital grants

Where West Gippsland Healthcare Group 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 West Gippsland Healthcare Group'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.

Note 2.1(a) Timing of revenue recognition from contracts with customers (cont'd)

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 laundry, cafeteria and property letting. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

How we recognise revenue and income from non-operating activities

Interest Income

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

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 2.1(b) Fair value of assets and services received free of charge or for nominal consideration

	2023 \$'000	2022 \$'000
Cash donations and gifts	1,209	1,899
Plant and equipment	27	222
Personal protective equipment and other consumables	1,057	1,311
Total fair value of assets and services received free of charge or for nominal consideration	2,293	3,432

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

Personal protective equipment

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

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

Contributions of resources

West Gippsland Healthcare Group may receive resources for nil or nominal consideration to further its objectives. The resources are recognised at their fair value when West Gippsland Healthcare Group obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

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 West Gippsland Healthcare Group as a capital contribution transfer.

Non-cash contributions from the Department of Health

The DH makes some payments on behalf of West Gippsland Healthcare Group as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for West Gippsland Healthcare Group 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 with the DH.

Note 3 The cost of delivering our services

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

Structure

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

Telling the COVID-19 story

Expenses incurred to deliver services during the financial year were not materially impacted by the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	<p>West Gippsland Healthcare Group applies significant judgment when classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if West Gippsland Healthcare Group does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if West Gippsland Healthcare Group has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p>
Measuring employee benefit liabilities	<p>West Gippsland Healthcare Group applies significant judgment when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid. 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:</p> <ul style="list-style-type: none"> ● 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 25.35% and 87.18% ● discounting at the rate of 4.063%, as determined with reference to market yields on government bonds at the end of the reporting period. <p>All other entitlements are measured at their nominal value.</p>

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 3.1 Expenses from transactions

	2023 \$'000	2022 \$'000
Salaries and wages	85,886	79,376
On-costs	21,443	17,864
Agency expenses	5,535	4,885
Fee for service medical officer expenses	4,762	3,714
Workcover premium	934	714
Total employee expenses	118,560	106,553
Drug supplies	1,004	869
Medical and surgical supplies (including Prostheses)	5,253	5,149
Diagnostic and radiology supplies	5,729	5,920
Other supplies and consumables	6,107	5,122
Total supplies and consumables	18,093	17,060
Finance costs	44	178
Total finance costs	44	178
Other administrative expenses	5,956	5,490
Total other administrative expenses	5,956	5,490
Fuel, light, power and water	2,006	1,935
Repairs and maintenance	1,796	2,193
Maintenance contracts	853	852
Medical indemnity insurance	2,527	2,280
Expenses related to leases of low value assets	214	234
Expenditure for capital purposes	542	826
Total other operating expenses	7,938	8,320
Total operating expenses	150,591	137,601
Share of Expenditure from joint operations	2,602	2,994
Depreciation and amortisation	4.5 8,425	7,591
Total depreciation and amortisation	8,425	7,591
Bad and doubtful debt expense	74	72
Total other non-operating expenses	74	72
Total non-operating expenses	8,499	7,663
Total expenses from transactions	161,692	148,258

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
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings and
- finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases*.

Other operating expenses

Other operating expenses generally represent the day-to-day running costs incurred in normal operations and include such things as:

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$1,000).

The DH also makes certain payments on behalf of West Gippsland Healthcare Group. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

Non-operating expenses

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

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 3.2 Other economic flows

	2023 \$'000	2022 \$'000
Net gain/(loss) on disposal of property plant and equipment	69	(106)
Total net gain/(loss) on non-financial assets	69	(106)
Allowance for impairment losses of contractual receivables	3	17
Total net gain/(loss) on financial instruments	3	17
Net gain/(loss) arising from revaluation of long service liability	(312)	(582)
Total other gains/(losses) from other economic flows	(312)	(582)
Total gains/(losses) from other economic flows	(240)	(671)

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 and related on-costs

	2023	2022
	\$'000	\$'000
Current employee benefits and related on-costs		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	189	188
	189	188
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	8,648	7,572
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	1,375	1,222
	10,023	8,794
<i>Long service leave</i>		
Unconditional and expected to be settled wholly within 12 months ⁱ	2,371	2,010
Unconditional and expected to be settled wholly after 12 months ⁱⁱ	9,099	8,606
	11,470	10,616
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled within 12 months ⁱ	1,288	1,109
Unconditional and expected to be settled after 12 months ⁱⁱ	1,386	1,334
	2,674	2,443
Total current employee benefits and related on-costs	24,356	22,041
Non-current employee benefits and related on-costs		
Conditional long service leave	3,019	2,630
Provisions related to employee benefit on-costs	405	366
Total non-current employee benefits and related on-costs	3,424	2,996
Total employee benefits and related on-costs	27,780	25,037

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 3.3(a) Consolidated employee benefits and related on-costs

	2023 \$'000	2022 \$'000
Current employee benefits and related on-costs		
Unconditional accrued days off	189	188
Unconditional annual leave entitlements	11,269	9,887
Unconditional long service leave entitlements	12,898	11,966
Total current employee benefits and related on-costs	24,356	22,041
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	3,424	2,996
Total non-current employee benefits and related on-costs	3,424	2,996
Total employee benefits and related on-costs	27,780	25,037
Attributable to:		
Employee benefits	24,701	22,228
Provision for related on-costs	3,079	2,809
Total employee benefits and related on-costs	27,780	25,037

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

	2023 \$'000	2022 \$'000
Carrying amount at start of year	2,809	2,366
Additional provisions recognised	1,408	1,530
Amounts incurred during the year	(1,177)	(1,159)
Net gain/(loss) arising from revaluation of long service liability	39	72
Carrying amount at end of year	3,079	2,809

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.

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

Annual leave and accrued days off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because West Gippsland Healthcare Group does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for annual leave and accrued days off are measured at:

- Nominal value – if West Gippsland Healthcare Group expects to wholly settle within 12 months or
- Present value – if West Gippsland Healthcare Group does not expect to wholly settle within 12 months.

Long service leave

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

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

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 3.4 Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Defined benefit plans:ⁱ				
First State Super	83	82	6	6
Defined contribution plans:				
First State Super	5,180	4,704	378	366
HESTA	3,099	2,626	242	212
Other	1,170	648	101	64
Total	9,532	8,060	727	648

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 West Gippsland Healthcare Group are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

Defined benefit superannuation plans

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by West Gippsland Healthcare Group to the superannuation plans in respect of the services of current West Gippsland Healthcare Group'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.

West Gippsland Healthcare Group 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 West Gippsland Healthcare Group.

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

Defined contribution superannuation plans

Defined contribution (i.e., accumulation) superannuation plan expenditure 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 West Gippsland Healthcare Group are disclosed above.

Note 4 Key assets to support service delivery

West Gippsland Healthcare Group 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 West Gippsland Healthcare Group to be utilised for delivery of those outputs.

Structure

- 4.1 Investments and other financial assets
- 4.2 Property, plant & equipment
- 4.3 Right-of-use assets
- 4.4 Revaluation surplus
- 4.5 Depreciation and amortisation
- 4.6 Inventories
- 4.7 Impairment of Assets

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	West Gippsland Healthcare Group 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. West Gippsland Healthcare Group applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Estimating restoration costs at the end of a lease	Where a lease agreement requires West Gippsland Healthcare Group 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	West Gippsland Healthcare Group 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, West Gippsland Healthcare Group 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: <ul style="list-style-type: none"> ▪ If an asset’s value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, the health service applies significant judgement and estimate to determine the recoverable amount of the asset.

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 4.1 Investments and other financial assets

	Operating Fund		Specific Purpose Fund		Consolidated	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
Current						
Financial assets at amortised cost						
Term deposits > 3 months	1,500	1,500	2,000	2,000	3,500	3,500
Salary Packaging	-	-	45	74	45	74
Total current financial assets	1,500	1,500	2,045	2,074	3,545	3,574
Represented by:						
Health service investments	1,500	1,500	-	-	1,500	1,500
Salary Packaging	-	-	45	74	45	74
Held in trust investments	-	-	2,000	2,000	2,000	2,000
Total investments and other financial assets	1,500	1,500	2,045	2,074	3,545	3,574

How we recognise investments and other financial assets

West Gippsland Healthcare Group's investments and other financial assets are made in accordance with Standing Direction 3.7.2 - Treasury Management, including the Central Banking System.

West Gippsland Healthcare Group manages its investments and other financial assets in accordance with an investment policy approved by the Board.

Investments are recognised when West Gippsland Healthcare Group 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.

West Gippsland Healthcare Group 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.

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(a) Gross carrying amount and accumulated depreciation

	2023 \$'000	2022 \$'000
Land at fair value - Freehold	14,230	14,230
Total land at fair value	14,230	14,230
Buildings at fair value	49,395	49,395
Less accumulated depreciation	(4,909)	-
Total buildings at fair value	44,487	49,395
Buildings at cost	634	132
Less accumulated depreciation	(14)	(2)
Total buildings at cost	620	130
Total land and buildings	59,337	63,755
Works in progress at cost	488	2,666
Plant and equipment at fair value	25,349	22,078
Less accumulated depreciation	(9,677)	(8,576)
Total plant and equipment at fair value	15,672	13,502
Motor vehicles at fair value	1,162	1,571
Less accumulated depreciation	(785)	(1,010)
Total motor vehicles at fair value	377	561
Medical equipment at fair value	12,314	11,531
Less accumulated depreciation	(8,100)	(7,624)
Total medical equipment at fair value	4,213	3,907
Computer equipment at fair value	569	483
Less accumulated depreciation	(442)	(351)
Total computer equipment at fair value	127	132
Furniture and fittings at fair value	648	648
Less accumulated depreciation	(434)	(405)
Total furniture and fittings at fair value	214	243
GHA Written Down Value	27	52
Total plant, equipment, furniture, fittings and vehicles at fair value	20,630	18,397
Total property, plant and equipment	80,455	84,818

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

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

	Land \$'000	Buildings \$'000	Works in progress \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Medical Equipment \$'000	Computer Equipment \$'000	Furniture & Fittings \$'000	Total \$'000
Balance at 1 July 2021	12,104	48,769	1,131	13,867	594	3,862	123	259	80,709
Additions	-	93	1,834	1,649	112	859	74	17	4,637
Disposals	-	-	-	(70)	-	(99)	-	(3)	(172)
Revaluation increments/(decrements)	2,126	4,936	-	-	-	-	-	-	7,062
Net transfers between classes	-	20	(299)	279	-	-	-	-	-
Depreciation	4.5	(4,293)	-	(2,171)	(144)	(715)	(65)	(29)	(7,418)
Balance at 30 June 2022	14,230	49,525	2,666	13,554	561	3,907	132	243	84,818
Additions	-	503	409	1,946	59	1,049	89	-	4,055
Disposals	-	-	-	(72)	(119)	(24)	(1)	-	(216)
Revaluation increments/(decrements)	-	-	-	-	-	-	-	-	-
Net Transfers between classes	-	-	(2,587)	2,587	-	-	-	-	-
Depreciation	4.5	(4,921)	-	(2,316)	(125)	(719)	(93)	(28)	(8,201)
Balance at 30 June 2023	14,230	45,107	488	15,699	376	4,213	127	215	80,455

Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook to re-value all of West Gippsland'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 2022.

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

How we recognise property, plant and equipment

Property, plant and equipment are tangible items that are used by West Gippsland Healthcare Group 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 are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

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

Subsequent measurement

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

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

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

Revaluation

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

Where an independent valuation has not been undertaken at balance date, West Gippsland Healthcare Group 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%, West Gippsland Healthcare Group would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of West Gippsland Healthcare Group's land and buildings was performed by the VGV on 30 June 2022. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. As an independent valuation was not undertaken on 30 June 2023, a managerial assessment was performed at 30 June 2023, which indicated an overall:

- increase in fair value of land of 0.33% (\$0.04m)
- increase in fair value of buildings of 5.47% (\$2.45m).

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

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

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

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

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

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 4.3(a) Gross carrying amount and accumulated depreciation

	2023 \$'000	2022 \$'000
Right of use plant, equipment, furniture, fittings and vehicles at fair value	1,529	1,357
Less accumulated depreciation	(497)	(354)
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	1,032	1,003
Total right of use assets	1,032	1,003

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

	Note	Right-of-use - PE, FF&V \$'000	Total \$'000
Balance at 1 July 2021		788	788
Additions		450	450
Disposals		(61)	(61)
Depreciation	4.5	(174)	(174)
Balance at 30 June 2022	4.3(a)	1,003	1,003
Additions		393	393
Disposals		(140)	(140)
Depreciation	4.5	(224)	(224)
Balance at 30 June 2023	4.3(a)	1,032	1,032

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased plant, equipment, furniture, fittings and vehicles	1 to 5 years

Initial recognition

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

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

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

Subsequent measurement

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use assets 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.

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 4.4 Revaluation surplus

	2023 \$'000	2022 \$'000
Balance at the beginning of the reporting period	65,432	58,370
Revaluation increment		
- Land	4.2(b) -	2,126
- Buildings	4.2(b) -	4,936
Balance at the end of the Reporting Period*	65,432	65,432
* Represented by:		
- Land	12,274	12,274
- Buildings	53,158	53,158
	65,432	65,432

Note 4.5 Depreciation and amortisation

	2023	2022
	\$'000	\$'000
Depreciation		
Property, plant and equipment		
Buildings	4,921	4,293
Plant and equipment	2,316	2,171
Motor vehicles	125	144
Medical equipment	719	715
Computer equipment	93	65
Furniture and fittings	28	29
Total depreciation - property, plant and equipment	8,201	7,417
Right-of-use assets		
Right-of-use plant, equipment, furniture, fittings and motor vehicles	224	174
Total depreciation - right-of-use assets	224	174
Total depreciation	8,425	7,591
Total depreciation and amortisation	8,425	7,591

How we recognise depreciation

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

Right-of-use assets are depreciated over the lease term or useful life of the underlying asset, whichever is the shortest. Where a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the health service anticipates exercising 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 and amortisation charges are based.

	2023	2022
Buildings		
- Structure shell building fabric	7 to 40 Years	7 to 40 Years
- Site engineering services and central plant	12 to 40 Years	12 to 40 Years
Central plant		
- Fit out	7 to 40 Years	7 to 40 Years
- Trunk reticulated building system	11 to 40 Years	11 to 40 Years
Plant and equipment'	3 to 40 years	3 to 40 years
Medical equipment	10 to 20 Years	10 to 20 Years
Computers and communication	3 to 10 Years	3 to 10 Years
Furniture and fittings	4 to 25 Years	4 to 25 Years
Motor vehicles	4 to 10 Years	4 to 10 Years

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

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 4.6 Inventories

	2023 \$'000	2022 \$'000
Medical and surgical consumables at cost	137	156
Pharmacy supplies at cost	2	3
Linen at Cost	112	78
General stores at cost	52	59
Total inventories	303	296

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, West Gippsland Healthcare Group 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 West Gippsland Healthcare Group 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, West Gippsland Healthcare Group 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, West Gippsland Healthcare Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

West Gippsland Healthcare Group did not record any impairment losses for the year ended 30 June 2023

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 5 Other assets and liabilities

This section sets out those assets and liabilities that arose from West Gippsland Healthcare Group's operations.

Structure

5.1 Receivables

5.2 Contract Assets

5.3 Payables

5.4 Contract liabilities

5.5 Other liabilities

Telling the COVID-19 story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	West Gippsland Healthcare Group 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.
Classifying a sub-lease arrangement as either an operating lease or finance lease	<p>West Gippsland Healthcare Group applies significant judgement to determine if a sub-lease arrangement, where the health service is a lessor, meets the definition of an operating lease or finance lease.</p> <p>The health service considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if:</p> <ul style="list-style-type: none"> • The lease transfers ownership of the asset to the lessee at the end of the term • The lessee has an option to purchase the asset for a price that is significantly below fair value at the end of the lease term • The lease term is for the majority of the asset's useful life • The present value of lease payments amounts to the approximate fair value of the leased asset and • The leased asset is of a specialised nature that only the lessee can use without significant modification. <p>All other sub-lease arrangements are classified as an operating lease.</p>
Measuring deferred capital grant income	<p>Where West Gippsland Healthcare Group has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed.</p> <p>West Gippsland Healthcare Group applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.</p>
Measuring contract liabilities	West Gippsland Healthcare Group applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.
Recognition of other provisions	Other provisions include West Gippsland Healthcare Group's obligation to restore leased assets to their original condition at the end of a lease term. The health service applies significant judgement and estimate to determine the present value of such restoration costs.

Note 5.1 Receivables

	2023 \$'000	2022 \$'000
Current receivables		
Contractual		
Inter hospital debtors	1,374	1,909
Trade receivables	432	329
Patient fees	231	259
Allowance for impairment losses	(37)	(40)
Accrued investment income	63	11
GHA	166	318
Accrued revenue	241	109
Total contractual receivables	2,470	2,895
Statutory		
GST/FBT receivable	270	360
Total statutory receivables	270	360
Total current receivables	2,740	3,255
Non-current receivables		
Contractual		
Long service leave - Department of Health	1,669	1,174
Total contractual receivables	1,669	1,174
Total non-current receivables	1,669	1,174
Total receivables	4,409	4,429
<i>(i) Financial assets classified as receivables (Note 7.1(a))</i>		
Total receivables	4,409	4,429
Allowance for impairment losses	37	40
GST receivable	(270)	(360)
Total financial assets classified as receivables	4,176	4,109

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

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

	2023 \$'000	2022 \$'000
Balance at the beginning of the year	40	57
Decrease in allowance	(3)	(17)
Amounts written off during the year	74	72
Reversal of allowance written off during the year as uncollectable	(74)	(72)
Balance at the end of the year	37	40

Balance at the beginning of the year

Decrease in allowance

Amounts written off during the year

Reversal of allowance written off during the year as uncollectable

Balance at the end of the year

How we recognise receivables

Receivables consist of:

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

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

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

Impairment losses of contractual receivables

Refer to Note 7.2(a) for West Gippsland Healthcare Group's contractual impairment losses.

Note 5.2 Contract assets

	2023	2022
	\$'000	\$'000
Balance at the beginning of the year	-	-
Add: Additional costs incurred that are recoverable from the State Government	224	-
Add: Additional costs incurred that are recoverable from the Commonwealth Government	201	-
Total contract assets	425	-
* Represented by:		
- Current assets	425	-
- Non-current contract assets	-	-
	425	-

How we recognise contract assets

Contract assets relate to the West Gippsland Healthcare Group's right to consideration in exchange for services provided 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 and at this time an invoice is issued. Contract assets are expected to be recovered during the next financial year.

The change in State Government contract asset position at 30 June 2023 relates largely to the change in uncapped activity funding performance for NWAU compensable patients (DVA, TAC) as part of the expected end of financial year wrap up. In the current year compensable patient activity has exceeded the annual target. Refer note 5.4

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 5.3 Payables

	2023 \$'000	2022 \$'000
Current payables		
Contractual		
Trade creditors	3,333	4,144
Accrued salaries and wages	3,380	3,027
Accrued expenses	2,092	2,754
Accrued expenses - GHA	260	105
Deferred capital grant income	-	-
Salary packaging	45	74
Amounts payable to governments and agencies	351	673
Other	-	43
Other - GHA	16	38
Total contractual payables	9,477	10,858
Statutory		
GST /FBT payable	-	-
Total statutory payables	-	-
Total current payables	9,477	10,858
Total payables	9,477	10,858
<i>(i) Financial liabilities classified as payables (Note 7.1(a))</i>		
Total payables	9,477	10,858
Total financial liabilities classified as payables	9,477	10,858

How we recognise payables

Payables consist of:

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

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

Note 5.3(a) Deferred capital grant income

	2023 \$'000	2022 \$'000
Opening balance of deferred capital grant income	-	-
Grant consideration for capital works that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the of the year	-	-
Grant consideration for capital works received during the year	1,276	947
Deferred capital grant income recognised as income due to completion of capital works	(1,276)	(947)
Closing balance of deferred capital grant income	-	-

How we recognise deferred capital grant revenue

Grant consideration was received from the Department of Health (DH) to support asset renewals and a number of minor capital projects.

Capital grant revenue is recognised progressively as the asset is constructed, since this is the time when West Gippsland Healthcare Group satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, West Gippsland Healthcare Group has received capital revenue based on a milestone payment events being achieved, hence no portion of the grant consideration has been treated as a liability for the outstanding obligations at year end.

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 5.4 Contract liabilities

	2023 \$'000	2022 \$'000
Opening balance of contract liabilities	357	102
Grant consideration for sufficiently specific performance obligations received during the year	91,473	87,836
Revenue recognised for the completion of a performance obligation	(91,830)	(87,581)
Total contract liabilities	-	357
* Represented by:		
- Current contract liabilities	-	357
- Non-current contract liabilities	-	-
	-	357

How we recognise contract liabilities

The change in contract liability position over the financial year relates to the change in activity performance for uncapped NWAU compensable patients (DVA, TAC) and expected provision, which in the current year has exceeded annual target performance. Refer to note 5.2

The liability as at 30 June 2022 related to the expected recall of NWAU activity funding for compensable patients (DVA, TAC) where performance was below the annual target. Specific COVID support funding for the Be Well Be Safe Worker Wellbeing Program was unspent at 30 June 2022, and revenue deferred and recognised in FY22-23; the year the performance obligations were met.

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

Financial guarantees

Payments that are contingent under financial guarantee contracts are recognised as a liability, at fair value, at the time the guarantee is issued. Subsequently, should there be a material increase in the likelihood that the guarantee may have to be exercised, the liability is recognised at the higher of the amount determined in accordance with the expected credit loss model under AASB 9 *Financial Instruments* and the amount initially recognised less, when appropriate, cumulative amortisation recognised.

In the determination of fair value, consideration is given to factors including the overall capital management/prudential supervision framework in operation, the protection provided by the DH by way of funding should the probability of default increase, probability of default by the guaranteed party and the likely loss to the health service in the event of default.

Maturity analysis of payables

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

Note 5.5 Other liabilities

	2023	2022
Note	\$'000	\$'000
Current monies held in trust		
Rental Bonds	8	10
Refundable accommodation deposits	12,524	11,330
Other monies	127	159
Total current monies held in trust	12,659	11,499
Total other liabilities	12,659	11,499
* Represented by:		
- Cash assets	6.2 10,659	9,499
- Investment and other financial assets	2,000	2,000
	12,659	11,499

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 West Gippsland Healthcare Group 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*.

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 6 How we finance our operations

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

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

6.4 Non-cash financing and investing activities

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year ended 30 June 2023.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	<p>West Gippsland Healthcare Group applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> has the right-to-use an identified asset has the right to obtain substantially all economic benefits from the use of the leased asset and can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	<p>West Gippsland Healthcare Group applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria.</p> <p>The health service estimates the fair value of leased assets when new. Where the estimated fair value is less than \$10,000, the health service applies the low-value lease exemption.</p> <p>The health service also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months the health service applies the short-term lease exemption.</p>
Discount rate applied to future lease payments	<p>West Gippsland Healthcare Group 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, West Gippsland Healthcare Group uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p> <p>For leased plant, equipment, furniture, fittings and vehicles, the implicit interest rate is between 1.25% and 3.25%.</p>
Assessing the lease term	<p>The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if West Gippsland Healthcare Group is reasonably certain to exercise such options.</p> <p>West Gippsland Healthcare Group determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Note 6.1 Borrowings

	2023 \$'000	2022 \$'000
Current borrowings		
Lease liability ⁽ⁱ⁾	383	396
Advances from government ⁽ⁱⁱ⁾	336	580
Total current borrowings	719	976
Non-current borrowings		
Lease liability ⁽ⁱ⁾	652	610
Advances from government ⁽ⁱⁱ⁾	892	1,472
Total non-current borrowings	1,543	2,082
Total borrowings	2,262	3,058

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.

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 of any of the loans.

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 6.1(a) Lease liabilities

West Gippsland Healthcare Group's lease liabilities are summarised below:

	2023 \$'000	2022 \$'000
Total undiscounted lease liabilities	1,064	1,044
Less unexpired finance expenses	(29)	(38)
Net lease liabilities	1,035	1,006

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

	2023 \$'000	2022 \$'000
Not longer than one year	400	413
Longer than one year but not longer than five years	664	631
Minimum future lease liability	1,064	1,044
Less unexpired finance expenses	(29)	(38)
Present value of lease liability	1,035	1,006
* Represented by:		
- Current liabilities	383	396
- Non-current liabilities	652	610
	1,035	1,006

How we recognise lease liabilities

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

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

West Gippsland Healthcare Group's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased plant, equipment, furniture, fittings and vehicles	1 to 5 years

Note 6.1(a) Lease liabilities (cont'd)

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	Computers & Printers

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 West Gippsland Healthcare Groups incremental borrowing rate. Our lease liability has been discounted by rates of between 1.25% to 3.25%.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments (including in-substance fixed payments) less any lease incentive receivable
- variable payments based on an index or rate, initially measured using the index or rate as at the commencement date
- amounts expected to be payable under a residual value guarantee, and
- payments arising from purchase and termination options reasonably certain to be exercised.

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 of 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.

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 6.2 Cash and Cash Equivalents

	2023 \$'000	2022 \$'000
Cash on hand (excluding monies held in trust)	5	5
Cash at bank - CBS (excluding monies held in trust)	10,280	12,854
Total cash held for operations	10,285	12,859
Cash at bank (monies held in trust)	135	169
Cash at bank - CBS (monies held in trust)	10,524	9,329
Total cash held as monies in trust	10,659	9,498
Total cash and cash equivalents	20,944	22,357

7.1(a)

How we recognise cash and cash equivalents

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

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

Note 6.3 Commitments for expenditure

	2023 \$'000	2022 \$'000
Capital expenditure commitments		
Less than one year	-	659
Longer than one year but not longer than five years	-	70
Total capital expenditure commitments	-	729
Non-cancellable short term and low value lease commitments		
Less than one year	248	217
Longer than one year but not longer than five years	287	279
Total non-cancellable short term and low value lease commitments	535	496
Total commitments for expenditure (inclusive of GST)	535	1,225
Less GST recoverable from Australian Tax Office	(50)	(111)
Total commitments for expenditure (exclusive of GST)	485	1,114

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

West Gippsland Healthcare Group 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.

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 6.4 Non-cash financing and investing activities

Acquisition of plant and equipment by means of Leases
Total non-cash financing and investing activities

2023	2022
\$'000	\$'000
393	450
393	450

Note 7 Risks, contingencies and valuation uncertainties

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

Structure

- 7.1 Financial instruments
- 7.2 Financial risk management objectives and policies
- 7.3 Contingent assets and contingent liabilities
- 7.4 Fair value determination

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, West Gippsland Healthcare Group has assumed the current use is its highest and best use. Accordingly, characteristics of the health service’s assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> <p>West Gippsland Healthcare Group uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> • Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of West Gippsland Healthcare Group’s [specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets] are measured using this approach. • Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of West Gippsland Healthcare Group’s [specialised buildings, furniture, fittings, plant, equipment and vehicles] are measured using this approach. • Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. West Gippsland Healthcare Group does not this use approach to measure fair value. <p>The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> • Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. West Gippsland Healthcare Group 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. West Gippsland Healthcare Group categorises non-specialised land and right-of-use concessionary land in this level. • Level 3, where inputs are unobservable. West Gippsland Healthcare Group 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.

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

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 West Gippsland Healthcare Group'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

30 June 2023	Note	Financial Assets	Financial	Total
		at Amortised	Liabilities at	
		Cost	Amortised Cost	
		\$'000	\$'000	\$'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	20,944	-	20,944
Receivables	5.1	4,176	-	4,176
Investments and other financial assets	4.1	3,545	-	3,545
Total Financial Assetsⁱ		28,665	-	28,665
Financial Liabilities				
Payables	5.3	-	9,477	9,477
Borrowings	6.1	-	2,262	2,262
Other Financial Liabilities - Refundable Accommodation Deposits	5.5	-	12,524	12,524
Other Financial Liabilities - Other monies held in trust	5.5	-	135	135
Total Financial Liabilitiesⁱ		-	24,398	24,398

30 June 2022	Note	Financial Assets	Financial	Total
		at Amortised	Liabilities at	
		Cost	Amortised Cost	
		\$'000	\$'000	\$'000
Contractual Financial Assets				
Cash and cash equivalents	6.2	22,357	-	22,357
Receivables	5.1	4,109	-	4,109
Investments and other financial assets	4.1	3,574	-	3,574
Total Financial Assetsⁱ		30,040	-	30,040
Financial Liabilities				
Payables	5.3	-	10,858	10,858
Borrowings	6.1	-	3,058	3,058
Other Financial Liabilities - Refundable Accommodation Deposits	5.5	-	11,330	11,330
Other Financial Liabilities - Other monies held in trust	5.5	-	169	169
Total Financial Liabilitiesⁱ		-	25,415	25,415

How we categorise financial instruments

Categories of financial assets

Financial assets are recognised when West Gippsland Healthcare Group becomes party to the contractual provisions to the instrument. For financial assets, this is at the date West Gippsland Healthcare Group 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 (cont'd)

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 West Gippsland Healthcare Group 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.

West Gippsland Healthcare Group recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables) and
- term deposits.

Financial assets at fair value through other comprehensive income

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

- the assets are held by West Gippsland Healthcare Group to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interest.

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and West Gippsland Healthcare Group has irrevocably elected at initial recognition to recognise in this category.

West Gippsland Healthcare Group recognises the following assets in this category:

- investments in equity instruments.

Financial assets at fair value through net result

West Gippsland Healthcare Group 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.

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

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 7.1(a) Categorisation of financial instruments (cont'd)

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.

West Gippsland Healthcare Group 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, West Gippsland Healthcare Group 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 West Gippsland Healthcare Group 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.

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
- West Gippsland Healthcare Group 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
- West Gippsland Healthcare Group 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 West Gippsland Healthcare Group has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of West Gippsland Healthcare Group'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, West Gippsland Healthcare Group'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.

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 7.2 Financial risk management objectives and policies

As a whole, West Gippsland Healthcare Group'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.

West Gippsland Healthcare Group's main financial risks include credit risk, liquidity risk, interest rate risk, foreign currency risk and equity price risk. West Gippsland Healthcare Group manages these financial risks in accordance with its financial risk management policy.

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

Credit risk associated with West Gippsland Healthcare Group'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.

In addition, West Gippsland Healthcare Group 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, West Gippsland Healthcare Group'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 West Gippsland Healthcare Group 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.

Contractual 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. 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 West Gippsland Healthcare Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to West Gippsland Healthcare Group's credit risk profile in 2022-23.

Impairment of financial assets under AASB 9

West Gippsland Healthcare Group records the allowance for expected credit losses for the relevant financial instruments by applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the health service's contractual receivables and its investment in debt instruments.

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

The 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

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

On this basis, West Gippsland Healthcare Group determines the closing loss allowance at the end of the financial year as follows:

Note 7.2(a) Expected credit losses

30 June 2023		Current	Less than 1 month	1-3 months	3 months -1 year	Total
Note						
Expected loss rate		0.3%	5.7%	9.1%	17.2%	
Gross carrying amount of contractual receivables	5.1	1,792	32	95	118	2,037
Loss allowance		(6)	(2)	(9)	(20)	(37)
30 June 2022		Current	Less than 1 month	1-3 months	3 months -1 year	Total
Note						
Expected loss rate		0.4%	6.7%	8.5%	13.6%	
Gross carrying amount of contractual receivables	5.1	2,542	52	51	170	2,815
Loss allowance		(10)	(3)	(4)	(23)	(40)

Statutory receivables and debt investments at amortised cost

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

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

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 7.2(b) Liquidity risk

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

West Gippsland Healthcare Group 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.

West Gippsland Healthcare Group'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 West Gippsland Healthcare Group's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.

Payables and borrowings maturity analysis

		Maturity Dates					
		Carrying Amount	Nominal Amount	Less than 1 Month	3 months - 1		
		\$'000	\$'000	\$'000	1-3 Months	Year	1-5 Years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2023	Note						
Financial Liabilities at amortised cost							
Payables	5.3	9,477	9,477	7,785	1,686	6	-
Borrowings	6.1	2,262	2,291	61	64	623	1,543
Other Financial Liabilities - Refundable Accommodation Deposits	5.5	12,524	12,524	-	488	2,726	9,310
Other Financial Liabilities - Patient monies held in trust	5.5	135	135	135	-	-	-
Total Financial Liabilities		24,398	24,427	7,981	2,238	3,355	10,853
		Maturity Dates					
		Carrying Amount	Nominal Amount	Less than 1 Month	3 months - 1		
		\$'000	\$'000	\$'000	1-3 Months	Year	1-5 Years
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
30 June 2022	Note						
Financial Liabilities at amortised cost							
Payables	5.3	10,858	10,858	9,174	1,675	9	-
Borrowings	6.1	3,058	3,096	147	188	758	2,003
Other Financial Liabilities - Refundable Accommodation Deposits	5.5	11,330	11,330	-	828	2,637	7,865
Other Financial Liabilities - Patient monies held in trust	5.5	169	169	169	-	-	-
Total Financial Liabilities		25,415	25,453	9,490	2,691	3,404	9,868

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

Note 7.2(c) Market risk

West Gippsland Healthcare Group's exposures to market risk are primarily through interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

West Gippsland Healthcare Group's sensitivity to market risk is determined based on the observed range of actual historical data for the preceding five-year period. West Gippsland Healthcare Group's fund managers cannot be expected to predict movements in market rates and prices. The following movements are 'reasonably possible' over the next 12 months:

- a change in interest rates of 1% up or down and

Interest rate risk

Fair value interest rate risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market interest rates. West Gippsland Healthcare Group does not hold any interest-bearing financial instruments that are measured at fair value, and therefore has no exposure to fair value interest rate risk.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. West Gippsland Healthcare Group has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

Note 7.3 Contingent assets and contingent liabilities

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



Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

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.

West Gippsland Healthcare Group 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.

West Gippsland Healthcare Group 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 West Gippsland Healthcare Group'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.

How we measure fair value of non-financial physical assets

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

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

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

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

Note 7.4 Fair value determination

Non-specialised land, non-specialised buildings, investment properties and cultural assets

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

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

Specialised land and specialised buildings

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

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

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

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

For West Gippsland Healthcare Group, the current 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 West Gippsland Healthcare Group's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2022.

Vehicles

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

Furniture, fittings, plant and equipment

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

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

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 7.4 Fair value determination of non-financial physical assets

	Note	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		9,516	-	9,516	-
Specialised land		4,714	-	-	4,714
Total land at fair value	4.2(a)	14,230	-	9,516	4,714
Non-specialised buildings		3,741	-	3,741	-
Specialised buildings		41,366	-	-	41,366
Total buildings at fair value	4.2(a)	45,107	-	3,741	41,366
Plant and equipment	4.2(a)	15,699	-	-	15,699
Motor vehicles	4.2(a)	377	-	-	377
Medical equipment	4.2(a)	4,213	-	-	4,213
Computer equipment	4.2(a)	127	-	-	127
Furniture and fittings	4.2(a)	214	-	-	214
Work in progress	4.2(a)	488	-	488	-
Total plant, equipment, furniture, fittings and vehicles at fair value		21,118	-	488	20,630
Right of use plant, equipment, furniture, fittings and vehicles	4.3(a)	1,032	-	-	1,032
Total right-of-use assets at fair value		1,032	-	-	1,032
Total non-financial physical assets at fair value		81,487	-	13,745	67,742

ⁱ Classified in accordance with the fair value hierarchy.

	Note	Carrying amount 30 June 2022 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Non-specialised land		9,516	-	9,516	-
Specialised land		4,714	-	-	4,714
Total land at fair value	4.2(a)	14,230	-	9,516	4,714
Non-specialised buildings		3,845	-	3,845	-
Specialised buildings		45,680	-	-	45,680
Total buildings at fair value	4.2(a)	49,525	-	3,845	45,680
Plant and equipment	4.2(a)	13,554	-	-	13,554
Motor vehicles	4.2(a)	561	-	-	561
Medical equipment	4.2(a)	3,907	-	-	3,907
Computer equipment	4.2(a)	132	-	-	132
Furniture and fittings	4.2(a)	243	-	-	243
Works in progress	4.2(a)	2,666	-	2,666	-
Total plant, equipment, furniture, fittings and vehicles at fair value		21,063	-	2,666	18,397
Right of use plant, equipment, furniture, fittings and vehicles	4.3(a)	1,003	-	-	1,003
Total right-of-use assets at fair value		1,003	-	-	1,003
Total non-financial physical assets at fair value		85,821	-	16,027	69,794

ⁱ Classified in accordance with the fair value hierarchy.

Note 7.4 Fair value determination of non-financial physical assets

Reconciliation of level 3 fair value measurement

	Note	Land \$'000	Buildings \$'000	Plant, equipment, furniture, fittings and vehicles \$'000	Right-of-use plant, equipment, furniture, fittings and vehicles \$'000
Consolidated					
Balance at 1 July 2021		4,433	45,036	18,705	788
Additions/(Disposals)		-	112	2,537	389
Net Transfers between classes		-	97	279	-
<i>Gains/(Losses) recognised in net result</i>					
- Depreciation and amortisation		-	(4,197)	(3,124)	(174)
<i>Items recognised in other comprehensive income</i>					
- Revaluation		281	4,632	-	-
Balance at 30 June 2022	7.4(b)	4,714	45,680	18,397	1,003
Additions/(Disposals)		-	503	2,927	253
Net Transfers between classes		-	-	2,587	-
<i>Gains/(Losses) recognised in net result</i>					
- Depreciation and Amortisation		-	(4,817)	(3,281)	(224)
Balance at 30 June 2023	7.4(b)	4,714	41,366	20,630	1,032

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

Fair value determination of level 3 fair value measurement

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Specialised land (Crown/freehold)	Market approach	Community Service Obligations
Specialised buildings	Current replacement cost approach	- Cost per square - Useful life
Vehicles	Current replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Current replacement cost approach	- Cost per unit - Useful life
Medical Equipment	Current replacement cost approach	- Cost per unit - Useful life
Road, infrastructure and earthworks	Current replacement cost approach	- Cost per square - Useful life

(i) A community service obligation (CSO) of 25% was applied to the West Gippsland Healthcare Group's specialised land.

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

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

	2023 \$'000	2022 \$'000
Net result for the year	(6,793)	(6,289)
Non-cash movements:		
(Gain)/Loss on sale or disposal of non-financial assets	(69)	106
(Gain)/Loss on revaluation of investment property		
(Gain)/Loss on disposal of financial instruments		
Depreciation of non-current assets	4.5 8,425	7,591
Impairment of non-current assets		
Assets and services received free of charge	(27)	(222)
Loss allowance for receivables	(3)	(17)
Share of net results in associates		
(Gain)/Loss on revaluation of long service leave liability	312	582
Non-cash investment income		
Capital donations received	(1,109)	(1,296)
Discount (interest) / expense on loan	(245)	129
Other non-cash movements		
Movements in Assets and Liabilities:		
(Increase)/Decrease in receivables and contract assets	(402)	(122)
(Increase)/Decrease in other assets	29	140
(Increase)/Decrease in inventories	(7)	(56)
(Increase)/Decrease in prepaid expenses	64	256
Increase/(Decrease) in payables and contract liabilities	(1,743)	2,225
Increase/(Decrease) in employee benefits	2,430	784
Increase/(Decrease) in other liabilities	(33)	46
Net cash inflow from operating activities	829	3,857

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 8.2 Responsible persons disclosures

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

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

	Period
The Honourable Mary-Anne Thomas MP:	
Minister for Health	1 Jul 2022 - 30 Jun 2023
Minister for Health Infrastructure	5 Dec 2022 - 30 Jun 2023
Minister for Medical Research	5 Dec 2022 - 30 Jun 2023
Former Minister for Ambulance Services	1 Jul 2022 - 5 Dec 2022
The Honourable Gabrielle Williams MP:	
Minister for Mental Health	1 Jul 2022 - 30 Jun 2023
Minister for Ambulance Services	5 Dec 2022 - 30 Jun 2023
The Honourable Lizzy Blandthorn MP:	
Minister for Disability, Ageing and Carers	5 Dec 2022 - 30 Jun 2023
The Honourable Colin Brooks MP:	
Former Minister for Disability, Ageing and Carers	1 Jul 2022 - 5 Dec 2022
Governing Boards	
Mrs C Holland (Chair of the Board)	1 Jul 2022 - 30 Jun 2023
Mr R Barr	1 Jul 2022 - 30 Jun 2023
Mrs S Brentnall	1 Jul 2022 - 30 Jun 2023
Mr J Chikuse	1 Jul 2022 - 30 Jun 2023
Mrs S Davies	1 Jul 2022 - 30 Jun 2023
Mrs S Lukies	1 Jul 2022 - 30 Jun 2023
Ms J Moorfoot	1 Jul 2022 - 30 Jun 2023
Mrs C Grigsby	1 Jul 2022 - 30 Jun 2023
Mr A Selent	1 Jul 2022 - 30 Jun 2023
Accountable Officers	
Mr D Weeks (Chief Executive Officer)	1 Jul 2022 - 30 Jun 2023

Remuneration of Responsible Persons

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

Income Band	2023 No	2022 No
\$10,000 - \$19,999	8	8
\$20,000 - \$29,999	1	1
\$420,000 - \$429,999	-	1
\$440,000 - \$449,999	1	-
Total Numbers	10	10

	2023 \$'000	2022 \$'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	584	566

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

Note 8.3 Remuneration of executives

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

Remuneration of executive officers (including Key Management Personnel disclosed in Note 8.4)

	Total Remuneration	
	2023 \$'000	2022 \$'000
Short-term benefits	1,031	973
Post-employment benefits	89	92
Other long-term benefits	22	21
Termination benefits	98	198
Total remunerationⁱ	1,240	1,284
Total number of executives	5	5
Total annualised employee equivalent ⁱⁱ	4.5	4.4

ⁱ The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of West Gippsland Healthcare Group 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 termination payments for the resignation of the Director of People & Culture (DPC) in October 2022. This position has remained vacant and remuneration includes persons acting in that position to 30 June 2023. The 2022 prior year comparative included the termination payments for the Chief Medical Officer (CMO November 2021). Executives are not eligible to receive bonus payments per the terms of their 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 (such as superannuation guarantee contributions) paid or payable on a

Other long-term benefits

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

Termination benefits

Termination of employment payments, such as severance packages.

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 8.4 Related Parties

The West Gippsland Healthcare Group 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 West Gippsland Healthcare Group and its controlled entities, directly or indirectly.

The Board of Directors and the Chief Executive Officer of West Gippsland Healthcare Groups and its controlled entities are deemed to be KMPs.

Entity	KMPs	Position Title
West Gippsland Healthcare Group	Mrs Chirstine Holland	Chair of the Board
	Mr Rob Barr	Board Member
	Mrs Sara Brentnall	Board Member
	Mr Josh Chikuse	Board Member
	Mrs Caitlyn Grigsby	Board Member
	Mrs Sarah Lukies	Board Member
	Ms Joanne Moorfoot	Board Member
	Mr Adam Selent	Board Member
	Mrs Shannon Davies	Board Member
	Mr Dan Weeks	Chief Executive Officer

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.

	2023 \$'000	2022 \$'000
Compensation - KMPs		
Short-term Employee Benefits ⁱ	539	522
Post-employment Benefits	36	35
Other Long-term Benefits	9	9
Totalⁱⁱ	584	566

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

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

Note 8.4 Related Parties (cont'd)

Significant transactions with government related entities

The West Gippsland Healthcare Group received funding from the DH of \$116.04 m (2022: \$109.23m) and indirect contributions of \$0.781m (2022: \$0.35 m). Balances outstanding as at 30 June 2023 are Nil (2022: \$0.365m)

Expenses incurred by the West Gippsland Healthcare Group 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 West Gippsland Healthcare Group 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 occurs 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 the West Gippsland Healthcare Group, 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 2023 (2022: none).

There were no related party transactions required to be disclosed for the West Gippsland Healthcare Group Board of Directors or Chief Executive Officer in 2023 (2022: none).

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 8.5: Remuneration of Auditors

Victorian Auditor-General's Office

Audit of the financial statements

Total remuneration of auditors

2023 \$'000	2022 \$'000
36	41
36	41

Note 8.6: Events occurring after the balance sheet date

There are no events occurring after the Balance Sheet date.

Notes to the Financial Statement

West Gippsland Healthcare Group for the financial year ended 30 June 2023

Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest	
		2023	2022
		%	%
Gippsland Health Alliance	Information Technology	12.47	12.91

West Gippsland Healthcare Groups interest in assets and liabilities of the above joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2023 \$'000	2022 \$'000
Current assets		
Cash and cash equivalents	1,224	406
Receivables	166	319
Other	429	348
Total current assets	1,819	1,073
Non-current assets		
Property, plant and equipment	94	140
Total non-current assets	94	140
Total assets	1,913	1,213
Current liabilities		
Accrued expenses	260	105
Other current liabilities	16	38
Lease liabilities	26	29
Total current liabilities	302	172
Non-current liabilities		
Lease liabilities	40	58
Total non-current liabilities	40	58
Total liabilities	342	230
Net assets	1,571	983
Equity		
Accumulated surplus	1,571	983
Total equity	1,571	983
	2023	2022
	\$'000	\$'000
Revenue and income from transactions		
Operating activities	3,243	2,768
Total revenue and income from transactions	3,243	2,768
Expenses from transactions		
Operating expenses	2,602	2,994
Depreciation	53	53
Total expenses from transactions	2,655	3,047
Net result from transactions	588	(279)

Contingent liabilities and capital commitments

There are no known contingent liabilities or capital commitments held by the jointly controlled operations 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 West Gippsland Healthcare Group.

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

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

Financial assets at fair value through comprehensive income revaluation reserve

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

Restricted specific purpose reserves

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

Note 8.9: Economic Dependency

West Gippsland Healthcare Group is dependent on the DH for the majority of its revenue used to operate the health service. At the date of this report, the Board of Directors believes the DH will continue to support West Gippsland Healthcare Group.

Disclosure Index

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

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FRD 22	Purpose, functions, powers and duties	12
FRD 22	Nature and range of services provided	8
FRD 22	Activities, programs and achievements for the reporting period	5-6, 19-23
FRD 22	Significant changes in key initiatives and expectations for the future	5-6
Management and structure		
FRD 22	Organisational structure	16
FRD 22	Workforce data / employment and conduct principles	24-25
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Legislation		
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SD 5.1.4	Financial Management Compliance attestation	55
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Attestations		
	Attestation on Data Integrity	54
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Photo: Ambulance Victoria Chief Executive Jane Miller with West Gippsland Healthcare Group's CEO Dan Weeks.





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WEST GIPPSLAND HEALTHCARE GROUP