

Victorian Institute of
Forensic Mental Health

Annual Report
2025-26

Acknowledgement of Country

Forensicare acknowledges Victoria's Aboriginal and Torres Strait Islander community and its rich culture and pays respect to its Elders past and present.

We acknowledge Aboriginal and Torres Strait Islander people as the traditional owners and custodians of the land and water on which we live, work and play.

We recognise and value the ongoing contribution of Aboriginal and Torres Strait Islander people and communities to Victorian life and how this enriches our society more broadly.

We embrace the spirit of self-determination and reconciliation, working towards equality of outcomes and ensuring an equitable voice.

Our vision

Safe, connected, meaningful lives.

Safe

Safety means supporting people to manage their mental illness and risk of offending that can lead to harm, to themselves and the community.

It means safety for you the person accessing care, those close to you, those who work with you and the community around you.

It is grounded in evidence-informed care, strong therapeutic relationships and environments that prioritise wellbeing and recovery.

Safety is the foundation that allows people to live a meaningful life.

Connected

Connection recognises that people thrive when they have closer personal relationships, a sense of belonging and access to services across integrated systems.

Forensicare's role is to empower people to establish and maintain these connections, linking them to services, strengthening their networks and overcoming barriers so they are not navigating complex systems alone.

Connection restores identity, purpose and community inclusion.

Meaningful

A meaningful life is one where people have purpose, a sense of being useful and feel they are contributing. It is not defined by others, but by each person – a life that is meaningful to you.

Through treatment, rehabilitation and recovery-focused support, we create the right conditions for people to discover what is meaningful to them.

We support people to both translate their aspirations into goals and develop the capabilities required to achieve them.

Meaningful lives are lives with choice, purpose and possibilities.

Our values

- → Responsiveness
- → Integrity
- → Impartiality
- → Accountability
- → Respect
- → Leadership
- → Human rights

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Report from the Board Chair and Chief Executive

We are pleased to present the Victorian Institute of Forensic Mental Health (Forensicare) Annual Report for 2025–26.

This year brought significant progress across our strategic priorities as we continued delivering on our functions under the *Mental Health and Wellbeing Act 2022*. Throughout the year, our focus remained on supporting people to live safe, connected, meaningful lives and helping create safer communities across Victoria.

Expanding capacity at Thomas Embling Hospital

The construction of 82 new secure forensic mental health beds at Thomas Embling Hospital (TEH) reached practical completion during the year. This marked a significant milestone for the project, bringing us closer to accessing additional capacity and strengthening our ability to deliver safe, timely and recovery-orientated forensic mental health and wellbeing services.

The 2026-27 State Budget provided funding to progressively activate 40 of these new beds. This welcomed funding will strengthen our response to the growing demand and record access delays for secure forensic mental health care in Victoria and we are committed to working with government to secure operational funding for the remaining new capacity.

Existing capacity constraints has contributed to some of the longest delays on record for people found not criminally responsible by reason of mental impairment being transferred to TEH, resulting in prolonged detention in custody contrary to the intent of the *Crimes (Mental Impairment and Unfitness to be Tried) Act 1997 (CMIA)*.

As of 30 June 2026, 19 men were awaiting admission to TEH, with an average wait of 374 days and a maximum wait of 638 days, the longest delays since the CMIA commenced in 1997.

Demand pressures have been intensified following bail reforms and high rates of mental illness among people entering custody. In 2025-26, an average of 16 people per month were recommended for compulsory treatment at TEH, but only around half were able to be admitted due to capacity constraints.

These delays in accessing appropriate care at TEH contribute to poorer health outcomes for those in custody, including preventable deterioration that can increase the:

- need to use restrictive interventions on admission
- lengths of stay because of acuity
- risk of violence and aggression.

Strengthening community forensic mental health services

Work continued throughout the year to implement our statewide community-based forensic mental health service. The program expanded into three additional metropolitan areas and into the Grampians, Gippsland and Loddon Mallee regions.

This expansion responds to recommendations of the Royal Commission into Victoria's Mental Health System and improves access to specialised forensic mental health support closer to home. It also helps expand our reach to meet the needs of people who are in contact with, or at risk of coming into contact with, the justice system.

Delivering services across Victoria's prison system

During the year, Forensicare commissioned a forensic mental health service at Western Plains Correctional Centre which commenced operations on 1 July 2025.

In December, the St Paul's Psychosocial Unit transitioned to the Everton Unit at Ravenhall Correctional Centre (RCC). This transition expands the forensic mental health service to a capacity of 100 places, creating the largest and most comprehensive forensic mental health service operating within a single prison in Victoria.

A significant change also occurred on 1 July with the introduction of a new Mental Healthcare Services Agreement between Forensicare and the Department of Justice and Community Safety. Grounded in trauma-informed, recovery-oriented and culturally safe principles, the agreement provides a consistent framework for delivering forensic mental health services across Victoria's public prison system.

Elevating consumer voice and lived experience

The Lived Experience team now has representation across our secure inpatient, prison and community services, strengthening the voice of consumers, their families and supporters across the organisation.

Key achievements included increased consumer and carer participation in service design and advisory activities more than 100 responses to our first Experience of Care survey across our custodial mental health units, and another successful Family and Carers Day at Thomas Embling Hospital. We also saw growing engagement from carer organisations seeking to better understand and respond to the needs of carers within the forensic mental health system.

Strengthening cultural safety across Forensicare

Forensicare continued to strengthen its commitment to cultural safety and engagement with First Peoples. Key achievements included Aboriginal-led cultural safety training in partnership with the Victorian Aboriginal Community Controlled Health Organisation (VACCHO), ongoing guidance from the Aboriginal and Torres Strait Islander Advisory Committee, progress towards our first Reconciliation Action Plan, and commencement of a First Peoples Workforce Strategy. We also enhanced our data reporting capabilities to support better understanding of First Peoples consumer demographics across our services..

Excellence in care, research and innovation

Forensicare's commitment to quality and innovation was recognised at the Asia-Pacific Connected Health and Care Summit in March 2026. Our Quality and Safety Team received a Highly Commended Award in the Delivering Safer Care category for improving complaints and feedback processes through the development of the Complaint Severity Matrix.

We also continued to advance evidence-based treatments for trauma. Psychologists across the organisation are now trained in and delivering Eye Movement Desensitisation and Reprocessing (EMDR) therapy, providing highly effective trauma treatment to consumers with complex needs and reinforcing our commitment to contemporary best practice.

Dare to Dream: Inaugural Forensic Mental Health Nursing Conference

In February 2026, Swinburne University of Technology hosted the inaugural Forensic Mental Health Nursing Conference under the theme *Dare to Dream*.

Sponsored by Forensicare, the conference brought together forensic mental health nurses from across Australia and internationally, alongside representatives from law, psychiatry, lived experience and other disciplines. Participants shared ideas, showcased innovation and explored emerging approaches to forensic mental health nursing across inpatient, custodial, court and community settings.

Supporting consumer recovery

Guided by consumer interest and delivered in collaboration with teams from across the organisation, we celebrated three consumers completing the inaugural Consumer LEDA Program.

The LEDA Program, Forensicare's flagship leadership development program, was adapted to provide consumers with practical leadership skills through in-person learning, mentoring and self-paced study. The pilot ran over six months and was intentionally designed around participants' needs.

The success of the program has led to plans for a second cohort, as well as opportunities to keep current participants connected through an emerging alumni network.

Commitment to quality and safety

Late in 2025, Forensicare achieved full compliance against the National Safety and Quality Health Service Standards. The assessment recognised both the quality of our services and the dedication of our workforce, while acknowledging the complexity of providing care to some of the most vulnerable members of the community across secure and often challenging environments.

Assessors also commended Forensicare's strong commitment to consumer-centred care. Feedback highlighted that consumers were well informed about their treatment, understood the details of their care, and were actively involved in the development of their care plans. This recognition reflects our commitment to partnering with consumers and ensuring their voices remain central to the delivery of safe, effective and recovery-focused care.

The withdrawal of accreditation for four acute psychiatry training posts at TEH by the Royal Australian and New Zealand College of Psychiatrists, following a recommendation from the Victorian Psychiatry Training Committee, was a significant challenge for Forensicare during the year. We have worked closely with the College to address the concerns and welcomed the reinstatement of two positions on the Apsley unit. We remain committed to working collaboratively with the College and trainees to achieve reaccreditation of the remaining positions.

Building strong partnerships

Forensicare sits at the intersection of Victoria's mental health and justice systems providing specialist forensic mental health and wellbeing services that support recovery, reduce violence and offending and strengthen community safety. Building strong partnerships at this intersection remains central to achieving better outcomes for people with severe mental illness who have engaged in, or at risk of engaging, in harmful or offending behaviours.

Through a co-location approach with sector partners, the expansion of our community forensic mental health services across Victoria has delivered local access to specialist forensic mental health treatment and advice. This includes through the provision of face-to-face support, alongside consultation, care coordination, and education for partner agencies, consumers, carers and families.

We continued to focus on knowledge generation and building system-wide capability through our partnership with the Centre for Forensic Behavioural Science and Swinburne University of Technology. During the year, we published 88 peer reviewed journal articles and reached professionals across health, justice and community sectors through the Forensic Mental Health Professional Development Program.

During summer, Forensicare partnered with Victoria Police and Swinburne University of Technology to trial the Bushfire Arson Target Screening Tool. The pilot demonstrated the value of early intervention and cross-sector collaboration, with the tool helping identify and divert an individual from plans to ignite a potentially catastrophic bushfire during extreme fire conditions.

We also commenced delivery of the Mental Health Advice and Response Service (MHARS) at the new Wyndham Law Courts. The MHARS provides people involved in the court system with mental health assessment, treatment or support. Our clinicians assist court users with an existing mental illness, as well as those showing possible signs of mental ill health. MHARS reflects our commitment to proactive and preventative engagement with sector partners aimed at reducing the pressure across both the health and justice systems and supporting better outcomes for people with mental illness in contact with the justice system.

Recognising our staff

The dedication, resilience and commitment of our staff to delivering compassionate care are central to our success and underpin our purpose to support safe, connected and meaningful lives.

We recognise the unique challenges and complexities of providing treatment and support in forensic mental health settings. Many consumers require intensive, long-term intervention, creating workforce demands that differ significantly from those experienced in mainstream mental health services.

As demand grows, consumer needs become increasingly complex, and our services continue to expand, we remain committed to investing in our people, systems and organisational structures to strengthen workforce capability, sustainability and wellbeing.

To support this commitment, Forensicare commissioned an independent review of our medical workforce. The review identified opportunities to strengthen workforce arrangements and benchmarked our medical staffing profile against comparable forensic mental health services in Australia and internationally.

While the review confirmed that Forensicare has a highly skilled and dedicated medical workforce and is well resourced relative to comparable services, it highlighted opportunities to enhance governance, leadership, role clarity and accountability.

Implementation of these recommendations, alongside broader workforce improvement initiatives, will help ensure we are well positioned to meet current and future needs while continuing to enable a supported, engaged and high-performing workforce.

Looking ahead

Forensicare is committed to leveraging emerging opportunities to support safe, connected, meaningful lives including a stronger commitment to collaboration and partnership, a growing focus on early intervention and prevention, and utilising new evidence and insights that can drive innovation

These opportunities have guided the development of our new strategy which establishes a clear and ambitious direction across three interconnected domains:

- **Society** – shaping community understanding of forensic mental health and wellbeing.
- **System** – helping build a cohesive, evidence-led forensic mental health and wellbeing system.
- **Services** – innovating service design to expand our reach and impact.

Informed by the perspectives of consumers, supporters, staff, partners, government and the wider community, these domains will enable Forensicare to:

- deliver on its purpose to support people to live safe, connected and meaningful lives
- strengthen the broader mental health and justice systems
- contribute to safer communities throughout Victoria.

Finally, we acknowledge the leadership of the Board and Executive, whose strategic vision and guidance have been instrumental in advancing Forensicare's achievements throughout the year. We also extend our sincere appreciation to sector partners for their ongoing collaboration, which have been critical in enabling us to deliver on our purpose and to redefine what is possible for forensic mental health and wellbeing in Victoria.





Penny Armytage AM
Board Chair

2 September 2026

Adjunct Professor Colmán O'Driscoll
CEO

2 September 2026

Our care at a glance

Crimes (Mental Impairment and Unfitness to be Tried) Act 1997

As Victoria's statewide forensic mental health service, Forensicare provides treatment under the *Mental Health and Wellbeing Act 2022* and fulfils statutory responsibilities under the Crimes (Mental Impairment and Unfitness to be Tried) Act 1997 (CMIA).

The CMIA recognises that people who are unfit to stand trial or not criminally responsible because of mental impairment should be managed through a therapeutic pathway rather than the criminal justice system, with appropriate treatment, care and supervision.

Custodial Supervision Orders during 2025-26

As of 30 June 2026, Forensicare was responsible for the supervision and treatment of 204 consumers subject to orders under the CMIA.

This included 108 consumers on Custodial Supervision Orders (CSOs) at TEH, 17 consumers on CSOs with a grant of extended leave living in the community, and 79 consumers on Non-Custodial Supervision Orders (NCSOs). In addition, fewer than five international consumers were receiving treatment at TEH under the International Transfer of Prisoners Act 1997 (Cth).

Further, as of 30 June 2026, 20 people remained in custody awaiting admission to TEH for the making of a CSO, with an average waiting time of 374 days.

During 2025-26, eight men and one woman were placed on CSOs. Demand for forensic mental health beds continued to exceed capacity, with consumers waiting an average of 374 days in custody before admission to TEH following a finding of not guilty by reason of mental impairment and/or unfit to stand trial.

Progression toward the community continued throughout 2025-26, with six new consumers granted extended leave, enabling them to live full-time in the community while remaining subject to supervision and treatment. A small number of consumers required temporary readmission to hospital for treatment before successfully returning to the community. Three consumers had their orders varied from a CSO to a NCSO.

Non-Custodial Supervision Orders during 2025-26

During 2025-26, 24 new NCSOs were made. Most consumers subject to apprehension orders either returned to the community following treatment or continued to receive treatment as required.

Importantly, seven consumers had their NCSOs revoked by the court, reflecting successful progress toward recovery and independence. These consumers had spent an average of 3,607 days (approximately 10 years) under supervision before their orders were removed, demonstrating the achievement of safe, connected, meaningful lives.

Secure Treatment Orders during 2025-26

During 2025-26, 232 people were recommended for a Secure Treatment Order (STO), including 191 men and 41 women.

Of those recommended:

- → 171 people were admitted to TEH for compulsory treatment
- → 24 people were released from custody prior to admission in these circumstances they are transitioned under an Inpatient Assessment Order under our custodial release pathway, and referred to the most appropriate AMHWS
- → 38 recommendations were withdrawn because the person no longer met the criteria for compulsory treatment while awaiting a hospital bed.

The average waiting time for admission following an STO recommendation was 21 days for men and five days for women.

	2025-26
Admissions to Custodial Mental Health Units	991
Mental Health Reception Assessment on entry to custody	9349
Peer reviewed journals published by Forensicare and the Centre for Forensic Behavioural Science	88
Reports to the court under section 41(1) of the CMIA	57
Reports prepared by Forensicare staff in respect of 102 consumers who had hearings to review their supervision orders	154
Reports produced for the courts through the Mental Health Advice Response Service	
• Magistrates Court	3,580
• County Court	321
• Bail and Remand Court	168
Pre-sentence court reports	226
Supervision order hearings where Forensicare staff gave expert evidence	67
Admissions to Thomas Embling Hospital	176
Discharges from Thomas Embling Hospital	188

Report of operations

Manner of establishment

Victorian Institute of Forensic Mental Health is a statutory body established in 1998 under the *Mental Health Act 1986*, continued under the *Mental Health Act 2014* and the *Mental Health and Wellbeing Act 2022* (MHWA).

Forensicare also carries out functions pursuant to court orders made *under the Crimes (Mental Impairment and Unfitness to be Tried) Act 1997* (CMIA) and is recognised under the *Health Services Act 1988*. These legislative frameworks guide our obligations for treatment, supervision, and information sharing to support quality and safety.

Responsible Minister

The responsible Minister from 1 July 2025 to 30 June 2026 was The Hon. Ingrid Stitt MP

Nature and range of services provided

The Victorian Institute of Forensic Mental Health (Forensicare) is the state-wide provider of specialist forensic mental health services in Victoria. Our functions are prescribed under Section 613 of the MHWA.

Thomas Embling Hospital

Thomas Embling Hospital (TEH) is a secure 136-bed forensic mental health hospital providing acute and longer-term recovery care for people living with serious mental illness. The $515.7 million expansion of TEH reached practical completion during the financial year and once fully funded, will deliver an additional 82 secure forensic mental health beds in response to growing and unmet demand across the system.

Patients are admitted to the hospital from the criminal justice system under CMIA, the MHWA, or the *Sentencing Act 1991*. Patients may also be admitted from the general mental health system under the MHWA.

The hospital includes:

- acute and extended recovery-focused care, including a women-only unit and mixed-gender rehabilitation units.
- medical mental health and multidisciplinary treatment, including through psychological and psychosocial interventions.
- supports for patients to manage their mental health and risks factors, with a strong focus on recovery, reintegration, and collaboration with families, carers, and community organisations to support a safe return to the community.

Community operations

Forensicare's community operations have expanded with the establishment of locally based forensic mental health teams across Victoria. Our services are delivered through multidisciplinary teams and provide expert forensic mental health assessment, consultation, treatment and system support.

Five teams operate in regional Victoria delivering services in the Grampians, Hume, Loddon Mallee, Gippsland and Barwon South-West. Three teams cover metropolitan areas providing services in North-East Metro, South-East Metro and Western Metro. These statewide services support people to live safe, connected, meaningful lives in the community.

Forensicare's community operations also deliver a range of clinical and consultation services that support people at risk of, or involved with, the justice system. Key programs include:

- Mental Health Advice and Response Service (MHARS): The service aims to intervene early in the justice process by identifying individuals with a mental health disorder at the post charge, pre-sentence stage. It provides timely advice to courts and links consumers with treatment providers. The service offers specialist mental health assessment and advice to Magistrates and facilitates early intervention for people who are in police custody.
- Problem Behaviour Program (PBP): Focuses on the prevention or reoccurrence of serious harm by individuals who engage in problem behaviours (such as violence, harmful sexual behaviour, vexatious complaining, stalking and fire setting) through consultation, direct assessment and psychological intervention.
- Victorian Fixated Threat Assessment Centre (VFTAC): In partnership with Victoria Poilce, assesses and manages serious threats of violence, including potential extremist acts.
- Community Forensic Disability Mental Health Service: Delivers assessment and clinical support for people with cognitive disability (as defined by the Disability Act 2006) and mental illness (dual disability) who are involved in the justice system. Forensicare conducts independent clinical assessments to inform legal, parole, and sentencing decisions. Services include psychological and psychiatric evaluations on behalf of the courts, Adult Parole Board, and Office of Public Prosecutions, including assessments of mental impairment and trial fitness.

Forensicare enhances forensic mental health capability across Victoria through partnerships, consultation, and direct service provision:

- Forensic Clinical Specialist Program: Delivered in partnership with local specialist mental health service providers, this program builds forensic mental health expertise and capacity in mental health services.
- Youth Justice Mental Health Program: This program improves youth justice clients' access to mental health services by enhancing the capacity of youth justice and mental health staff to effectively meet the needs of young people requiring mental health services.

Prison operations

Forensicare provides specialist forensic mental health services at 13 of Victoria's 15 prisons. In addition to the MHWA and CMIA, in custody Forensicare also operate under the *Corrections Act 1986* and the *Sentencing Act 1991*. Forensicare's services in Victorian prisons include:

- mental health screening assessments for all individuals entering custody
- assessments and interventions for those at risk of suicide or self-harm and/or acute mental state deterioration
- multidisciplinary care on custodial mental health units offering acute, subacute, and rehabilitation care on a voluntary basis for up to 136 people
- multidisciplinary outpatient services providing assessments, early intervention, ongoing care and transition of care for consumers with significant mental health concerns not requiring care in a custodial mental health unit
- supporting continuity of mental health care for individuals with significant mental health concerns when transferred between prison locations or released back to the community.

Forensicare aims to deliver mental health care in custody that is, at a minimum, equivalent to the quality and standard of care that is offered in the community. This care is delivered in partnership with primary health and mental health care providers, custodial staff, other stakeholders, and families and carers.

Education and training

Forensicare plays a key role in educating the community and workforce about forensic mental health through:

- tailored community education, training, and information sessions for organisations and tertiary consultation with the Area Mental Health and Wellbeing Services.
- the Forensic Mental Health Professional Development Program (FMHPDP) delivered with the Centre for Forensic Behavioural Science.
- participation in industry conferences and career events.
- integration of forensic content in mental health sector training via the Victorian Collaborative Centre for Mental Health and Wellbeing.

We support the development of future professionals through:

- student placements in nursing, social work, psychology and occupational therapy including placement of more than 200 nursing students per annum
- opportunities for students to engage in quality improvement and research initiatives linked to organisational priorities.
- postgraduate programs across all disciplines, including a two-year Forensic Mental Health Nursing program with Swinburne University.
- psychological training in the administration and interpretation of risk assessments and the provision of offence-specific interventions.
- scholarships and structured learning opportunities to gain further experience in the field of forensic mental health including through the Department of Health Aboriginal Mental Health Traineeship and scholarships with Swinburne University for our psychological services staff to complete their Graduate Diplomas in Forensic Psychology.

Our medical education program includes:

- comprehensive psychiatric registrar training, with 54 registrars and 1 medical officer in 2025-26
- support for postgraduate development across disciplines and opportunities to enhance qualifications including through the transition to mental health nursing program
- supervision, reflective practice, and professional development.

Research and innovation

Forensicare conducts research in the fields of forensic mental health, forensic health, forensic behavioural science and associated fields.

Forensicare drives innovation through research aligned with six priority areas:

- service evaluation and improvement
- consumer and carer engagement
- staff capability and wellbeing
- understanding complex behaviours and violence
- preventing inpatient aggression and reducing restrictive practices
- addressing co-occurring conditions that delay recovery.

Research is delivered in partnership with the Centre for Forensic Behavioural Science (CFBS) and Swinburne University of Technology.

Through the Forensic Mental Health Professional Development Program, Forensicare supports the mental health and forensic workforce to meet the increased capacity needs identified by the Royal Commission into Victoria's Mental Health System.

This training program has reached professionals across health, justice and community sectors and plays a critical role in workforce development.

Forensicare fosters innovation through academic collaboration and research. High-degree research candidates (PhD, DPsych) work on projects that directly inform clinical practice and improve service delivery.

Collaborative projects span local and international institutions and are focused on strengthening therapeutic interventions and advancing the forensic mental health evidence base.

Board governance

The Board of Forensicare is appointed by the Governor in Council, based on recommendations from the Minister for Mental Health. Board members serve terms of up to three years and collectively report to the Minister for Mental Health.

The Board is comprised of up to ten directors, including nominees of both the Attorney-General and the Minister responsible for the *Corrections Act 1986*. In addition, at least four but no more than eight members are appointed, with representation to ensure lived experience and professional expertise. Specifically, at least one member:

- identifies as having lived experience of mental illness or psychological distress.
- identifies as having cared for, or supported, someone with mental illness or psychological distress.
- possesses knowledge or experience in accountancy or financial management.

This composition reflects Forensicare's commitment to inclusive governance, diverse perspectives, and robust financial oversight.

Board directors

The Directors for 2025-26 were:

Penny Armytage AM (Chair)
Appointed October 2022

Shaun Braybrook ACM
Appointed July 2022

Matthew Corbett
Appointed September 2023

Dr Deborah Cole
Appointed August 2025

Ian Forsyth
Appointed September 2019

Independent Strategic Advisor
Distinguished Professor James Ogloff AM
Appointed February 2024

James Lavery
Appointed July 2024

Frances Sanders
Appointed February 2020

Allison Smith
Appointed July 2021

Professor Suresh Sundram
Appointed May 2023

Dr Angela Williams
Appointed July 2022

Board committees

Five committees support the Board to fulfil its responsibilities. Each committee reports to the Board, and attendees includes some non-Board members. The Chair of the Board is an ex officio member of all Board committees.

Quality and Safety Committee

The Quality and Safety Committee plays a key role in ensuring effective clinical governance by providing leadership and advice to the Board in the assessment and evaluation of the safety and quality of Forensicare's clinical services.

Chair: Dr Angela Williams

Directors: Frances Sanders, Shaun Braybrook ACM, Prof. Suresh Sundram, Matthew Corbett

Standing attendees: CEO, Executive Director Clinical Services, Executive Director Legal, Governance & Strategy, Director, Quality & Safety, Governance Officer

Audit and Risk Committee

The Audit and Risk Committee's role is to assist the Board to fulfil its corporate governance and oversight responsibilities in relation to Forensicare's regulatory reporting, internal control structure, legal and regulatory compliance, risk management systems, and the internal and external audit functions.

Chair: Ian Forsyth

Directors: Allison Smith, Dr Angela Williams, James Lavery

Standing attendees: CEO, Executive Director Legal, Governance & Strategy, CFO, Senior Risk Advisor, Governance Officer

Finance Committee

The Finance Committee's role is to assist the Board to fulfil its financial governance responsibilities including compliance with the requirements of the *Financial Management Act 1994* (FMA) and the Standing Directions under that FMA issued by the Minister for Finance. The Committee oversees and advises the Board on annual budgeting, financial management and performance, monitoring of capital expenditure, and progress of major projects including capital works.

Chair: Allison Smith, B.Acc., CA

Directors: Ian Forsyth, Dr Deborah Cole

Standing attendees: CEO, CFO, Executive Director Projects & Infrastructure, Executive Director Legal, Governance & Strategy, Governance Officer

People and Remuneration Committee

The People and Remuneration Committee oversees and advises the Board on the effectiveness of Forensicare's people-related policies, frameworks and strategies to ensure the health, safety and wellbeing of employees as well as a positive, healthy and productive workplace culture, and helps the Board fulfil its responsibilities in relation to the performance, remuneration and success of the Chief Executive Officer and the Executive.

Chair: Penny Armytage AM

Directors: Shaun Braybrook ACM, James Lavery, Matthew Corbett

Standing attendees: CEO, Executive Director People & Corporate Services, Executive Director Legal, Governance & Strategy, Head of Workplace Relations, Health & Safety, Director of Nursing, Governance Officer

Research Committee

The Research Committee oversees and advises the Board in fulfilling its obligations under the MHWA to conduct research in the fields of forensic mental health and wellbeing, forensic health, forensic behavioural science and associated fields, including setting Forensicare's strategic objectives relating to research, research priorities and a forward workplan for research that covers the topics prescribed by the MHWA, to promote innovation, knowledge creation, translation and application of best practice in forensic mental health services.

Chair: Prof. Suresh Sundram

Directors: Penny Armytage AM, Frances Sanders, Dr Deborah Cole

Standing attendees: Dist. Prof. Jim Ogloff AM (Independent Strategic Board Advisor), CEO, Executive Director Clinical Services, Prof. Forensic Mental Health, Director of Centre Forensic Behavioural Science, Executive Director Legal, Governance & Strategy, Governance Officer

Management and structure

Executive leadership team

Adj. Professor Colmán O'Driscoll
Chief Executive Officer

Nadia Baillie
Executive Director Legal, Governance, and Strategy and Chief Legal Officer

Mia Bromley
Executive Director, Community Operations
Appointed May 2026

Ben Brown
Executive Director, Projects and Infrastructure

Michael Courtney
Chief Financial Officer

Emma Cartwright
Interim Executive Director, Community Operations
January 2026 – May 2026

Kate Douglas
Executive Director, People and Corporate Services

Anthea Lemphers
Executive Director, Community Operations
Tenure ended December 2025

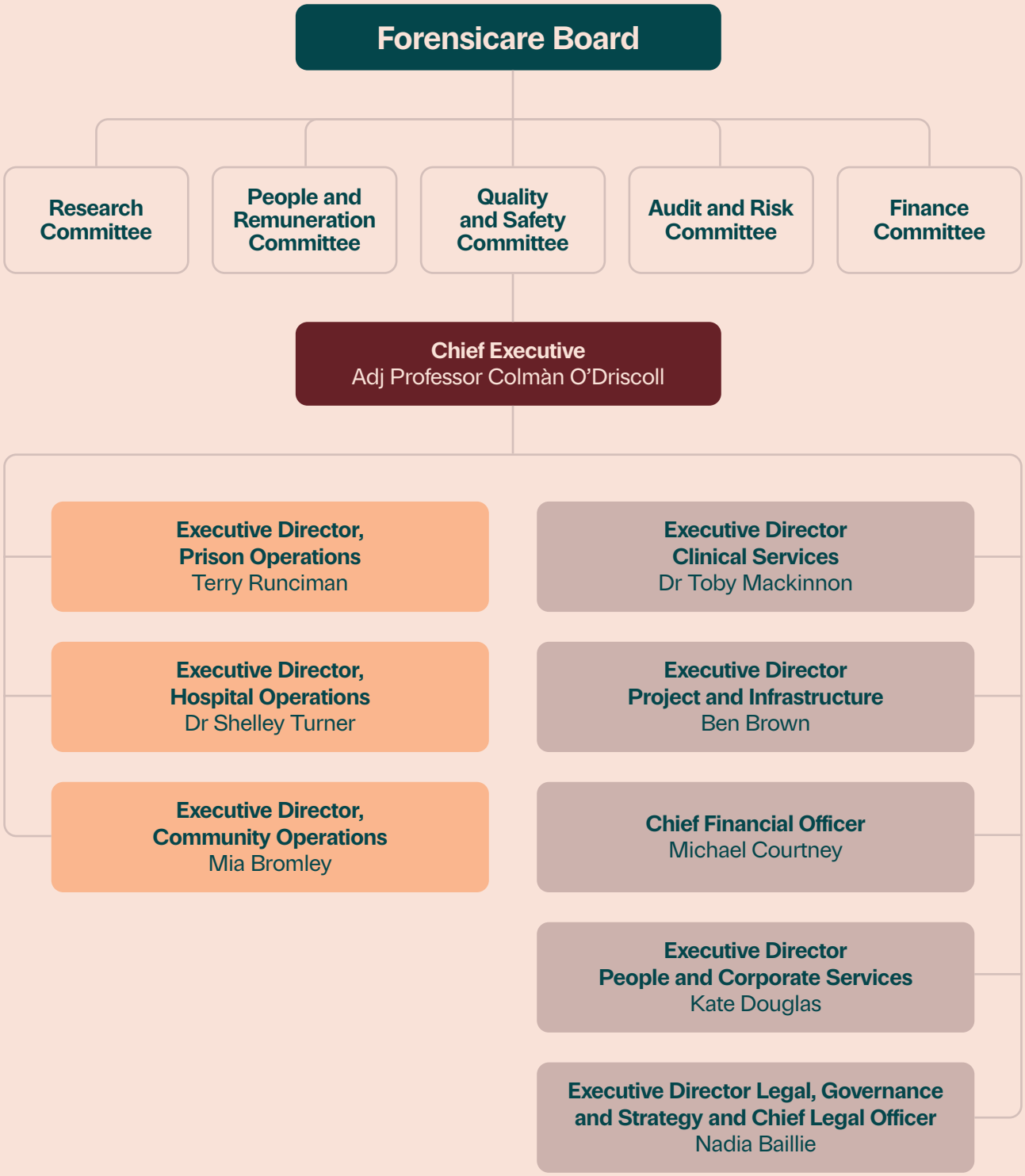
Dr Tobias MacKinnon
Executive Director, Clinical Services

Terry Runciman
Executive Director, Prison Operations

Dr Shelley Turner
Executive Director, Hospital Operations

Organisational chart

Forensicare's organisational structure as at June 2026.



Workforce data

All Forensicare employees are correctly classified in accordance with the relevant enterprise agreement. Forensicare is an equal opportunity employer, committed to providing a safe workplace that is free from harassment and discrimination. Staff are committed to our values as the principles of employment and conduct.

Forensicare ensures that its procedures and approach to dealing with workplace grievances on the grounds of discrimination, sexual harassment, bullying and harassment is consistent, fair and equitable.

The following table discloses the full-time equivalent (FTE) of all active employees of Forensicare as of 30 June 2026, with 2025 data shown for comparative purposes.

Table 1

Full-time equivalent of all active employees as of 30 June 2026

Employee Category	June Current Month FTE		Average Monthly FTE	
	2026	2025	2026	2025
Nursing	**518**	**503**	**519**	**502**
Administration and Clerical	**161**	**149**	**154**	**162**
Medical Officers	**42**	**48**	**38**	**46**
Sessional Clinicians	**38**	**25**	**37**	**27**
Allied Health and Ancillary	**150**	**157**	**149**	**159**
Aboriginal Health	0	3	1	2
Art Therapist	0	1	0	1
Dietician	4	4	3	4
Health Information	2	1	1	2
Lived Experience	11	11	12	11
Occupational Therapy	29	35	30	36
Psychologist	59	60	60	59
Social Worker	43	39	41	39
Speech Pathologist	0	2	1	4
Spiritual Care	1	1	1	1
Total	**909**	**882**	**897**	**896**

Workforce inclusion policy

During 2025–26, Forensicare continued to embed gender equality, diversity and inclusion across workforce practices, organisational systems, policy and service design, supported by an intersectional approach.

Forensicare developed its new Gender Equality Action Plan 2026–2030, informed by broad organisation-wide consultation. The plan establishes measurable actions to strengthen gender equality and intersectionality across leadership, decision-making, workforce practices, policy, service design and the Model of Care. These actions provide the framework for monitoring progress against Forensicare's workforce inclusion priorities over the next four years.

Key initiatives included the development of an Intersectionality Guide to build organisational capability in applying an intersectional lens across policy, programs, clinical practice and service delivery. Forensicare also established dedicated lived experience capability within the Diversity and Inclusion program, ensuring diverse staff and community perspectives inform organisational priorities.

The implementation of Dayforce, Forensicare's upgraded Human Capital Management system, improved workforce data collection through new fields for cultural diversity, disability status, and sexual orientation. These enhancements further strengthen reporting against the Workplace Gender Equality Indicators and enable more informed, evidence-based workforce planning. During the year, Forensicare recruited 210 staff, of whom 56.2 per cent were from culturally diverse backgrounds.

The Victorian Government's investment in the TEH expansion supports more inclusive and accessible service environments, including accessible facilities, bariatric supports and spaces designed for people of different ages and abilities. We remain focused on developing workforce capability to continue to deliver culturally responsive, person-centred care for consumers, staff and the Victorian community.

Occupational health and safety

During the reporting period, Forensicare refreshed its five key health, safety and wellbeing priorities to further mature and integrate its occupational health and safety management system, ensuring both immediate and long-term obligations are met. Significant progress was achieved across these priorities, including the introduction of new risk registers for priority physical and psychosocial hazards, with these risks embedded within both the enterprise and operational Risk Management Frameworks.

In support of a culture where safety is everyone's responsibility, a new confidential reporting module was introduced within the Risk Management system to strengthen the reporting and management of psychosocial hazards, including concerns relating to bullying, harassment and other inappropriate workplace behaviours. This initiative has enhanced Forensicare's ability to identify, assess and proactively manage risks, supporting a safer workplace and reinforcing our commitment to the health, safety and wellbeing of our workforce.

Table 2

Occupational health and safety statistics

	2025-26	2024-25	2023-24
The number of reported hazards/ incidents for the year per 100 FTE	**60.98**	**71.88**	**55.74**
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	**3.57**	**4.31**	**4.24**
The average cost per WorkCover claim for the year ('000)	**57**	**51**	**67**

Occupational violence

Forensicare is pleased to report a 15 per cent decrease in the overall number of occupational violence incidents reported in 2025-26 compared with the previous financial year. Of the reported occupational violence incidents, 75 per cent resulted in no harm (injury, illness or condition), 23 per cent resulted in mild harm (ISR 3) and 2 per cent resulted moderate harm (ISR 2).

The distinction between ISR 2 and ISR 3 is derived from the response to three questions related to: level of harm, required level of care and level of treatment required.

Generally, an incident is classified as ISR3 where a worker requires first aid or medical assessment only, without ongoing treatment. Where an incident results in treatment being required, either short-term or long-term, it is typically classified as ISR 2. While any incident resulting in harm is unacceptable, the proportion of incidents resulting in harm reflects our ongoing commitment to maintaining a safe, respectful and supportive environment for staff, consumers and visitors and zero-tolerance for violence, bullying, harassment and other harmful behaviours.

Table 3

Occupational violence statistics

	2025-26	2024-25	2023-24
Workcover accepted claims with an occupational violence cause per 100 FTE	**2.2**	**1.5**	**1.9**
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	**10.8**	**8.9**	**14.5**
Number of occupational violence incidents reported	**369**	**433**	**332**
Number of occupational violence incidents reported per 100 FTE	**41**	**49**	**37**
Percentage of occupational violence incidents resulting in a staff injury, illness, or condition	**2% (ISR 2)** **23% (ISR 3)**	**2%** **11%**	**4%** **17%**

Definitions of occupational violence

- **Occupational violence** - any incident where an employee is abused, threatened, or assaulted in circumstances arising out of, or in the course of their employment.
- **Incident** - an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during a planned or unplanned Code Grey, it must be included.
- **Accepted WorkCover claims** – claims accepted and lodged in 2025-2026.
- **Lost time** - defined as greater than one day.
- **Injury, illness, or condition** - includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

Summary of financial results

Table 4
Financial information

	2026 $000	2025 $000	2024 $000	2023 $000	2022 $000
OPERATING RESULT					
Total revenue	245,273	396,827	281,730	192,203	148,597
Total expenses	(213,980)	(187,350)	(180,061)	(153,253)	(143,050)
Net result from transactions	**31,293**	**209,477**	**101,666**	**38,950**	**5,547**
Total other economic flows	866	94	1,388	(836)	379
Net result	**32,159**	**209,571**	**103,054**	**38,114**	**5,926**
Total assets	648,802	593,070	384,427	263,839	219,200
Total liabilities	(87,971)	(64,398)	(66,903)	(54,784)	(53,865)
Net assets/total equity	**560,831**	**528,672**	**317,524**	**209,055**	**165,335**

Table 5
Reconciliation of net result from transactions and operating result

	2025-2026 $000
OPERATING RESULT	**1,051**
Capital purpose income	54,127
Depreciation and amortisation	(14,791)
Expenditure for capital purpose	(1,571)
Provision for backpay	(7,241)
Finance costs (other)	(282)
Net result from transactions	**31,293**

Details of consultancies (under $10,000)

In 2025-2026, there were 10 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2025-26 in relation to these consultancies is $53,485 (excl. GST).

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

In 2025-2026 there were 24 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2025-2026 in relation to these consultancies is $1,279,568 (excl. GST). Details of these consultancies can be viewed below (Table 6).

Table 6

Consultancies over $10,000

Consultant	Purpose of consultancy	Total approved project fee (excl. GST)	Expenditure 2025-2026 (excl. GST)	Future expenditure (excl. GST)
Base Services Group Pty Ltd	Unit Refurbishment Extension Plan	$44,736	$44,736	
Base Services Group Pty Ltd	Independent Commissioning Agent Consultancy - Expansion Project	$123,733	$8,663	$1,267
Ben Paul Hoogenboom	Data Insights Project	$24,000	$24,000	
Collective Engineering Company Pty Ltd	Engineering Consultancy (Boiler replacement - Building D&E)	$27,000	$27,000	
Communicorp Group Pty Ltd	Critical Incident Model	$17,010	$17,010	
Corrs Chambers Westgarth	Privacy Framework	$101,280	$101,280	
Cox Inall Ridgeway Pty Ltd	First People Workforce Strategy	$62,500	$42,000	$20,500
Group Elephant Australia Pty Ltd	Dayforce Implementation Project	$650,000	$74,114	$575,886

Consultant	Purpose of consultancy	Total approved project fee (excl. GST)	Expenditure 2025-2026 (excl. GST)	Future expenditure (excl. GST)
KPMG	Grant Revenue Recognition Accounting Review	$35,000	$35,000	
JRPO Associates Pty Ltd	Strategic Advice to Board	$117,273	$117,273	
Mercer Consulting (Australia) Pty Ltd	Work Value Assessments	$17,600	$17,600	
MBMpl Pty Ltd	Unit Refurbishment Extension Plan	$19,620	$19,620	
Nexon Asia Pacific Pty Ltd	Penetration Testing	$25,710	$25,710	
Robyn Nicole Murn	Medical Workforce Review	$16,500	$16,500	
Passion Energy & Performance Pty Ltd	Management Skills Program design	$18,500	$18,500	
Pixel Perfect Pty Ltd	Probity for Work Wear Tender	$14,400	$14,400	
Roman Ruzbacky & Associates	Gender Equality Action Plan	$21,000	$21,000	
Superior Software for Windows Pty Ltd	Data Insights Project	$300,000	$287,592	
The Trustee for Code Black Trust	Positive Behaviour Support Plan	$43,050	$43,050	
The Trustee for Macutex Unit Trust	Asset Management Plan Development	$99,120	$99,120	
The Trustee for Sedo Unit Trust	Electronic Security Tender Support	$41,000	$41,000	
The Trustee for Sedo Unit Trust	Procurement Strategic Support	$50,000	$50,000	
The Trustee for Sedo Unit Trust	Catering & Cleaning Procurement Support	$158,400	$54,400	$104,000
Workwell Consulting	Strategic Framework	$80,000	$80,000	

Information and communication technology (ICT) expenditure

The total ICT expenditure incurred during 2025-26 was $8.7 million (excluding GST), with the details shown below.

Table 7
ICT expenditure

Business as Usual (BAU) ICT expenditure (excluding GST)	Non-Business as Usual (non-BAU) ICT expenditure (excluding GST)		
Total	Total = Operational expenditure and capital expenditure	Operating expenditure (OPEX)	Capital expenditure (CAPEX)
$6.7M	$2.0M	$0.8M	$1.2M

Social procurement activities under the Social Procurement Framework

Forensicare's procurement practices in 2025-26 reflected the principles and priorities of the Social Procurement Framework.

Building Equality Policy

The redevelopment of TEH, managed by the Victorian Health Building Authority (VHBA), aligns with the Victorian Government's Building Equality Policy, ensuring inclusive workforce participation and equitable procurement practices throughout the project lifecycle.

Disclosure of review and study expenses

During 2025-26, there was one review undertaken with a total cost of $16,500. Details of the review are outlined below.

Name of the review	Medical Workforce Review: Victorian Institute of Forensic Mental Health
Reasons for review/study	Identify opportunities to strengthen workforce arrangements and assess alignment with comparable forensic mental health services nationally and internationally
Terms of reference/ scope	Undertake an independent assessment to understand the root causes of workforce dissatisfaction, operational inefficiency, and sustainability risk, and to receive clear, actionable recommendations.
Timeline	March – June 2026
Anticipated outcomes	Recommendations that support informed decision-making to strengthen medical workforce across Forensicare.
Estimated cost for the year (excl. GST)	16,500
Final cost if completed (excl. GST)	16,500
Publicly available	No - internal decision-making purposes.

Disclosure of grants, transfer payments, and commercial-in-confidence grants

Forensicare did not administer any grants, transfer payments, or Commercial-in-Confidence grants in 2025-26.

Disclosure required under legislation

Compliance with *Freedom of Information Act 1982*

During 2025-26, Forensicare received 135 Freedom of Information (FOI) applications. Of these requests, all were from the public.

Forensicare made 114 FOI decisions during the 12 months ended 30 June 2026.

There were 100 decisions made within the statutory period. Of the decisions made outside time, 12 were made within a further 45 days and 2 decisions were made in greater than 45 days.

Of the total decisions made, 49 granted access to documents in full, 62 granted access in part and 3 were denied access in full. Two decisions were made after mandatory extensions had been applied or extensions were agreed upon by the applicant.

Of requests finalised, the average number of days under the statutory time (including extended timeframes) to decide the request was 15 days.

During 2025-26, 8 requests were subject to a complaint/internal review by Office of the Victorian Information Commissioner. One request progressed to the Victorian Civil and Administrative Tribunal (VCAT).

Compliance with *Building Act 1993*

Forensicare complies with the building and maintenance provisions of the Building Act 1993 in delivering projects and operating its facilities.

Forensicare has mechanisms in place to ensure that all buildings conform with the Building Act 1993 (Vic), the Building Regulations 2018, and applicable Australian Standards. Independent building surveyors are engaged to review and certify compliance at appropriate stages of design, construction, and refurbishment.

During 2025-26, the TEH bed expansion project was successfully completed and handed over to Forensicare, delivering an additional 82 bed facility to support growing service demand.

A comprehensive planned preventive maintenance program is in place to ensure statutory compliance and the safe, ongoing operation of facilities. This includes routine inspections, condition assessments, and scheduled works, all of which are managed and monitored through our maintenance management system.

Compliance with *Public Interest Disclosures Act 2012*

Forensicare has policies and procedures available to staff on its intranet, and to the public on its website, for the notification of the public sector improper conduct and corrupt conduct, which complies with the *Public Interest Disclosures Act 2012 (Vic).*

Forensicare's policy informs employees of their right to report suspected improper and/or corrupt conduct directly to the Independent Broad-based Anti-Corruption Commission (IBAC).

Under the legislation Forensicare cannot accept public interest disclosures.

National Competition Policy

Forensicare continues to comply with the National Competition Policy and the Competitive Neutrality Policy Victoria on competitive neutrality.

Compliance with *Carers Recognition Act 2012*

Forensicare has taken all practical measures to comply with its obligations under the *Carers Recognition Act 2012* (CRA). These include:

- promoting the principles of the CRA to people in care relationships who receive our services and to the wider community (e.g. distributing printed material about the CRA at community events or service points; providing links to state government resource materials on our website; providing digital and/or printed information about the CRA to our partner organisations)
- ensuring our staff have an awareness and understanding of the care relationship principles set out in the CRA (e.g. developing and implementing a staff awareness strategy about the principles in the CRA and what they mean for staff; induction and training programs offered by the organisation include discussion of the CRA and the statement of principles therein)
- considering the care relationships principles set out in the CRA when setting policies and providing services (e.g. reviewing our employment policies such as flexible working arrangements and leave provisions to ensure that these comply with the statement of principles in the CRA, developing a satisfaction survey for distribution at assessment and review meetings between workers and those receiving care)
- implementing priority actions in Victoria Carer Strategy 2025-2035.

Environmental performance

During the reporting period, Forensicare recorded an increase in several environmental performance measuring including electricity and water consumption compared to the previous year. This variance is primarily attributable to the significant construction activities associated with the TEH development project, which required temporary site services, extended operating hours for plant and equipment, and additional electricity and water usage for construction purposes.

Greenhouse gas emissions

Forensicare reports its greenhouse gas emissions broken down into emissions 'scopes' consistent with national and international reporting standards. Scope 1 emissions are from sources that we own or control, such as burning fossil fuels in vehicles or machinery. Scope 2 emissions are indirect emissions from our use of electricity from the grid, which still uses coal and gas-fired power generation. Scope 3 emissions are indirect emissions from sources we do not control but do influence. Forensicare reports only Scope 3 emissions from corporate air travel and waste disposal.

Table 8

Greenhouse gas emissions

Indicator	2025-26	2024-25	2023-24
Total Scope 1 greenhouse gas emissions (Tonnes CO2-e)	380	611	386
Total Scope 2 greenhouse gas emissions (Tonnes CO2e)	1600	1595	1506
Total Scope 3 greenhouse gas emissions from commercial air travel and waste disposal (Tonnes CO2-e)	367	420	567

Electricity production and consumption

Table 9
Electricity production and consumption

Indicator	2025-26	2024-25	2023-24
Total electricity consumption (MWh)	**2524**	**2157**	**2396**
Purchased Electricity – Consolidated	2407	2411	2290
Forensicare office			
Self-generated (MWh)	118	105	137
On-site electricity generated (MWh)	**118**	**105**	**106**
Solar PV			
Consumption behind-the-meter	118	105	106
Exports	0	0	0
Other non-renewable (Diesel backup generator)	0.28	0.28	0.28
On-site installed generation capacity (MW)	**0.38**	**0.38**	**0.38**
Solar PV	0.1	0.1	0.1
Diesel backup generator	0.28	0.28	0.28
Total electricity offsets (MWh)	**622**	**442**	**430**
LGC's voluntarily retired by the Entity	191	0	0
Greenpower	431	442	430

Stationary fuel use

Sources of emissions from stationary fuel include natural gas used in some buildings' heating systems and diesel back-up generators for critical facilities. We collected data primarily through billing information from fuel suppliers.

Table 10

Stationary fuel use

Indicator	2025-26	2024-25	2023-24
Total Fuels used in buildings and machinery (MJ)	**7,371,144**	**11,610,539**	**7,239,234**
Buildings [a]	7,371,144	11,610,539	7,239,234
Natural gas	7,371,144	11,610,539	7,239,234
Machinery [b]			
Diesel			
Greenhouse gas emissions from stationary fuel consumption (Tonnes CO2-e)	379	598	373

Notes:

(a) Gas powered clothes dryers are used at the Department's depot, which are not separately metered and have been included in the buildings rather than machinery subtotal. The Department will explore sub-metering options when these dryers are replaced at the end of their useful life.

(b) The Department operates a backup generator at its data centre.

Transportation

Forensicare's fleet comprised 19 passenger vehicles as of 30 June 2026, all 19 were pool vehicles for patient transport and business-related staff travel. Three of these vehicles were diesel-driven, 13 were petrol and three were hybrid (range-extended). The increase in transportation energy is attributable to the expansion of our regional community forensic mental health service during the reporting period.

Table 11

Transportation energy

	2025-26	2024-25	2023-24
T1 Total energy used in transportation (vehicle fleet) within the Entity, segmented by fuel type [MJ]			
Non-executive fleet – Petrol	173,719	92,333	92,587
Petrol	**173,719**	**92,333**	**92,587**
Non-executive fleet - Diesel	82,759	90,675	90,922
Diesel	**82,759**	**90,675**	**90,922**
Total energy used in transportation (vehicle fleet) [MJ]	**256,478**	**183,009**	**183,509**

	2025-26	2024-25	2023-24
T2 Number and proportion of vehicles in the organisational boundary segmented by engine/fuel type and vehicle category			
Petrol	**13**	**16**	**17**
Sedan	7	10	11
SUV	6	6	6
Diesel	**3**	**3**	**3**
Sedan	0	0	0
People Mover	3	3	3
Hybrid	**3**	**3**	**3**
Sedan	3	3	3
T3 Greenhouse gas emissions from transportation (vehicle fleet) segmented by fuel type [tonnes CO2-e]			
Non-executive fleet - Petrol	12	6	6
Petrol	**12**	**6**	**6**
Non-executive fleet - Diesel	6	6	6
Diesel	**6**	**6**	**6**
Total Greenhouse gas emissions from transportation (vehicle fleet) [tonnes CO2-e]	**18**	**12**	**12**
T4 Total distance travelled by commercial air travel (passenger km travelled for business purposes by entity staff on commercial or charter aircraft)			
Total distance travelled by commercial air travel	322,816	216,976	331,393

Total energy use

Table 12
Total energy use

Indicator	2025-26	2024-25	2023-24
Total energy usage from fuels (stationery and transportation) (MJ)	7,627,622	11,793,548	7,422,743
Total energy used from electricity (MJ)	9,087,775	9,059,645	8,624,295
Total energy used segmented into renewable and non-renewable sources (MJ)	16,458,919	20,853,193	16,428,014
Renewable	2,663,050	1,969,436	1,930,720
Non-renewable	13,795,869	18,883,757	14,497,294
Units of energy used normalised by FTE	1,331	1,672	1,283

Solar capacity and use

Solar generation data for the period is unavailable due to switchboard modifications linked to the Thomas Embling Hospital expansion.

Sustainable procurement

Forensicare considers sustainable procurement objectives through its implementation of the Social Procurement Framework, which establishes requirements that apply to Victorian Government departments and agencies when they procure goods, services and construction. All Forensicare tenders include 5% for social procurement which includes sustainability, suppliers are asked to provide information on their sustainability practices, and these are scored accordingly against the weighted criteria.

Water consumption

Table 13
Water consumption

Indicator	2025-26	2024-25	2023-24
Total water consumption by an Entity (kilolitres)	22,799	21,253	20,169
Potable water consumption	22,799	21,253	20169
Metered reused water consumption			
Units of metered water consumed normalised by FTE	1.8	1.7	1.6

Waste and recycling

Waste management and recycling are key priorities for Forensicare. Focus areas include efforts to eliminate single-use plastics, as well as maximise recycling and minimise waste sent to landfill. The organisation collected waste data from invoices and reports from its waste management providers.

Table 14
Waste and recycling performance

Indicator	2025-26	2024-25	2023-24
Paper recycling (kg)	6920	7220	4490
Cardboard and paper recycling (tonnes)	51	41	30
General waste (tonnes)	180	207	149
Co-mingle waste (tonnes)	12	13	11
Organic waste (tonnes)	14	3.41	4
Clinical waste (tonnes)	.83	1.5	1.5
E-waste (tonnes)	3	3	6

Additional information

The following information must be retained and made available upon request:

a) a statement that declarations of pecuniary interests have been duly completed by all relevant officers;

b) details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary;

c) details of publications produced by the entity about itself, and how these can be obtained;

d) details of changes in prices, fees, charges, rates, and levies charged by the entity;

e) details of any major external reviews carried out on the entity;

f) details of major research and development activities undertaken by the entity;

g) details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;

h) details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services;

i) details of assessments and measures undertaken to improve the occupational health and safety of employees;

j) a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes;

k) 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

l) details of all consultancies and contractors including:

   i) consultants/contractors engaged;

   ii) services provided; and

   iii) expenditure committed to for each engagement

This information is available on request from:

Head of Strategy
Office of the CEO
Phone: **(03) 9495 9100**
Email: **info@forensicare.vic.gov.au**

Compliance with *Local Jobs First Act 2003*

No projects undertaken by Forensicare during 2025-26 met the threshold for Local Jobs First Policy application. As such, no Local Industry Development Plans were required or submitted.

Key financial and service performance reporting

Reporting against the Statement of Priorities – Part A

In 2025-26 Forensicare contributed to the achievement of the Victorian Government's commitments by:

Priority: Innovate and improve access and care

We aim for the best patient experience and care outcomes by assuring safe practice, leadership of safety, an engaged and capable workforce, and continuing to improve and innovate care.

Goals

- Align with the Victorian Clinical Governance Framework to strengthen clinical governance systems, ensuring safe, high-quality care. (provided by SCV) with a specific focus on building and maintaining a strong safety culture, identifying, reporting, and learning from adverse events, and early, accurate recognition and management of clinical risk to and deterioration of all consumers.
- Support the implementation of the "Next Phase of Reform" to deliver inclusive, personalised, compassionate, integrated care for mental health and wellbeing. (proposed by Mental Health)
- Develop strong and effective relationships with consumers and clinical partners to drive service improvements.
- Support consumers to access the most appropriate care for their mental illness and/or associated risk factors.
- Improve mental health and wellbeing outcomes by implementing Victoria's new and expanded Mental Health and Wellbeing system architecture and services.

Forensicare deliverables

- Demonstrate high quality care in which consumer engagement and input is actively sought, facilitated and used to drive system change to improve consumer experience and outcomes
- Ensure that health service reporting, reviews and decision-making are underpinned by a safety culture and systems that are transparent, accurate and fair for staff and consumers
- Health services are able to show evidence of a comprehensive training program approach that includes performance management, accountable, and continuous improvement.

Forensicare deliverables

- Work with SCV in areas of clinical improvement to ensure Thomas Embling Hospital 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.
- Participate in mental health reform work related to forensic community redesign, collaborate with mental health stakeholders to inform models of care that address forensic interface issues.
- Work in partnership with Area Mental Health and Wellbeing Services and Mental Health and Wellbeing Locals across Victoria to develop, establish and deliver regional community forensic mental health services.
- Implement newly commissioned forensic mental health services in line with approved department guidelines and expectations, focusing on trauma-informed, recovery-oriented, and culturally safe care for people involved in the justice system.
- Refine operating models developed for service expansions and ensure they are aligned with Forensicare's Model of Care 2021-26, and deliver safe, effective, and person-centred care which provides support to consumers, families, supporters, and carers across various levels of the mental
- Engage Forensicare clinical staff in translating research findings into clinical education and professional development activities and deliver the Forensic Mental Health Professional Development Program in partnership with the Centre for Forensic Behavioural Science.
- Develop an appropriate under 26 years model for Forensic Mental Health across Forensicare services. Engage with the Department of Health, the Department of Justice and Community Safety and specialist Infant, Child and Youth Mental Health and Wellbeing Services in the development of an appropriate Forensic Youth Mental Health state-wide system.
- Deliver initiatives and document partnerships that meet the Mental Health and Wellbeing Act 2022 objectives and document partnerships with local mental health services for reform with emphasis on promoting human rights, supported decision-making, accountability, and the inclusion of people with lived experience, including those with forensic experience, in all aspects of service delivery and planning. health system.

Achievements/ Outcomes

Consumer Advisory Group (CAG) at TEH: The CAG provides a forum to engage and consult with consumers to improve service quality through collaboration and engagement. During 2025-26, the group raised 284 matters across a range of areas including the physical environment, recreational needs, and quality of life.

Consumer Review Group (CRG) at TEH: The CRG is a consultative forum which provides consumers the opportunity to input into documentation across the organisation. During 2025-26, the CRG input into the Suicide and Self Harm Training Program provided to new Correctional Officers at Ravenhall, the development of forensic patient case studies as well as extensive consultation for the new Forensicare Strategy.

Achievements/ Outcomes

Experience of Care Survey: Launch of a dedicated co-designed Experience of Care survey for consumers in Custodial Mental Health Units. The new tool provides more meaningful insights into consumer experiences and strengthens our ability to drive service improvement across custodial mental health services.

Consultation Forensicare Strategy: Focussed consultation sessions were held across the year to seek consumer, family and carer insights and perspectives on Forensicare's strategic direction. This included consultation with the TEH and Community Consumer Advisory Groups, the CRG, the Family and Carer Advisory Group, and at community meetings across the hospital units and custodial units at Ravenhall Correctional Centre and Port Phillip Prison.

Family and Carer Advisory Group (FCAG): The FCAG met on eleven occasions in 2025-26. During the year, the FCAG provided input into hospital expansion, carers day celebrations, research, policy and programs at the hospital. We also established a new 'open' forum which invites external stakeholders to speak with families, carers and supporters on matters that are relevant to them and provide opportunities for Q&A including from Tandem and the Independent Mental Health Advocate.

Six Core Strategies: TEH continued to embed the 'Six Core Strategies for Reducing Restrictive Practices' and is working also with SCV in a restrictive practice reduction program in one of the Thomas Embling Hospital acute units.

Safely Reducing Restrictive Practice - Safewards Secure Evaluation: Building on the previous Safewards implementation at TEH, Forensicare introduced Safewards Secure, an evidence-based intervention unique and specific to forensic mental health inpatient setting. Safewards Secure was introduced to one of two 17-bed male acute high secure units at TEH to enable comparison with treatment as usual. Findings indicate that Safewards Secure was implemented successfully and effectively including that the intervention:

- → reduced conflict and containment in the intervention unit compared with the treatment as usual unit including a reduction in the number of:
  - episodes of seclusion
  - episodes of occupational violence and aggression
  - behavioural incidents.
- → improved and maintained social climate with consumers reporting improved therapeutic relations with staff and other consumers on the unit and high levels of safety.

Leadership Development: During 2025–26, 33 employees completed LEDA, Forensicare's leadership development program for aspiring and emerging leaders, designed to build practical, human-centred leadership capability. A further 55 employees completed Elevate, a program for existing leaders focused on personal growth, self-awareness and effective leadership through small-group coaching, peer collaboration and practical workplace activities.

Achievements/ Outcomes

Zero Suicide Framework (ZSF): Two pilot projects commenced during the year in the Prisons Directorate. The aim of the pilots is to increase the reliability of best practice in the care of consumers experiencing suicidality and to understand how best to support teams to adopt and maintain these changes in practice. As part of this work, to date 55 staff across the two teams have completed an advanced clinical training package for assessing and responding to suicide risk. A train-the-trainer was also developed and delivered to support ongoing capacity to deliver the training in prisons as the project scales up. Audit findings have revealed a 135% improvement in the quality of suicide risk formulation within the Ravenhall Outpatient Service. These pilots will inform the broader implementation and uplift of best practices in suicide prevention across Forensicare in line with the ZSF. The findings were recently presented at the SCV Mental Health Improvement Program Forum and have been used to inform the statewide pilot for AMHWS looking to adopt the ZSF.

Ligature Assessment, Management and Response: A significant review of the Ligature Assessment, Management and Response Procedure has been undertaken. This work commenced following the release of the SCV guiding document 'Improving Safety for Consumers at risk of harm of ligature'. This has involved the implementation of a new ligature point audit tool. A working party to support the development of an organisation-wide procedure and capability building for staff to respond to ligature events using a trauma-informed best practice approach will be part of work over the next year.

Community Forensic Mental Health Services (CFMHS): Expansion of the CFMHS across the state has enabled co-location of services with Area Mental Health and Wellbeing Services. This has supported a collaborative approach to supporting individuals with complex mental health and forensic needs as well as the services involved in their care. Our expanded regional presence delivers flexible, outreach-based services and acts as a key point of contact for the region, assisting referrers and consumers to navigate and link with other Forensicare programs where appropriate, and supporting access to the most suitable forensic mental health pathway.

Mental Healthcare Services Agreement (MHSA): Transitioned to new MHSA with the Department of Justice and Community Safety for forensic mental health services in public prisons on 1 July 2025. The MHSA is grounded in trauma-informed, recovery-oriented, and culturally safe principles

Expansion to Western Plains Correctional Centre: Commissioned a forensic mental health service at Western Plains Correctional Centre, a new correctional facility that commenced operations on 1 July 2025.

Ravenhall Correctional Centre: Forensicare commissioned Everton psychosocial rehabilitation unit at Ravenhall Correctional Centre in December 2025 following closure of St Paul's Psychosocial Unit at Port Phillip Prison.

Mental Health Advice and Response Service (MHARS) Wyndham Law Courts: MHARS commenced operations at Wyndham Law Courts in November, playing an important role in providing specialist mental health advice, assessment, and reports for court decision and education and training mental illness and the mental health system for court users and staff.

TEH Expansion: The TEH expansion reached practical completion during the year, an important milestone bringing us closer to accessing additional secure inpatient capacity. Operational funding was also secured as part of the 2026-27 State Budget to open 40 new beds.

Achievements/ Outcomes

Core Forensic Model implementation: We continued to refine our operating models to support service expansion in alignment with *Forensicare's Model of Care 2021–2026*. These models embed recovery-oriented, person-centred, trauma-informed and evidence-informed approaches to care. The Core Forensic Model provides the overarching framework across the three directorates (hospital, prison and community), supporting consistent multidisciplinary practice, consumer-centred care planning and recovery-focused pathways from assessment through to rehabilitation and transition to the community. The model promotes clinically led, consumer centred, recovery-focused and transparent care.

Within the Custodial Pathway, the model strengthens delivery of forensic mental health care in custodial settings and supports continuity of care between prison-based services and Thomas Embling Hospital. Within the Community Pathway, the model provides a consistent clinical and operational approach to assessment, treatment, rehabilitation and recovery-focused care, supporting consumers to navigate their journey and reintegration into the community.

Collectively, these models aim to strengthen clinical governance and care coordination across the services, supporting recovery outcomes and consumers to live meaningful lives, lived safely, in the community.

Forensic Mental Health Nursing Standards: Forensicare and Swinburne University of Technology launched the Forensic Mental Health Nursing Standards at the International Association of Forensic Mental Health Services. The standards of practice identify the nursing contribution to the interdisciplinary assessment and treatment of people requiring forensic mental health care. The standards are to be used to guide practice, education and research in forensic mental health nursing.

Inaugural Forensic Mental Health Nursing Conference - Dare to Dream: The conference brought together forensic mental health nurses from across Australia and internationally, alongside representatives from law, psychiatry, lived experience and other disciplines. Participants shared ideas, showcased innovation and explored emerging approaches to forensic mental health nursing across inpatient, custodial, court and community settings.

Interdisciplinary Education Strategy: Development of interdisciplinary education strategy and adoption of a shared competency-based framework that provides the model for educating new and existing clinical workforces.

Achievements/ Outcomes

Education Governance Framework: Established an education governance framework including processes for approving training content, prioritising education initiatives and resources, assigning ownership, monitoring quality and establishing review timeframes for education modules. Review of orientation training for new staff to support safe clinical practice and a commitment to reducing restrictive practices.

Collaboration with the Centre for Forensic Behavioural Science: Forensicare has co-located our educator workforce with the Centre for Forensic Behavioural Science, Swinburne University of Technology to support research translation.

Prato 2025 – Safer communities: Creating better outcomes for justice involved people: Forensicare sponsored the welcome reception at Prato 2025 which brought together practitioners, legal decision makers, advocates, researchers and policy contributors from across the globe to explore new and different ways of responding to criminal behaviour and the people who commit criminal acts, creating lasting positive impacts for people of all ages.

Physical healthcare needs at TEH: To assess the clinical utility of a less invasive approach and its impact on consumers and clinicians, the team trialled a point of care device capable of performing a full blood examination via capillary finger-prick samples across acute male units. Point-of-care testing improved clozapine monitoring by making blood collection faster, easier and less distressing in a consumer group where blood draws are often a barrier to care. It also reduced the need for costly, logistically complex and high-risk hospital transfers, improving safety and efficiency for consumers and staff.

National Forensic Mental Health Social Work Network: Forensicare co-hosted an online conference Preparing the next generation of Forensic Mental Health Social Workers in November 2025. The conference brought together leading experts, educators, and practitioners from around the globe to explore innovative frameworks, service models and educational strategies to shape the future of forensic mental health social work.

Forensic youth mental health system: Forensicare is committed to collaborating with partners across the sector to establish the forensic youth mental health system in line with Royal Commission recommendations. Opportunities for collaboration with Bayside Health and the Parkville Youth Mental Health and Wellbeing Services are ongoing.

Carers Services Meeting: The Lived Experience Team established a bi-annual carers service meeting with carer organisations across Victoria.

Working in partnership: Forensicare collaborates with several partners across the system including Austin Health, Monash Health and the Royal Melbourne Hospital to share expertise and capability in forensic mental health service delivery. We also work in partnership with Austin Health to enable access to emergency care, health services and step-down rehabilitation for consumers at Thomas Embling Hospital.

Priority: Prudent, sustainable and effective use of resources

We are innovative and resourceful in balancing improved patient care, operational performance, and system management to ensure a financially secure health system. We invest in a skilled and future-ready workforce, maintaining a modern, safe, and resilient healthcare system for all Victorians.

Goals

- → Develop and implement initiatives to strengthen financial sustainability. By delivering sustainable, responsible budgets, we can ensure a well-managed, viable, and sustainable health system for the future.

Forensicare deliverables

- → Utilise data analytics and performance metrics to identify areas of inefficiency and waste and make evidence-based decisions to improve financial sustainability and operational performance.
- → Work in collaboration with the Department of Health to review budget drivers, changes, and options around funding models. Continue to refine approach for sustainability and alignment with outcomes at the consumer, and community level, across service expansions and further reform.
- → Implement actions to improve Business Intelligence, data sharing and integration with partner agencies and the Department of Health in line with the Victorian Digital Strategy 2021-2026 and Victoria's Digital Health Roadmap 2021-2025, and key Royal Commission recommendations around contemporary IT systems.

Achievements/ Outcomes

Strengthened data insights and reporting capability: Development of dashboards and reporting capability using Power BI, including automated reporting processes and interactive dashboards for the Board, Executive and operational leaders. The establishment of a suite of dashboard reports has enabled real-time access to performance data, enabling timely action and improved decision-making. This capability and increased in reporting capacity involved the establishment of a comprehensive cloud-based 'data lake' which integrated disparate internal data sources to enable more efficient storage, processing and analysis of data for operational and statutory reporting purposes.

Collaboration with the Department of Health: Forensicare continued to work collaboratively with the Department of Health to review key budget drivers, funding requirements and service expansion impacts across the forensic mental health system. This partnership supported the ongoing refinement of funding approaches to ensure they remain sustainable, responsive to demand growth and aligned with strategic reform priorities.

Priority: A stronger workforce

We strive to foster an equitable, skilled and supported workforce that builds professional capabilities to meet current and future roles.

Goals

- Position Victoria as a leader in employee experience, capability and capacity by focusing on future roles and professional development and continue to support implementation of initiatives to build and retain mental health workforce.
- Deliver programs to improve employee experience across four initial focus areas: leadership, health and safety, flexibility, and career development and agility.
- Support Forensicare's Strategic Plan 2021-26 to prioritise its vision as a workplace of choice

Forensicare deliverables

- Continue to support the implementation of medium and long-term priorities of the *Mental Health Workforce Strategy.*
- Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.
- Develop an approach, in conjunction with the Department of Health, on Core Forensic Mental Health Capabilities, that builds on previous work relating to workforce and leadership development.
- Design and implement workforce strategies relating to gender equality, cultural safety and inclusion in the workplace.
- Develop programs to improve employee experience during onboarding and initial twelve months of employment.

Achievements/ Outcomes

Debriefing program: Implementation of an organisation-wide Debriefing Program to establish consistent, safe and trauma-informed debriefing practices, supporting structure learning and staff wellbeing following clinical incidents. The first phase of the implementation of the Debriefing Program commenced in early 2026. The first phase is designed to provide a foundation for establishing a debriefing culture that promotes learning, psychological safety and trust. The program will expand to develop our internal capability to deliver debriefing training and to ensure that longer term we have more staff capable of providing debriefing, alongside a clear model for doing so.

Psychosocial Risk Management Model: Implemented a psychosocial risk management framework incorporating workgroup risk assessments and individual psychosocial risk assessment and prevention plans. Action plans are currently being implemented to address identified risks, strengthen protective factors and support staff wellbeing.

Achievements/ Outcomes

Companion guide: Forensicare delivered the companion guide to the Victorian Capability Framework for the Mental Health and Wellbeing Workforce to support the broader mental health sector in responding to forensic mental health presentations in accordance with Royal Commission recommendations.

Occupational therapy in forensic mental health capability framework: Established through expert consultation, a literature review and a specialist reference group the occupational therapy in forensic mental health capability framework provides valuable guidance on the skills, knowledge, attitudes and expertise relevant to occupational therapists working in forensic mental health settings.

Gender Equality Action Plan: Forensicare developed its new Gender Equality Action Plan 2026–2030, informed by organisation-wide consultation and designed to embed gender equality and intersectionality across workforce practices, leadership, policy and decision-making.

Onboarding enhancements: Forensicare streamlined and automated onboarding workflows through the introduction of a HRIS system, introducing more efficient processes, automated communications and a more seamless user experience for both new employees and managers.

Enhanced induction approach: The induction approach has been enhanced through greater coordination, engagement and support across the organisation, helping employees build connection with the organisation from commencement.

Structured employee experience surveys conducted at four weeks of employment, followed by three-month check-ins led by People and Culture Business Partners, provided valuable insights to continuously improve the employee journey. Feedback is regularly reviewed to identify opportunities to strengthen onboarding, communication, induction content, system access and local orientation practices across the organisation.

Feedback from four-week onboarding check-ins demonstrated strong employee outcomes, with 94% of participants reporting that their role met or exceeded expectations and 94% feeling settled into their role and team. Additionally, 89% of new employees reported feeling very supported during onboarding and having the tools and resources required to perform their role effectively. These initiatives helped to strengthen employee engagement and organisational connection and maintain workforce retention during the critical first year of employment.

Priority: Improving Aboriginal health and wellbeing

Strengthen cultural safety in Victoria's health service system by fostering strong connections to Aboriginal culture, creating a holistic, accessible, and empowering health system.

Goals

- → Enhance Delivery and Access to Culturally Safe Services, fostering strong connections to culture as determined by Aboriginal people, embedding the principles of self-determination.
- → Address racism and provide Aboriginal people with culturally safe healthcare and referral pathways between mainstream and community-controlled health services

Forensicare deliverables

- → Deliver high-quality cultural safety training to all executives and staff using independent, expert, community-controlled organisations or a registered Aboriginal business.
- → Health services actively and regularly engage and establish consultation processes with Aboriginal community-controlled organisations or Aboriginal leaders in local catchments about the health and wellbeing needs of the Community
- → Strengthen relationships and work in collaboration with Aboriginal Community Controlled Health Organisations (ACCHO), Aboriginal Community Controlled Organisations (ACCO) and Justice-related orgs, such as the Aboriginal Justice Forum, to support enhanced connection with community and improve Aboriginal consumer experiences of culturally safe care.
- → Ensure culturally appropriate systems for identifying Aboriginal and Torres Strait Islander patients and implement responsive discharge plans and referral pathways.
- → Implement strategies and processes to actively increase Aboriginal employment.

Achievements/ Outcomes

Cultural Appreciation and Safety Training: All staff at Forensicare are required to participate in an online Cultural Appreciation module. This mandatory training is required to be completed by all new starters and as a refresher training every three years.

During 2025–26, 705 employees completed the Aboriginal and Torres Strait Islander Cultural Appreciation module, increasing cultural awareness and understanding of First Nations peoples supporting a more culturally safe, inclusive and equitable workplace.

Furthermore, Forensicare engaged Victorian Aboriginal Community Controlled Health Organisation (VACCHO), to facilitate Cultural Safety Training with our Senior Leadership Group and Executive Leadership Team on Thursday 2 April.

VACCHO has also facilitated the Cultural Safety Training to people managers and senior staff in consumer facing areas across our three directorates throughout May and June.

Forensicare will be utilising staff experiences from VACCHOs Cultural Safety Training session to inform the development of the organisation's First Peoples Cultural Awareness and Competency plan.

Achievements/ Outcomes

Aboriginal and Torres Strait Islander Advisory Committee: The Committee is well established and attended by cross sector representation. Key matters consulted on during the year included:

- → Forensicare services
- → Short Notice Accreditation
- → Data, measures and reporting
- → Cultural Safety Action Plan
- → Reconciliation Action Plan
- → Forensicare Strategic Plan

Reconciliation Action Plan (RAP): Wanyaari has been engaged to support the development of our first Reconciliation Action Plan. During the year we ran consultation workshop with First Peoples workforce, Aboriginal and Torres Strait Islander Advisory Committee and Consumer Advisory Group. We also distributed two surveys, an electronic survey for staff and a paper survey for consumers. The RAP Committee was also established in February and will guide the finalisation and implementation of the RAP.

Forensicare has worked with the Torch to identify a suitable artist and artwork to be featured throughout the final RAP report as well as to confirm its First Peoples artwork portfolio for future use.

First Peoples Demographics Dashboard: Forensicare has developed a First Peoples Demographics Dashboard to surface data in our client management system to support the identification of First Nations people across our service and support ongoing engagement with consumers throughout their care.

First Peoples Workforce Strategy: Forensicare has engaged Aboriginal-owned consultancy, Cox Inall Ridgeway to support the development of the organisation's: First Peoples workforce strategy to be delivered in FY27.

Priority: Moving from competition to collaboration

We are committed to transforming Victoria's health system by partnering with care providers and health services to share knowledge, information, and resources.

Goals

- Collaborate with other organisations and health services within the Local Health Service Network to enhance integration through coordinated planning, service design, and robust clinical governance. This partnership aims to ensure seamless, sustainable healthcare delivery pathways while fostering deep sector collaboration.
- Work in partnership with Area Mental Health and Wellbeing Services and other Mental Health and Wellbeing services across Victoria to develop regional community forensic mental health services.

Forensicare deliverables

- Partner with mental health services in the local region to implement mental health reform.
- Forensicare to build partnerships, via the North East Metropolitan Health Service Partnership Mental Health Reform Stream network, and collaboratively work on agreed transformation actions, with local implementation of state-wide forensic mental health programs.
- Forensicare to work in partnership with Area Mental Health and Wellbeing Services and Mental Health and Wellbeing Locals across Victoria to develop, establish and deliver regional community forensic mental health teams, to deliver community-based forensic mental health care in communities where people live.

Achievements/ Outcomes

Partnerships with community-based health and mental health organisations: Community Forensic Mental Health Service (CFMHS) via the Regional Forensic Mental Health Services (RFMHS) have established partnerships with community-based health and mental health organisations to improve access to both forensic mental health care and general mental health care. This expansion of services has enabled consumers to access support closer to home, as per recommendations from the RCVMHS. Further mental health reform has been supported by CFMHS through coordination of the Forensic Clinical Specialist Program (FCSP) and oversight of the Forensic Clinical Specialist (FCS) expansion to rural regional services. The FCS expansion has improved pathways and continuity of mental health care, especially in rural regional Victoria.

Partnering with Area Mental Health and Wellbeing Services (AMHWS) and Wellbeing Locals: Forensicare has established eight Regional Forensic Mental Health Services (RFMHS) across the state of Victoria by December 2025.

Co-located with our regional partners our RFMHS teams are delivering local access to specialist forensic mental health treatment and advice via the provision of face-to-face support, alongside consultation, care coordination, and education for partner agencies, consumers, carers and families.

Reporting against the Statement of Priorities – Part B

High quality and safe care:

Key Performance Measure	Target	Result
Infection prevention and control		
Percentage of healthcare workers immunised for influenza	94%	97%
Adverse events		
Percentage of reported sentinel events for which a root cause analysis (RCA) report was submitted within 30 business days from notification of the event	All RCA reported submitted within 30 business days	100%
Mental Health Patient Experience		
Percentage of consumers who rated their overall experience with a service in the last three months as positive	80%	65%
Percentage of families/carers reporting a 'very good' or 'excellent' overall experience of the service	80%	NaN [2]
Percentage of families/carers who report they 'always' or 'usually' felt their opinions as a carer were respected	90%	NaN
Percentage of mental health consumers reporting they 'usually' or 'always' felt safe using this service	90%	75%
Mental Health Seclusion		
Rate of seclusion episodes per 1,000 occupied bed days – inpatient [1]	≤6 or 5% improvement from the same time last year.	70

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.	80%	61%

1 The department acknowledges that Forensicare is unlikely to meet this key performance measure in 2025-26 due to its unique issue with rates of seclusion. Noting the target is < 6, Forensicare should also aim for a 5% improvement compared to same time last year.
[2] NaN denotes unavailable data

Timely access to care

Key Performance Measure[2]	Target	Result
Percentage of male security patients admitted to Thomas Embling Hospital within 7 days of recommendation for compulsory treatment[3]	80% or 5% improvement from the same time last year	32%
Percentage of male security patients discharged from Thomas Embling Hospital to a correctional centre within 21 days[4]	80% or 5% improvement from the same time last year	22%
Percentage of male security patients discharged within 7 days of becoming a civil client	80%	38%
Percentage of female security patients admitted to Thomas Embling Hospital within 7 days of recommendation for compulsory treatment.	80%	97%
Percentage of female security patients discharged from Thomas Embling Hospital to a correctional centre within 28 days	80%	55%

Effective financial management

Key Performance Measure	Target	Result
Operating result ($M)	0.00	$1,051M
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.73
Variance between the forecast and actual operating result (OR) as a percentage of the forecast OR for the current financial year ending 30 June	5% movement in forecast revenue and expenditure forecasts	Achieved

2 The department acknowledges that Forensicare is unlikely to meet these key performance measures in 2025-26 due to the continuing high demand for Forensicare services. Timely access to care key performance measures will be reviewed ahead of 2026-27, in the context of new capacity anticipated to come online.

3 The department acknowledges that Forensicare is unlikely to meet this key performance measure in 2025-26 due to the continuing high demand for Forensicare services. Noting the target is 80%, Forensicare should also aim for a 5-percentage point improvement compared to same time last year.

4 The department acknowledges that Forensicare is unlikely to meet this key performance measure in 2025-26 due to the continuing high demand for Forensicare services. Noting the target is 80%, Forensicare should also aim for a 5-percentage point improvement compared to same time last year.

Reporting against Statement of Priorities – Part C

Activity Reporting:

Funding Type	Actual ($'000)
Consolidated Activity Funding	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	4,804
Mental Health and Drug Services	
Mental health acute inpatient	61,893
Mental health ambulatory	19,944
Mental health service system capacity	1,556
Mental health workforce	7,372
Mental health other	21,324
Other	
Other specified funding	23,452
Total Funding	**137,788**

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

Attestations and declarations

1. Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for the **Victorian Institute of Forensic Mental Health** for the year ending 30 June 2026.



Penny Armytage AM
Board Chair
2 September 2026

2. Financial Management Compliance Attestation

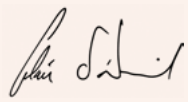
I, Ian Forsyth, on behalf of the Responsible Body, certify that the **Victorian Institute of Forensic Mental Health** has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and Instructions.



Ian Forsyth
Audit and Risk Committee Chair
Forensicare
2 September 2026

3. Data Integrity Declaration

I, Colmán O'Driscoll, certify that the **Victorian Institute of Forensic Mental Health**, has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. The **Victorian Institute of Forensic Mental Health** has critically reviewed these controls and processes during the year.

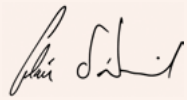


Colmán O'Driscoll
Chief Executive Officer
Forensicare
2 September 2026

4. Conflict of Interest Declaration

I, Colmán O'Driscoll, certify that the **Victorian Institute of Forensic Mental Health** has put in place appropriate internal controls and processes to ensure that it has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC.

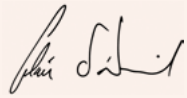
Declaration of private interest forms have been completed by all executive staff within **Victorian Institute of Forensic Mental Health** and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.



Colmán O'Driscoll
Chief Executive Officer
Forensicare
2 September 2026

5. Integrity, Fraud and Corruption Declaration

I, Colmán O'Driscoll, certify that the **Victorian Institute of Forensic Mental Health** has put in place appropriate internal controls and processes to ensure that Integrity, fraud, and corruption risks have been reviewed and addressed at the **Victorian Institute of Forensic Mental Health** during the year.



Colmán O'Driscoll
Chief Executive Officer
Forensicare
2 September 2026

Disclosure index

The annual report of Forensicare 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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The Victorian Institute of Forensic Mental Health Financial Statements

30 June 2026

Victorian Institute of Forensic Mental Health
Financial Report
For the Financial Year Ended 30 June 2026

How this report is structured

The Victorian Institute of Forensic Mental Health (Forensicare) has presented its audited Tier 2 general-purpose financial statements for the financial year ended 30 June 2026 in the following structure to provide users with information about Forensicare's stewardship of the resources entrusted to it.

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Victorian Institute of Forensic Mental Health

Understanding our financial statements

What do financial statements show?
Our financial statements provide an insight into Forensicare's financial health by showing:
- How Forensicare performed financially during the year
- The value of assets held by Forensicare
- The ability of Forensicare to pay its debts.

What is in the financial statements?
The financial statements of Forensicare consist of four financial reports, explanatory notes supporting the financial statements and the endorsement statement by Forensicare and the Victorian Auditor-General's Office.

The four financial reports are:
- Comprehensive Operating Statement (COS)
- Balance Sheet (BS)
- Cash Flow Statement (CFS)
- Statement of Changes in Equity (SCE)

Comprehensive Operating Statement
The Comprehensive Operating Statement (previously known as the Operating Statement, Statement of Financial Performance or Profit and Loss Statement) shows how Forensicare has performed during the financial year.

The Comprehensive Operating Statement is prepared on an accrual basis, which means that all revenue and costs for the year are recognised, even though the income may not yet be received or expenses not yet paid.

Forensicare's financial performance is reflected in the Net result for the year. A surplus or deficit is the difference between revenue and expenses for Forensicare.

Balance Sheet
The Balance Sheet discloses Forensicare's net accumulated financial worth at the end of the financial year. It shows the value of assets that we hold, as well as liabilities or claims against these assets.

The assets and liabilities are expressed as current or non-current. Current assets or liabilities are expected to be paid or converted into cash within the next 12 months.

Significant assets consist of Property, Plant and Equipment (PPE) which includes all infrastructure assets, buildings and land as detailed in the notes to the financial statements.

Cash Flow Statement
Cash flows are classified according to whether or not they arise from operating activities, investing activities or financing activities. This classification is consistent with requirements AASB 107 *Statement of Cash Flows.*

The Cash Flow Statement summarises Forensicare's cash receipts and payments for the financial year and shows the net increase or decrease in cash held by Forensicare.

The Cash Flow Statement represents cash in hand, whereas the Comprehensive Operating Statement is prepared on an accrual basis (including money not yet paid or spent). This means that the values in both statements may differ.

Forensicare's cash arises from, and is used in, two main areas:
- The "Cash Flows from Operating Activities" section summarises all income and expenses relating to Forensicare's service delivery.
- The "Cash Flows from Investing Activities" refers to Forensicare's capital expenditure or other long-term revenue producing assets, as well as money received from the sale of assets.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities, which are recoverable from or payable to the taxation authority, are presented as an operating cash flow.

Victorian Institute of Forensic Mental Health

Understanding Our Financials (continued)

Statement of Changes in Equity
This statement summarises the change in Forensicare's net worth.

Forensicare's net worth can only change as a result of:
- A 'net result' as recorded in the Comprehensive Operating Statement; or
- An increase (or reversal of a previous increase) in the value of non-current assets resulting from a revaluation of those assets. This amount is transferred to an Asset Revaluation Reserve until the asset is sold or a realised profit occurs. The value of all non-current assets must be reviewed each year to ensure that they reflect their fair value in the Balance Sheet.

Any movements in other reserves within this statement are adjusted through the accumulated surplus.

Notes to the Financial Statements
The Notes to the Financial Statements provide further information in relation to the rules and assumptions used to prepare the financial statements, as well as additional information and details about specific items within the statements.

The notes also advise if there have been any changes to accounting standards, policy or legislation that may change the way the statements are prepared. Within the four Financial Statements, there is a column that indicates to which note the reader can refer for additional information.

Information in the notes is particularly useful where there has been a significant change from the previous year's comparative figure.

Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration
The certification is made by the people responsible for the financial management of Forensicare, that in their opinion, the financial statements have met all the statutory and professional reporting requirements and that in their opinion, the financial statements are true and fair and not misleading or inaccurate.

Victorian Auditor-General's Office – Independent Audit Report
This provides an independent written undertaking of the fairness of the accounts, in material respects, in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards. Refer to the audit opinion for details.

Victorian Institute of Forensic Mental Health

Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's Declaration

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Cash Flow Statement, Statement of Changes in Equity and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2026 and the financial position of the Victorian Institute of Forensic Mental Health at 30 June 2026.

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 17 September 2026.

Member of Responsible Body	**Accountable Officer**	**Chief Finance and Accounting Officer**
Ms Penny Armytage AM Chair	**Adj Professor Colmán O'Driscoll** Chief Executive Officer	**Mr Michael Courtney** Chief Financial Officer

17 September 2026
Melbourne, Victoria

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Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Victorian Institute of Forensic Mental Health

Opinion	I have audited the financial report of Victorian Institute of Forensic Mental Health (the institute) which comprises the: • balance sheet as at 30 June 2026 • 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 material accounting policy information • board member's, accountable officer's and chief finance and accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the institute as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and Australian Accounting Standards - Simplified Disclosures.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the institute in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the institute is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards - Simplified Disclosures and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the institute'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.

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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 institute'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 institute'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 institute to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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

MELBOURNE
2 October 2026

Sanchu Chummar
as delegate for the Auditor-General of Victoria

Victorian Institute of Forensic Mental Health
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2026

Note		2026 $'000	2025 $'000
Revenue and income from transactions			
Revenue from contracts with customers	2.1	57,530	51,905
Grants	2.1	185,527	342,790
Interest income	2.1	1,118	1,278
Other income	2.1	1,098	854
Total revenue and income from transactions		**245,273**	**396,827**
Expenses from transactions			
Employee expenses	3.1	(169,564)	(155,663)
Supplies and consumables	3.1	(8,765)	(8,016)
Finance costs	3.1	(282)	(268)
Other administrative expenses	3.1	(15,902)	(12,821)
Other operating expenses	3.1	(4,676)	(3,698)
Depreciation and amortisation	3.1, 4.4	(14,791)	(6,885)
Total expenses from transactions		**(213,980)**	**(187,350)**
Net Result from transactions - net operating balance		**31,293**	**209,477**
Other economic flows included in net result			
Net gain/(loss) on non-financial assets	3.4	377	45
Other gain/(loss) from other economic flows	3.4	489	49
Total other economic flows included in net result		**866**	**94**
NET RESULT FOR THE YEAR		**32,159**	**209,571**
Other economic flows - other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus		-	-
Total Other Comprehensive Income		**-**	**-**
COMPREHENSIVE RESULT FOR THE YEAR		**32,159**	**209,571**

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

Victorian Institute of Forensic Mental Health
Balance Sheet
As at 30 June 2026

	Note	2026 $'000	2025 $'000
Current assets			
Cash and cash equivalents	6.2	32,632	13,665
Receivables	5.1	8,386	11,584
Other assets		1,518	1,597
Total current assets		**42,536**	**26,846**
Non-current assets			
Receivables	5.1	9,436	8,777
Property, plant and equipment	4.1a	590,741	550,960
Right of use assets	4.2a	5,843	6,179
Intangible assets	4.3a	246	308
Total non-current assets		**606,266**	**566,224**
Total assets		**648,802**	**593,070**
Current liabilities			
Payables	5.2	17,351	18,190
Contract liabilities	5.3	13,534	1,837
Borrowings	6.1	1,244	862
Employee benefits	3.2	43,266	30,289
Other liabilities	5.4	473	332
Total current liabilities		**75,868**	**51,510**
Non-current liabilities			
Contract liabilities	5.3	3,000	3,000
Borrowings	6.1	5,121	5,694
Employee benefits	3.2	3,982	4,194
Total non-current liabilities		**12,103**	**12,888**
Total liabilities		**87,971**	**64,398**
NET ASSETS		**560,831**	**528,672**
Equity			
Property, plant and equipment revaluation surplus		124,480	124,480
Contributed capital	SCE	34,139	34,139
Accumulated surplus	SCE	402,212	370,053
TOTAL EQUITY		**560,831**	**528,672**

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

Victorian Institute of Forensic Mental Health
Cash Flow Statement
For the Financial Year Ended 30 June 2026

	Note	2026 $'000	2025 $'000
Cash Flows from operating activities			
Receipts from Government		175,789	152,259
Receipts from other entities		39,204	31,973
Interest received		1,118	1,278
Other receipts received [(i)]		1,202	4,241
Total receipts		**217,314**	**189,751**
Payments to employees		(164,153)	(152,881)
Payments to suppliers		(24,677)	(28,930)
Finance costs		(282)	(268)
GST paid to the ATO		(2,195)	(1,730)
Total payments		**(191,307)**	**(183,809)**
Net cash flows from/(used in) operating activities	8.1	**26,007**	**5,942**
Cash Flows from investing activities			
Purchase of non-financial assets		(6,499)	(8,346)
Proceeds from sale of non-financial assets		468	67
Net cash flows from/(used in) investing activities		**(6,031)**	**(8,279)**
Cash Flows from financing activities			
Repayment of principal portion of lease liabilities		(1,009)	(951)
Net cash flows from/(used in) financing activities		**(1,009)**	**(951)**
Net increase/(decrease) in cash and cash equivalents held		**18,967**	**(3,288)**
Cash and cash equivalents at beginning of year		13,665	16,953
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.2	**32,632**	**13,665**

(i) Other receipts received includes ad-hoc training programs provided on a fee for service basis

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

Victorian Institute of Forensic Mental Health
Statement of Changes in Equity
For the Financial Year Ended 30 June 2026

	Property, Plant & Equipment Revaluation Surplus $'000	Contributed Capital $'000	Accumulated Surplus/ (Deficit) $'000	Total $'000
Balance at 30 June 2024	**124,480**	**34,139**	**160,482**	**319,101**
Net result for the year	-	-	209,571	209,571
Other comprehensive income for the year	-	-	-	-
Transfer to accumulated surplus	-	-	-	-
Balance at 30 June 2025	**124,480**	**34,139**	**370,053**	**528,672**
Net result for the year	-	-	32,159	32,159
Other comprehensive income for the year	-	-	-	-
Transfer to accumulated surplus	-	-	-	-
Balance at 30 June 2026	**124,480**	**34,139**	**402,212**	**560,831**

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

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 1: About this report

These financial statements represent the audited general purpose financial statements for Forensicare for the year ended 30 June 2026. The report provides users with information about Forensicare's stewardship of the resources entrusted to it.

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

Structure

1.1 Basis of preparation
1.2 Abbreviations and terminology used in the financial statements
1.3 Material accounting estimates and judgements
1.4 Goods and Services Tax (GST)
1.5 Reporting entity
1.6 Economic dependency

Note 1.1: Basis of Preparation

These financial statements are general purpose financial statements which have been prepared in accordance with AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities* (AASB 1060) and Financial Reporting Direction 101 *Application of Tiers of Australian Accounting Standards* (FRD 101).

Forensicare is a Tier 2 entity in accordance with FRD 101. These financial statements are the first general purpose financial statements prepared in accordance with Australian Accounting Standards – Simplified Disclosures. Forensicare's prior year financial statements were general purpose financial statements prepared in accordance with Australian Accounting Standards (Tier 1). As Forensicare is not a 'significant entity' as defined in FRD 101, it was required to change from Tier 1 to Tier 2 reporting effective from 1 July 2024.

These general purpose financial statements have been prepared in accordance with the FMA and applicable Australian Accounting Standards (AASs), which include interpretations, issued by the Australian Accounting Standards Board (AASB).

Forensicare 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 1.6 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 Forensicare on 17 September 2026.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 1.2 Abbreviations and terminology used in the financial statements

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

Reference	Title
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include Interpretations
CBS	Central Banking System
DH	Department of Health
DJCS	Department of Justice and Community Safety
DTF	Department of Treasury and Finance
DT	Department of Transport
FMA	*Financial Management Act 1994*
FRD	Financial Reporting Direction
SD	Standing Directions 2018
VAGO	Victorian Auditor General's Office
VGV	Valuer-General Victoria
VIDA	Victorian Infrastructure Delivery Authority
VIFMH	Victorian Institute of Forensic Mental Health (Forensicare)
VMIA	Victorian Managed Insurance Authority

Note 1.3 Material accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

Revisions to 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 material accounting 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 3.2: Employee benefits and related on-costs
- Note 4.1: Property, plant and equipment
- Note 4.2: Right-of-use assets
- Note 4.3: Intangible assets
- Note 4.4: Depreciation and amortisation
- Note 4.5: Impairment of assets
- Note 5.1: Receivables
- Note 5.2: Payables
- Note 5.3: Contract liabilities
- Note 6.1a: Lease liabilities
- Note 7.3: Fair value determination

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 1.4 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 GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

Note 1.5 Reporting entity

The financial statements include all the activities of Victorian Institute of Forensic Mental Health, operating under the trading name of Forensicare.

Forensicare's principal address is:
Thomas Embling Hospital
Yarra Bend Road
Fairfield
Victoria 3078

Note 1.6 Economic dependency

The Victorian Institute of Forensic Mental Health (Forensicare) is a public health service governed and managed in accordance with the *Mental Health and Wellbeing Act 2022* and its results form part of the Victorian General Government consolidated financial position. Victorian Institute of Forensic Mental Health provides essential services and is dependent on the continued financial support of the State Government, particularly the Department of Health, Department of Justice and the Commonwealth funding via the National Health Reform Agreement (NHRA). The State of Victoria plans to continue to use The Victorian Institute of Forensic Mental Health operations and on that basis, the financial statements have been prepared on a going concern basis.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 2: Funding delivery of our services

Forensicare's overall objective is to empower recovery for all Victorians living with mental illness who are at risk of entering, or have entered the justice system, to lead safe and meaningful lives free from offending. Forensicare is predominantly funded by grant funding for the provision of outputs. Forensicare also receives income from the supply of services.

Significant judgement – Grants revenue
Forensicare has made the judgement that amounts received in relation to the Regional Forensic Mental Health Teams Grant should be recognised under AASB 15 on the basis that;

- The funding arrangement contains enforceable rights and obligations.
- The arrangement contains sufficiently specific performance obligations.
- Significant service delivery obligations extend beyond each reporting date.
- Funding was provided to support a staged statewide rollout occurring through FY27.
- Unexpended balances represent funding received in advance of future service delivery activities.

Structure

2.1 Revenue and income from transactions

Material judgements and estimates

This section contains the following material judgements and estimates:

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

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 2.1: Revenue and income from transactions

	Note	2026 $'000	2025 $'000
Operating activities			
Revenue from contracts with customers			
Government grants (DJCS) - Operating		25,858	21,587
Service fees - commercial prisons		31,672	30,318
Total revenue from contracts with customers		**57,530**	**51,905**
Other sources of Income			
Government grants (DH) - Operating		131,293	128,936
Government grants (DH) - Capital		54,127	213,706
Government grants (Commonwealth) - Operating		107	148
Total Grants		**185,527**	**342,790**
Other income from operating activities		1,098	854
Total other sources of income		**186,625**	**343,644**
Total revenue and income from operating activities		**244,155**	**395,549**
Non-operating activities			
Other Resource of Income			
Interest income		1,118	1,278
Total other sources of income		**1,118**	**1,278**
Total income from non-operating activities		**1,118**	**1,278**
Total revenue and income from transactions		**245,273**	**396,827**

Note 2.1a: Timing of revenue from contracts with customers

	2026 $'000	2025 $'000
Forensicare disaggregates revenue by the timing of revenue recognition.		
Goods and services transferred to customers:		
At a point in time	-	-
Over time	57,530	51,905
Total revenue from contracts with customers	**57,530**	**51,905**

How we recognise revenue and income from operating activities

Government operating grants
To recognise revenue, Forensicare assesses whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers.*

When both these conditions are satisfied, the health service:
- identifies each performance obligation relating to the revenue
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfies its performance obligations, at a point in time or over time as and when services are rendered.

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

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 2.1: Revenue and income from transactions (continued)

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, in accordance with AASB 1058 – *Income for not-for-profit entities,* Forensicare:

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

This policy applies to each of Forensicare's revenue streams, with information detailed below relating to Forensicare's significant revenue streams:

Contracts	Performance obligation
Service fees - commercial prisons	Forensicare provides specialist forensic mental health at Ravenhall Correctional Centre and Port Philip Prison. Two contracts, one with each prison operator, are used to determine the contractual obligation based on a mix of provision of Forensicare staff and fixed costs used to deliver programs within State based private prison services. Revenue is recognised over time, as and when the services are delivered.
Government grant - Department of Justice and Community Safety	Forensicare provides specialist forensic mental health across various services within Victoria's publicly operated prisons. A Service Payment Model is used to determine the contractual obligation based on a mix of provision of Forensicare staff and fixed costs used to deliver programs within State controlled prison services. Revenue is recognised over time, as and when the services are delivered.

Capital grants
Where Forensicare 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 Forensicare's obligation to construct the asset. The progressive percentage of costs capitalised is used to recognise income, as this most accurately reflects the stage of completion.

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.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 2.1: Revenue and income from transactions (continued)

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 Forensicare 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.

Non-cash contributions from the Department of Health
The Department of Health makes some payments on behalf of Forensicare as follows:

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases insurance for Forensicare and pays the insurance premium 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.
Victorian Infrastructure Delivery Authority	The Department of Health made payments to the Victorian Infrastructure Delivery Authority to fund capital works projects during the year ended 30 June 2026, on behalf of Forensicare.
Department of Health	Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health Hospital Circular.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 3: The cost of delivering our services

This section provides an account of the expenses incurred by Forensicare in delivering services and outputs. In Note 2, the funds that enable the provision of services were disclosed and in this note the costs associated with the provision of services are disclosed.

Structure

3.1 Expenses incurred in delivery of services
3.2 Employee benefits and related on-costs
3.3 Superannuation
3.4 Other economic flows

Material judgements and estimates

This section contains the following material judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	Forensicare applies material judgement when classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if Forensicare does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category. Employee benefit liabilities are classified as a non-current liability if Forensicare has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.
Measuring employee benefit liabilities	Forensicare applies material judgement when measuring its employee benefit liabilities. Forensicare applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if Forensicare does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees. Expected future payments incorporate: • anticipated increases to future wage and salary levels ranging from 1.1% to 3.0%, • 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 33% and 83%, • discounting at the rate of 4.7%, as determined with reference to market yields on government bonds at the end of the reporting period. All other entitlements are measured at their nominal value.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 3.1: Expenses incurred in delivery of services

	Note	2026 $'000	2025 $'000
Salaries and wages		129,087	118,476
On-costs		33,340	31,309
Agency expenses		3,148	2,890
Workcover premium		3,989	2,988
Total employee expenses		**169,564**	**155,663**
Drug supplies		1,153	1,166
Medical and surgical supplies		156	118
Diagnostic and radiology supplies		320	215
Other supplies and consumables		7,136	6,517
Total supplies and consumables		**8,765**	**8,016**
Finance costs		282	268
Total finance costs		**282**	**268**
Other administrative expenses		15,902	12,821
Total other administrative expenses		**15,902**	**12,821**
Fuel, light, power and water		1,209	1,188
Repairs and maintenance		2,649	1,894
Maintenance contracts		385	416
Expenses related to leases of low value assets	6.1	433	200
Expenditure for capital purpose		-	-
Total other operating expenses		**4,676**	**3,698**
Total operating expenses		**199,189**	**180,465**
Depreciation and amortisation	4.4	14,791	6,885
Total non-operating expenses		**14,791**	**6,885**
Total expenses incurred in delivery of services		**213,980**	**187,350**

How we recognise expenses incurred in delivery of services

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

Employee expenses
Employee expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, termination payments and WorkCover premiums.

Supplies and consumables
Supplies and consumables are recognised as an expense in the reporting period in which they are incurred.

Finance costs

Finance costs include 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)

DH also makes certain payments on behalf of Forensicare. 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.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 3.2: Employee benefits and related on-costs

	2026 $'000	2025 $'000
Current employee benefits and related on-costs		
Annual leave		
- Unconditional and expected to be settled wholly within 12 months (i)	10,246	8,949
- Unconditional and expected to be settled wholly after 12 months (ii)	3,965	3,778
	14,211	**12,727**
Long service leave		
- Unconditional and expected to be settled wholly within 12 months (i)	2,894	2,221
- Unconditional and expected to be settled wholly after 12 months (ii)	12,336	11,814
	15,230	**14,035**
Provisions related to employee benefit on-costs		
- Unconditional and expected to be settled within 12 months (i)	1,814	1,347
- Unconditional and expected to be settled after 12 months (ii)	2,435	2,180
	4,249	**3,527**
Provision for backpay - unconditional	9,576	-
Total current employee benefits and related on-costs	**43,266**	**30,289**
Non-current employee benefits and related on-costs		
Conditional long service leave	3,453	3,657
Provisions related to employee benefit on-costs	529	537
Total non-current employee benefits and related on-costs	**3,982**	**4,194**
Total employee benefits and related on-costs	**47,248**	**34,483**

(i) The amounts disclosed are nominal amounts
(ii) The amounts disclosed are discounted to present values

Note 3.2a: Consolidated employee benefits and related on-costs

	2026 $'000	2025 $'000
Current employee benefits and related on-costs		
Unconditional annual leave entitlements	16,177	14,224
Unconditional long service leave entitlements	17,514	16,065
Total current employee benefits and related on-costs	**33,690**	**30,289**
Non-current employee benefits and related on-costs		
Conditional long service leave entitlements	3,982	4,194
Total non-current employee benefits and related on-costs	**3,982**	**4,194**
Total employee benefits and related on-costs	**37,672**	**34,483**
Attributable to:		
Employee benefits	32,894	30,418
Provision for related on-costs	4,778	4,065
Total employee benefits and related on-costs	**37,672**	**34,483**

Note 3.2b Provision for Related On-costs Movement Schedule

	2026 $'000	2025 $'000
Carrying amount at start of year	**4,065**	**3,530**
Additional provisions recognised	2,356	2,426
Amounts incurred during the year	(1,721)	(1,566)
Net gain/(loss) arising from revaluation of long service liability	78	(325)
Carrying amount at end of year	**4,778**	**4,065**

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 3.2: Employee benefits and related on-costs (continued)

Note 3.2c Provision for Backpay

	2026 $'000	2025 $'000
Provision for backpay recognised	9,576	-
Carrying amount at end of year	**9,576**	**-**

The provision for backpay represents Forensicare's estimated liability arising from salary and wage increases associated with the Victorian Public Sector Enterprise Bargaining Agreement (EBA), including employee entitlements and associated on-costs earned but unpaid as at 30 June 2026.The provision has been recognised based on management's best estimate of the obligation existing at balance date and reflects services rendered by employees up to 30 June 2026.

Funding associated with the EBA outcome continues to be assessed by the DH. The liability has been recognised in full at 30 June 2026 irrespective of the level of funding received or expected. Management will continue to monitor the financial impact of the EBA outcome and engage with the Department regarding ongoing funding requirements.

How we recognise employee benefits

Employee benefit recognition
Employee benefits are accrued for employees in respect of 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 sick leave is taken.

Annual leave
Liabilities for annual leave are recognised in the provision for employee benefits as current liabilities because Forensicare 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 are measured at:
- Nominal value – if Forensicare expects to wholly settle within 12 months; or
- Present value – if Forensicare 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 Forensicare 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 Forensicare expects to wholly settle within 12 months; or
- Present value – if Forensicare does not expect to wholly settle within 12 months.

Conditional LSL 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.

Provision for on-costs related to employee expense
Employment on-costs such as payroll tax, workers compensation and superannuation are not employee benefits. They are disclosed separately as a component of the provision for employee benefits when the employment to which they relate has occurred.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 3.3: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2026 $'000	2025 $'000	2026 $'000	2025 $'000
Defined benefit plans [(i)]				
State Superannuation Fund	47	60	3	2
Defined contribution plans				
Hesta	8,226	6,701	269	218
Aware Super	4,086	3,716	151	111
Other	2,589	3,377	221	180
TOTAL	**14,948**	**13,854**	**644**	**511**

(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 Forensicare are entitled to receive superannuation benefits and Forensicare contributes to both defined benefit and defined contribution plans.

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

Forensicare does not recognise any unfunded defined benefit liability in respect of the superannuation plans because Forensicare 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 Forensicare.

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

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2025

Note 3.4: Other economic flows

	2026 $'000	2025 $'000
Net gain/(loss) on non-financial assets		
Net gain/(loss) on disposal of property, plant and equipment	377	45
Total net gain/(Loss) on non-financial Assets	**377**	**45**
Other gain/(loss) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	489	49
Total other gain/(loss) from other economic flows	**489**	**49**
Total gains/(losses) from other economic flows	**866**	**94**

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:

- net gain/(loss) on disposal of non-financial assets; and
- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 4: Key assets to support service delivery

Forensicare controls property, plant and equipment that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Forensicare to be utilised for delivery of those outputs.

Significant judgement – Fair value

During the reporting period, the Thomas Embling Hospital Expansion was completed, and costs were transferred from work in progress to Buildings upon becoming available for use. In accordance with AASB 116 Property, Plant and Equipment, the assets were initially recognised at cost.

Management exercised judgement in assessing whether the capitalised construction cost materially differed from fair value at the dates the assets became available for use. Having regard to the recent completion of the project, the arm's-length procurement and construction process, and the absence of evidence indicating that fair value materially differed from cost, management concluded that the capitalised cost represented a reasonable approximation of fair value at 30 June 2026.

Structure

4.1 Property, plant and equipment
4.2 Right-of-use assets
4.3 Intangible assets
4.4 Depreciation and amortisation
4.5 Impairment of assets

Material judgements and estimates

This section contains the following material judgements and estimates:

Key judgements and estimates	Description
Estimating useful life and residual value of property, plant and equipment	Forensicare 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, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset. Forensicare applies material judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Estimating restoration costs at the end of a lease	Where a lease agreement requires Forensicare 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	Forensicare 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, Forensicare assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment. The health service considers a range of information when performing its assessment, including considering: • if an asset's value has declined more than expected based on normal use • if a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset • if an asset is obsolete or damaged • if the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life • if the performance of the asset is or will be worse than initially expected. Where an impairment trigger exists, Forensicare applies material judgement and estimate to determine the recoverable amount of the asset.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 4.1: Property, plant and equipment

Note 4.1a: Gross Carrying Amount and Accumulated Depreciation

	2026 $'000	2025 $'000
Land at fair value	104,000	104,000
Total land at fair value	**104,000**	**104,000**
Buildings at fair value	457,953	69,585
Less accumulated depreciation	(15,249)	(4,304)
Total buildings at fair value	**442,704**	**65,281**
Leasehold improvements at fair value	2,277	2,262
Less accumulated depreciation	(2,207)	(2,194)
Total leasehold improvements at fair value	**70**	**68**
Building work in progress at cost	22,231	374,796
Total land and buildings	**569,005**	**544,145**
Plant and equipment at fair value	29,157	13,768
Less accumulated depreciation	(10,960)	(8,711)
Total plant and equipment at fair value	**18,197**	**5,057**
Medical equipment at fair value	325	332
Less accumulated depreciation	(240)	(226)
Total medical equipment	**85**	**106**
Artwork at fair value	467	-
Less accumulated depreciation	-	-
Total Artwork	**467**	**-**
Computer and communications equipment at fair value	4,567	3,560
Less accumulated depreciation	(3,149)	(3,165)
Total computer and communication	**1,418**	**395**
Motor vehicles at fair value	98	98
Less accumulated depreciation	(89)	(87)
Total motor vehicles	**9**	**11**
Plant and equipment work in progress at fair value	1,560	1,246
Total plant, equipment, and vehicles at fair value	**21,736**	**6,815**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**590,741**	**550,960**

Note 4.1: Property, plant and equipment (continued)

Note 4.1b: Reconciliations of the carrying amount by class of asset

	Note	Land	Buildings	Leasehold improve-ments	Artwork	Plant and equipment	Medical equipment	Computer & comms equipment	Motor vehicles	Assets under construction	Total
		$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2024		**104,000**	**69,280**	**81**	**-**	**5,586**	**107**	**582**	**13**	**163,012**	**342,661**
Additions		-	-	-	-	112	23	13	-	213,997	214,145
Transfers from WIP		-	309	-	-	580	-	77	-	(966)	-
Disposals		-	(5)	-	-	(33)	-	(1)	-	-	(39)
Revaluation increments/(decrements)		-	-	-	-	-	-	-	-	-	-
Net transfers between classes		-	-	-	-	-	-	-	-	-	-
Depreciation	4.4	-	(4,303)	(13)	-	(1,188)	(24)	(277)	(2)	-	(5,807)
Balance at 30 June 2025	4.1a	**104,000**	**65,281**	**68**	**-**	**5,057**	**106**	**394**	**11**	**376,043**	**550,960**
Additions		-	-	-	58	151	4	-	-	54,431	54,644
Transfers from WIP		-	388,368	16	404	15,305	-	1,406	-	(405,499)	-
Disposals		-	-	-	-	(51)	(6)	-	-	(1,184)	(1,241)
Revaluation increments/(decrements)		-	-	-	-	-	-	-	-	-	-
Net transfers between classes		-	-	-	5	(5)	-	-	-	-	-
Depreciation	4.4	-	(10,945)	(14)	-	(2,260)	(19)	(382)	(2)	-	(13,622)
Balance at 30 June 2026	4.1a	**104,000**	**442,704**	**70**	**467**	**18,197**	**85**	**1,418**	**9**	**23,791**	**590,741**

Land and buildings carried at valuation

In accordance with FRD 103 Non-financial physical assets scheduled revaluations are performed by VGV every five years. The next scheduled revaluation is 30 June 2029. The VGV undertook to revalue all Forensicare's land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined with reference to the amount at which an orderly transaction to sell the asset or to transfer the liability would take place between market participants at the measurement date, under current conditions. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2024.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2025

Note 4.1: Property, plant and equipment (continued)

How we recognise property, plant and equipment

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

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

Subsequent measurement
Items of property, plant and equipment 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).

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, Forensicare performs 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. Forensicare has assessed that the fair value of land and buildings has not changed by more than 10% as at 30 June 2026.

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%, Forensicare would obtain an interim independent valuation prior to the next scheduled independent valuation.

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

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.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2025

Note 4.1: Property, plant and equipment (continued)

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

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

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

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 4.2: Right-of-use assets

Note 4.2a: Gross carrying amount and accumulated depreciation

	2026 $'000	2025 $'000
Right of use buildings	9,977	9,248
Less accumulated depreciation	(4,545)	(3,543)
Total right-of-use buildings	**5,432**	**5,704**
Right-of-use motor vehicles	634	620
Less accumulated depreciation	(223)	(144)
Total right-of-use motor vehicles	**411**	**475**
TOTAL RIGHT-OF-USE ASSETS	**5,843**	**6,179**

Note 4.2b: Reconciliations of the carrying amount by class of asset

	Note	Right-of-use buildings $'000	Right-of-use motor vehicles $'000	Total $'000
Balance at 1 July 2024		**4,010**	**504**	**4,514**
Additions		2,630	78	2,708
Disposals		-	(31)	(31)
Depreciation	4.4	(936)	(76)	(1,012)
Balance at 30 June 2025	4.2a	**5,704**	**475**	**6,179**
Additions		729	75	804
Disposals		-	(33)	(33)
Depreciation	4.4	(1,001)	(106)	(1,107)
Balance at 30 June 2026	4.2a	**5,432**	**411**	**5,843**

As a result of a change in FRD 104 Leases effective for reporting periods from 30 June 2026, right-of-use assets are measured at cost for reporting period 2026. The comparative information for reporting period 2025 is not restated and is reported at the previously determined fair value.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 4.2: Right-of-use assets (continued)

How we recognise right-of-use assets

Initial recognition
When a contract is entered into, Forensicare assesses if the contract contains a lease or is a lease.

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

The right-of-use asset is 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.

Forensicare 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 – Subsequent measurement
Right-of-use assets are subsequently measured at cost, less accumulated depreciation, impairment and any adjustments for remeasurement of the lease liability. Forensicare depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. Impairment of right-of-use assets is determined and accounted for in accordance with AASB 136 Impairment of Assets.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 4.3: Intangible assets

Note 4.3a: Gross carrying amount and accumulated amortisation

	2026 $'000	2025 $'000
Intangible assets - software	874	874
Less accumulated amortisation	(628)	(566)
Total intangible assets	**246**	**308**

Note 4.3b: Reconciliation of the carrying amount by class of asset

	Note	Software $'000	Total $'000
Balance at 1 July 2024		**374**	**374**
Amortisation	4.4	(66)	(66)
Balance at 30 June 2025	4.3a	**308**	**308**
Amortisation	4.4	(62)	(62)
Balance at 30 June 2026	4.3a	**246**	**246**

How we recognise intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software.

Initial recognition
Purchased intangible assets are initially recognised at cost.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is also recognised at cost if, and only if, all the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale
- an intention to complete the intangible asset and use or sell it
- the ability to use or sell the intangible asset
- the intangible asset will generate probable future economic benefits
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Expenditure on research activities is recognised as an expense in the period on which it is incurred.

Subsequent measurement
Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 4.4: Depreciation and amortisation

	2026 $'000	2025 $'000
Depreciation		
Buildings	10,945	4,303
Leasehold improvements	14	13
Plant and equipment	2,260	1,188
Motor vehicles	2	2
Computer and communications	382	277
Medical equipment	19	24
Total depreciation - property, plant and equipment	**13,262**	**5,807**
Right-of-use buildings	1,001	936
Right-of-use vehicles	106	76
Total depreciation - right-of-use assets	**1,107**	**1,012**
Total depreciation	**14,729**	**6,819**
Amortisation		
Software	62	66
Total amortisation	**62**	**66**
Total depreciation and amortisation	**14,791**	**6,885**

How we recognise depreciation

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

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

How we recognise amortisation

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

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

	2026	2025
Buildings	3-50 years	3-50 years
Leasehold improvements	10 years	10 years
Plant and equipment	3-15 years	3-15 years
Furniture and fittings	10 years	10 years
Motor vehicles	3-10 years	3-10 years
Computer and communications	3-5 years	3 years
Medical equipment	10 years	10 years
Intangible assets	10 years	10 years

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 4.5: Impairment of assets

How we recognise impairment

At the end of each reporting period, Forensicare 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 Forensicare 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, Forensicare 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, Forensicare estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Forensicare did not record any impairment losses for the year ended 30 June 2026 (30 June 2025: none).

Impairment of right-of-use assets
Forenscare has assessed all right-of-use assets for impairment, and no indicators of impairment are identified as at 30 June 2026.

Impairment of property, plant and equipment
The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under AASB 13 Fair Value Measurement, with the consequence that AASB 136 does not apply to such assets that are regularly revalued.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 5: Other assets and liabilities

This section sets out those assets and liabilities that arose from Forensicare's operations.

Structure

5.1 Receivables
5.2 Payables
5.3 Contract liabilities
5.4 Other liabilities

Material judgements and estimates

This section contains the following material judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Forensicare 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	Forensicare applies material 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. Forensicare considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if: • 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 amount 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. All other sub-lease arrangements are classified as an operating lease.
Measuring deferred capital grant income	Where Forensicare 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. Forensicare applies material judgement when measuring the deferred capital grant income balance, which references the estimated stage of completion at the end of each financial year.
Measuring contract liabilities	Forensicare applies material judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 5.1: Receivables

	Note	2026 $'000	2025 $'000
Current receivables			
Contractual			
Trade receivables		2,922	6,084
Accrued revenue		137	3
Amounts receivable from governments and agencies		5,327	5,496
Total contractual receivables		**8,386**	**11,584**
Total current receivables		**8,386**	**11,584**
Non-current receivables			
Contractual			
Long service leave - Department of Health		9,436	8,777
Total contractual receivables		**9,436**	**8,777**
Total non-current receivables		**9,436**	**8,777**
Total receivables		**17,822**	**20,361**
(i) Financial assets classified as receivables (Note 7.1a)			
Total receivables		17,822	20,361
Total financial assets classified as receivables	7.1a	**17,822**	**20,361**

How we recognise receivables

Receivables consist of:

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

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

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 5.2: Payables

	Note	2026 $'000	2025 $'000
Current payables			
Contractual			
Trade creditors		2,937	2,508
Accrued salaries and wages		7,426	9,069
Accrued expenses		5,321	2,411
Deferred capital grant income	5.2a	1,623	4,087
Total contractual payables		**17,308**	**18,075**
Statutory			
GST payable		44	115
Total statutory payables		**44**	**115**
Total payables		**17,351**	**18,190**
(i) Financial liabilities classified as payables (Note 7.1a)			
Total payables		17,351	18,190
Deferred grant income		(1,623)	(4,087)
GST payable		(44)	(115)
Total financial liabilities classified as payables	7.1a	**15,684**	**13,988**

How we recognise payables

Payables consist of:

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

The normal credit terms for accounts payable are usually Net 30 days. However, payments are made within 10 business days for smaller suppliers, in alignment with the DH payment policy.

Note 5.2a: Movement in Deferred Capital Grant Income

	2026 $'000	2025 $'000
Opening balance of deferred grant income	4,087	8,118
Grant consideration for capital works received during the year	3,253	578
Deferred grant income recognised as income due to completion of capital works	(5,717)	(4,609)
Closing balance of deferred grant income	**1,623**	**4,087**

How we recognise deferred capital grant income

Grant consideration was received from the State Government to support the patient unit upgrades, Canning unit DDA, water main and sewer upgrades, fire detectors upgrades and Yarra House fitout construction works.

Capital grant income is recognised progressively as the asset is constructed, since this is the time when Forensicare 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 works. As a result, Forensicare has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Forensicare expects to recognise all of the remaining deferred capital grant revenue for capital works by June 2027.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 5.3: Contract liabilities

	2026 $'000	2025 $'000
Current		
Contract liabilities	13,534	1,837
Total current contract liabilities	**13,534**	**1,837**
Non-current		
Contract liabilities	3,000	3,000
Total non-current contract liabilities	**3,000**	**3,000**
Total contract liabilities	**16,534**	**4,837**

Note 5.3a: Movement in contract liabilities

	2026 $'000	2025 $'000
Opening balance of contract liabilities	4,837	5,785
Add: payments received for performance obligations yet to be completed during the period	144,028	128,466
Less: revenue recognised in the reporting period for the completion of a performance obligation included in the opening balance	(132,331)	(129,414)
Total contract liabilities	**16,534**	**4,837**

How we recognise contract liabilities

Contract liabilities include consideration received in advance from the DH in respect of ICT infrastructure Human Capital Management Program and from subleasee in respect of sublease rentals.

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

Note 5.4: Monies held in trust

	2026 $'000	2025 $'000
Current monies held in trust		
Patient monies	473	332
Other monies	-	-
Total current monies held in trust	**473**	**332**
Non-current monies held in trust		
Patient monies	-	-
Other monies	-	-
Total non-current monies held in trust	-	-
Total monies held in trust	**473**	**332**
Represented by:		
Cash assets	473	332
Other financial assets	-	-
Total monies held in trust	**473**	**332**

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 6: How we finance our operations

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

This section includes disclosures of balances that are financial instruments (such as borrowings and cash balances). Note 7.1 provides additional, specific financial instrument disclosures.

Structure

6.1 Borrowings
6.2 Cash and cash equivalents
6.3 Commitments for expenditure

Material judgements and estimates

This section contains the following material judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	Forensicare applies material judgement to determine if a contract is or contains a lease by considering if the health service: • has the right-to-use an identified asset • has the right to obtain substantially all economic benefits from the use of the leased asset and • can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	Forensicare applies material judgement when determining if a lease meets the short-term or low value lease exemption criteria. Forensicare 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. Forensicare also estimates the lease term with reference to remaining lease term and period that the lease remains enforceable. Where the enforceable lease period is less than 12 months, the health service applies the short-term lease exemption.
Discount rate applied to future lease payments	Forensicare 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, Forensicare uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions. For leased buildings, Forensicare estimates the incremental borrowing rate to be between 1.25% and 5.25%. For leased vehicles, the implicit interest rate is 2.93%.
Assessing the lease term	The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Forensicare is reasonably certain to exercise such options. Forensicare determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including: • If there are significant penalties to terminate (or not extend), Forensicare is typically reasonably certain to extend (or not terminate) the lease. • If any leasehold improvements are expected to have a significant remaining value, Forensicare is typically reasonably certain to extend (or not terminate) the lease. • Forensicare considers historical lease durations and the costs and business disruption to replace such leased assets.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 6.1: Borrowings

		2026 $'000	2025 $'000
Current borrowings			
Lease liability[(i)]	6.1a	1,244	862
Total current borrowings		**1,244**	**862**
Non-current borrowings			
Lease liability[(i)]	6.1a	5,121	5,694
Total non-current borrowings		**5,121**	**5,694**
Total borrowings	7.1a	**6,365**	**6,556**

(i) Secured by the assets leased.

How we recognise borrowings

Borrowings refer to interesting bearing liabilities mainly raised from lease liabilities.

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'.

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

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 6.1: Borrowings (continued)

Note 6.1a: Lease liabilities
Forensicare's lease liabilities are summarised below:

	2026 $'000	2025 $'000
Total undiscounted lease liabilities	7,138	7,423
Less unexpired finance expenses	(773)	(867)
Net lease liabilities	**6,365**	**6,556**

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

	2026 $'000	2025 $'000
Not longer than one year	1,255	1,213
Longer than one year but not longer than five years	5,883	6,209
Longer than five years	-	-
Minimum future lease liability	**7,138**	**7,423**
Less unexpired finance expenses	(773)	(867)
Present value of lease liability	**6,365**	**6,556**
*** Represented by:**		
Current borrowings - lease liability	1,244	862
Non-current borrowings - lease liability	5,121	5,694
Total	**6,365**	**6,556**

How we recognise lease liabilities

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

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

Forensicare's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased buildings	3 to 10 years

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. Forensicare has elected to apply the practical expedients for short-term leases and leases of low-value assets. As a result, no right-of-use asset or lease liability is recognised for these leases; rather, lease payments are recognised as an expense on a straight-line basis over the lease term, within "other operating expenses" and "other administrative expenses" (refer to Note 3.1).

The following low value and short-term lease payments are recognised in profit or loss:

	2026 $'000	2025 $'000
Expenses related to short-term leases	72	140
Expenses relating to leases of low value assets	433	200
Net lease liabilities	**505**	**340**

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 6.1: Borrowings (continued)

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 Forensicare's incremental borrowing rate. Our lease liability has been discounted by rates of between 1.25% to 5.25%.

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.

The following types of lease arrangements contain extension and termination options:

- Leased building - further option of 10 years

These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the health service and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term and lease liability if the lease is reasonably certain to be extended (or not terminated).

Potential future cash outflows of $12.3M (2025 $11.9M) have not been included in the lease liability because it is not reasonably certain that the leases will be extended.

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of zero.

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.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 6.2: Cash and cash equivalents

	Note	2026 $'000	2025 $'000
Cash on hand (excluding monies held in trust)		-	7
Cash at bank - CBS (excluding monies held in trust)		32,156	13,321
Total cash held for operations		**32,156**	**13,328**
Cash on hand (monies held in trust)		16	16
Cash at bank - CBS (monies held in trust)		460	321
Total cash held as monies in trust		**477**	**337**
Total cash and cash equivalents	7.1a	**32,632**	**13,665**

How we recognise cash and cash equivalents

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

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

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

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 6.3: Commitments for expenditure

	2026 $'000	2025 $'000
Capital expenditure commitments		
Less than one year	1,133	6,882
Total capital expenditure commitments	**1,133**	**6,882**
Operating expenditure commitments		
Less than one year	9,890	10,610
Longer than one year but not longer than five years	3,106	6,024
Total operating expenditure commitments	**12,996**	**16,634**
Non-cancellable Short Term and Low Value Lease Commitments		
Less than one year	264	185
Longer than one year but not longer than five years	528	60
Total non-cancellable short term and low value lease commitments	**792**	**245**
Total commitments for expenditure (inclusive of GST)	**14,921**	**23,761**
Less GST Recoverable from the Australian Tax Office	(1,356)	(2,160)
Total commitments for expenditure (exclusive of GST)	**13,565**	**21,601**

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
Forensicare 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.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 7: Financial instruments, contingencies and valuation judgements

Forensicare 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 Forensicare is related mainly to fair value determination.

Structure

7.1 Financial instruments
7.2 Contingent assets and contingent liabilities
7.3 Fair value determination

Material judgements and estimates
This section contains the following material judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use. In determining the highest and best use, Forensicare 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. Forensicare uses a range of valuation techniques to estimate fair value, which include the following: • Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Forensicare's specialised land and specialised buildings 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 Forensicare's 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. Forensicare does not use this approach to measure fair value. Forensicare selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Subsequently, Forensicare applies material judgement to categorise and disclose such assets within a fair value hierarchy, which includes: • Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Forensicare 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. Forensicare categorises non-specialised land in this level. • Level 3, where inputs are unobservable. Forensicare 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.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

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 Forensicare's activities, certain financial assets and financial liabilities arise under statute rather than under 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 7.1a: Categorisation of financial instruments

	Note	Carrying amount	Total interest income
30 June 2026		**$'000**	**$'000**
Financial assets			
Cash and cash equivalents	6.2	32,632	1,118
Receivables and contract assets	5.1	17,822	-
Total financial assets[(i)]		**50,454**	**1,118**
Financial liabilities			
Payables	5.2	15,684	-
Borrowings	6.1	6,365	-
Other financial liabilities - patient monies held in trust	5.4	473	-
Total financial liabilities[(i)]		**22,522**	**-**

	Note	Carrying amount	Total interest income
30 June 2025		**$'000**	**$'000**
Financial assets			
Cash and cash equivalents	6.2	13,665	1,278
Receivables and contract assets	5.1	20,361	-
Total financial assets[(i)]		**34,026**	**1,278**
Financial liabilities			
Payables	5.2	13,988	-
Borrowings	6.1	6,556	-
Other financial liabilities - patient monies held in trust	5.4	332	-
Total financial liabilities[(i)]		**20,876**	**-**

(i) The carrying amount excludes statutory payables (i.e. GST payable, Revenue in advance and DH payable).

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 7.1: Financial Instruments (continued)

How we categorise financial instruments

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

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

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

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

Financial assets at amortised cost
Financial assets are measured at amortised costs 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 Forensicare 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 subsequently measured at amortised cost using the effective interest method less any impairment.

Forensicare recognises the following assets in this category:
- cash and deposits; and
- receivables (excluding statutory receivables).

Categories of financial liabilities
Financial liabilities are recognised when Forensicare 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 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.

Forensicare recognises the following liabilities in this category:
- payables (excluding statutory payables and contract liabilities);
- borrowings; and
- other liabilities (including monies held in trust).

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 7.1: Financial Instruments (continued)

Offsetting financial instruments
Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Forensicare 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 Forensicare 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
- Forensicare 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
- Forensicare 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 Forensicare has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Forensicare'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 expired.

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.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 7.2: Contingent assets and contingent liabilities

At balance date, the Board are not aware of any contingent assets (2025: none).
At balance date, the Board are not aware of any contingent liabilities (2025: Enterprise Bargaining Agreement).

How we measure and disclose contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet but are disclosed by way of note and if quantifiable, are measured at nominal value.

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

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

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

Contingent liabilities
Contingent liabilities are:

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

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 7.3: 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 are carried at fair value:
- Property, plant and equipment

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.

Forensicare 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.

Forensicare 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 Forensicare'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.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 7.3: Fair Value Determination (continued)

Fair value determination: non-financial physical assets

AASB 2010-10 *Amendments to Australian Accounting Standards – Fair Value Measurement of Non-Financial Assets of Not-for-Profit Public Sector Entities* amended AASB 13 *Fair Value Measurement* by adding Appendix F *Australian Implementation Guidance for Not-for-Profit Public Sector Entities.* Appendix F explains and illustrates the application of the principals in AASB 13 on developing unobservable inputs and the application of the cost approach. These clarifications are mandatorily applicable annual reporting periods beginning on or after 1 January 2024. FRD 103 permits Victorian public sector entities to apply Appendix F of AASB 13 in their next scheduled formal asset revaluation or interim revaluation process (whichever is earlier).

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

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

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

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

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

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

For Forensicare, 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 Forensicare's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2024.

Vehicles
Forensicare acquires new vehicles and at times disposes of them before the completion of their economic life. The process of acquisition, use and disposal in the market is managed by Forensicare, which sets 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).

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 7.3: Fair Value Determination (continued)

Plant and equipment
Plant and equipment (including medical equipment, computers and communication equipment and furniture and fittings) 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 current replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that current replacement cost will be materially different from the existing carrying amount.

There were no changes in valuation techniques throughout the period to 30 June 2026.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 7.3: Fair value determination (continued)

Fair value determination of level 3 fair value measurement

Asset class	Valuation technique	Significant assumption	Range $'000
Specialised land (Crown)	Market approach	Community Service Obligations Adjustments[(i)]	20%
Specialised buildings	Current replacement cost approach	Cost per square metre Useful life	$1-$8,359 3-50 yrs
Plant and equipment	Current replacement cost approach	Cost per unit Useful life	$1-$958 3-15 yrs
Medical equipment	Current replacement cost approach	Cost per unit Useful life	$1-$50 10 yrs
Computer and communications	Current replacement cost approach	Cost per unit Useful life	$1-$255 3-5 yrs
Artwork	Current replacement cost approach	Cost per unit	$1-$30
Vehicles	Current replacement cost approach	Cost per unit Useful life	$6-$48 3-10 yrs

(i) A Community Service Obligation (CSO) of 20% was applied to Forensicare specialised land.

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

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 Ex gratia expenses
8.2 Responsible persons disclosures
8.3 Remuneration of executives
8.4 Related parties
8.5 Remuneration of auditors
8.6 Events occurring after balance date

Note 8.1: Ex gratia expenses
Ex gratia expenses are the voluntary payments of money or other non-monetary benefit (e.g. a write off) that are not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability of or claim against the entity.

Forensicare did not make any Ex gratia payments during the year ended 30 June 2026 (2025: none).

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 8.2: Responsible persons disclosures

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

	Period
Responsible Minister:	
The Honourable Ingrid Stitt MP, Minister for Mental Health	02/10/2023 – 30/06/2026
Governing Board:	
Penny Armytage AM (Chair of the Board)	01/07/2025 - 30/06/2026
Allison Smith	01/07/2025 - 30/06/2026
Frances Sanders	01/07/2025 - 30/06/2026
Ian Forsyth	01/07/2025 - 30/06/2026
Dr Angela Williams	01/07/2025 - 30/06/2026
Shaun Braybrook ACM	01/07/2025 - 30/06/2026
Prof Suresh Sundram	01/07/2025 - 30/06/2026
Matthew Corbett	01/07/2025 - 30/06/2026
James Lavery	01/07/2025 - 30/06/2026
Dr Deborah Cole	25/08/2025 - 30/06/2026
Accountable Officer	
Adj Professor Colmán O'Driscoll (Chief Executive Officer)	01/07/2025 - 30/06/2026

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

Income Band			2026 No.	2025 No.
$0	-	$9,999	1	1
$10,000	-	$19,999	-	1
$20,000	-	$29,999	8	7
$50,000	-	$59,999	1	-
$60,000	-	$69,999	-	1
$480,000	-	$489,999	-	1
$490,000	-	$499,999	1	-
Total Numbers [i]			**11**	**11**
			$'000	**$'000**
Total remuneration received, or due and receivable by Responsible Persons from Forensicare amounted to:			**$999**	**$862**

(i) Shaun Braybrook ACM is ineligible to receive remuneration, as a current VPS employee.

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

Victorian Institute of Forensic Mental Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2026

Note 8.3 Remuneration of executives

The number of executive officers, other than Ministers and Accountable Officers, 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	
	2026 $'000	2025 $'000
Total remuneration	**3,131**	**3,481**
Total number of executives [(i)]	**9**	**14**
Total annualised employee equivalent (AEE) [(ii)]	**8.5**	**10.1**

(i) The total number of executive officers include persons who meet the definition of Key Management Personnel (KMP) of Forensicare under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.
(ii) Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Note 8.4: Related parties

The Victorian Institute of Forensic Mental Health (VIFMH) is a wholly owned and controlled entity of the State of Victoria. Related parties of Forensicare include:

- All Key Management Personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members; 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 Forensicare, directly or indirectly.

Key Management Personnel

The Board of Directors and the Executive Directors of Forensicare are deemed to be KMPs. This includes the following:

KMPs	Position Title
Penny Armytage AM	Chair of the Board
Allison Smith	Board Member
Frances Sanders	Board Member
Ian Forsyth	Board Member
Dr Angela Williams	Board Member
Shaun Braybrook ACM	Board Member
Prof Suresh Sundram	Board Member
Matthew Corbett	Board Member
James Lavery	Board Member
Dr Deborah Cole	Board Member (25/08/2025 - 30/06/2026)
Adj Professor Colmán O'Driscoll	Chief Executive Officer
Michael Courtney	Chief Financial Officer
Nadia Baillie	Chief Legal Officer
Dr Tobias Mackinnon	Executive Director, Clinical Services
Kathryn Douglas	Executive Director, People and Corporate Services
Terry Runciman	Executive Director, Prison Services
Anthea Lemphers	Executive Director, Community Operations (to 16/01/2026)
Mia Bromley	Executive Director, Community Operations (25/05/2026 - 30/06/2026)
Dr Shelley Turner	Executive Director, Hospital Operations
Ben Brown	Executive Director, Projects and Infrastructure

The compensation detailed below is reported in thousand dollars and excludes the salaries and benefits the Portfolio Minister receives. 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.

	2026 $'000	2025 $'000
Compensation - KMPs		
Total compensation - KMP's [(i)]	**4,130**	**4,343**

(i) KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executive Officers.

Note 8.4: Related Parties (continued)

Significant transactions with government related entities

Forensicare received funding from the DH of $137M (2025: $110M) and indirect contributions of $60M (2025: $196M). As at 30 June 2026 are no balances outstanding (2025: $12.7M).

Forensicare received funding from DT of $5.1M (2025: $3.4M). Balances outstanding as at 30 June 2026 are $2.5M (2025: $1.3M).

Forensicare received funding from the DJCS of $33 million (2025: $24M). Balances outstanding as at 30 June 2026 are $2.8M (2025: $4.2M).

Expenses incurred by Forensicare 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 Forensicare to hold cash (in excess of working capital) in accordance with the State'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 Human Services and the Treasurer.

Transactions with KMPs and other related parties

Given the breadth and depth of State Government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public, e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act* 2004 and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with HealthShare Victoria and Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with Forensicare, there were no related party transactions that involved key management personnel, their close family members and 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 2026 (2025: none).

There were no related party transactions required to be disclosed for Forensicare Board of Directors, Chief Executive Officer and Executive Directors in 2026 (2025: none).

Note 8.5: Remuneration of auditors

	2026 $'000	2025 $'000
Victorian Auditor-General's Office		
Audit of the financial statements	54	51
Total remuneration of auditors	**54**	**51**

Note 8.6: Events occurring after balance date

There are no events occurring after the balance date.



Victorian Institute of
Forensic Mental Health

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