

*Continuing our  
high quality care  
in a new era*



**Barwon  
Health**

ANNUAL REPORT 2020-21

# VISION

*By 2050, everyone in our community enjoys the best health and wellbeing in Victoria.*

# MISSION

*Provide best care, every person, every day, so that everyone feels better.*

# VALUES

<i>Respect</i>	We respect the people we connect with.
<i>Compassion</i>	We show compassion for the people we care for and work with.
<i>Commitment</i>	We are committed to quality and excellence in everything we do.
<i>Accountability</i>	We take accountability for what we do and act with integrity.
<i>Innovation</i>	We drive innovation for better care.



We, Barwon Health, acknowledge the Traditional Owners of the land, the Wadawurrung people of the Kulin Nation. We pay our respects to the Elders both past and present.

We thank the Traditional Owners for custodianship of the land, and celebrate the continuing culture of the Wadawurrung people acknowledging the memory of honourable ancestors. We also welcome all Aboriginal and Torres Strait Islander people present today.

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## About this Report

### **MANNER OF ESTABLISHMENT AND THE RELEVANT MINISTER**

This Annual Report is prepared in accordance with 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.

### **RESPONSIBLE MINISTERS**

*From 1 July 2020 to 26 September 2020*

Jenny Mikakos MP, Minister for Health, Minister for Ambulance Services

*From 26 Sept 2020 to 30 June 2021*

The Hon Martin Foley MP, Minister for Health, Minister for Ambulance Services, Minister for Equality

*From 1 July 2020 to 29 September 2020*

The Hon Martin Foley MP, Minister for Mental Health, Minister for Equality

*From 29 Sept 2020 to 30 June 2021*

The Hon James Merlino MP, Minister for Mental Health

The Hon Luke Donnellan MP, Minister for Child Protection, Minister for Disability, Ageing and Carers

Barwon Health is charged with delivering public healthcare to Greater Geelong and G21 area, extending specialist services throughout the Barwon South West Region in accordance with the principles established as guidelines for the delivery of public health services in Victoria under section 17AA of the Health Services Act 1988 (the Act).

# MESSAGE FROM THE BOARD CHAIR AND CHIEF EXECUTIVE

*Late last year, Barwon Health unveiled its five-year organisational strategy 'Future Ready' to ensure we are well positioned to grow and adapt to the needs of our diverse population.*

The challenges of 2021 have consumed us however we continue to develop plans that will underpin delivery of the strategy that will ultimately expand and deliver changing treatments, services and care that will ultimately improve the lives of everyone in our community.

We have been able to forge a clear path that will drive us to deliver what our community expects and needs in the years ahead, whether that be new infrastructure or innovative models of care that significantly improve health outcomes while making treatment more accessible; we're pleased to say we have made good progress on our long-term strategy.

Barwon Health's response to COVID-19 has been a major focus requiring careful planning impacting every service and facet of the organisation.

It's never been busier at Barwon Health, as we work to respond to high demands for COVID-19 vaccinations testing and contact tracing, adapt to restrictions that impact the way we provide care, and continue to innovate and offer more services to our region's growing population. There are so many lessons we've learnt during the pandemic that have positively influenced the way our services operate. Our Public Health Unit, led by Professor Eugene Athan, has led the rollout of

the COVID-19 vaccination program to the Barwon South West region, starting in February. After just over three months of the rollout, more than 65,000 vaccine doses were administered, with more than 6,000 in the first month of vaccinations at the former Ford site. It was a huge effort to transform the Norlane site into a community vaccination hub, and it's very rewarding to have hundreds of people vaccinated there each day. The establishment of the Public Health Unit represents an opportunity for the region and post-COVID-19 it will be instrumental in our future plans to help improve the health and wellbeing of our wider regional community.

It's great to see so many projects in progress that will make a difference to families in the region, with significant planning for the new Barwon Women's and Children's, which will change the way we offer services at Barwon Health. Construction has also started for our Kids' Rehabilitation Centre at the McKellar Centre, which is a fantastic community-funded project supported by the Barwon Health Foundation. Meanwhile, an Early Parenting Centre at the McKellar Centre is in the design phase, and funding has recently been announced for our paediatric emergency services project.

This time last year, the future of Building B was still unknown, so we're pleased to see the former private hospital site used to create capacity for elective surgery, with two additional theatres now operating. We also received confirmation for our highly-anticipated new service which is part of the State Government Community Hospital program, Barwon Health Surf Coast in Torquay. Funding was announced in the recent State Budget for this project and the site on Whites Road in Torquay unveiled.

The recommendations of this year's Victorian Royal Commission into the Mental Health system have reaffirmed the importance of improving mental health care for our community, revamping models of care to offer more tailored services that meet consumers' and carers' needs. Our commitment to do this is articulated in our plans to create four new community hubs – the first has commenced development in central Geelong, which will help people in our region through their treatment and recovery. The hub will complement our new Mental Health Hospital in the Home program, as well as the new acute mental health unit at the McKellar Centre that has commenced construction. We also are nearing the completion of our Emergency Department's Mental Health Alcohol and Other Drugs Hub, while our CHIME research partnership continues to grow with Deakin University, exploring evidence-based therapies to improve mental health outcomes.

Over the past 12 months, we have continued to implement changes to the working environment and to support our staff, including improvements to security, senior leadership accountability, preventing stress, increased recognition, and patient safety culture. A Pulse Survey was conducted in 2020 to gauge the employment experiences of staff over the past year, identifying what's working well and ways we can improve.

The Barwon Health Foundation has also supported the wellbeing of staff through various initiatives throughout the year, providing coffee carts, meals and pamper packs.

We would like to thank all of our staff, volunteers, and board directors for their hard work and commitment while working through this challenging year. Special mention to two Board Directors, Robyn Davis and Edward Janus, who are stepping down from the Barwon Health Board after many years of service, we wish them well for the future.

After experiencing glimpses of normality between COVID-19 outbreaks, we know we can recover from the pandemic with new knowledge and skills, improved services, and an even greater connection with our community. It's been very encouraging to see our community partners support the work of Barwon Health and we know by helping make our community safer and healthier, Geelong has much to be excited about in the future.



**Brian Cook**  
Chair



**Frances Diver**  
Chief Executive



# REPORT OF OPERATIONS

## Responsible Bodies Declaration

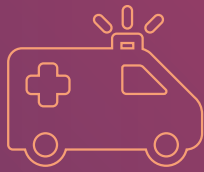
In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Barwon Health for the year ending 30 June 2021.



**Brian Cook**  
Barwon Health Board Chair

Geelong 3 September 2021

# BARWON HEALTH AT A GLANCE



74,730

EMERGENCY  
DEPARTMENT  
PRESENTATIONS



83,577

INPATIENTS  
SEPARATIONS



21,161

OPERATIONS



2,834

BABIES BORN



179,689

OUTPATIENT  
APPOINTMENTS



8,001<sup>\*</sup>

STAFF  
(HEAD COUNT)



13,712

TELEHEALTH  
CONSULTATIONS



111,486

COVID-19 TESTS



107,218<sup>#</sup>

COVID-19 VACCINATION  
DOSES (DOSE 1 & 2)

<sup>\*</sup>Note: head count.

<sup>#</sup>COVID-19 Vaccinations administered across the Barwon South West region led by the Barwon Public Health Unit, inclusive of in-reach clinics and the Community Vaccination Hub.





# YEAR IN REVIEW

*In another challenging year, we have continued to prioritise delivering the best patient-centred care for our community, while launching our strategic plan to guide us into the next five years and beyond.*

## July 2020

### COVID-19 PANDEMIC SECOND WAVE

Barwon Health provided a critical response to the region during the second wave of the COVID-19 pandemic, supporting aged care facilities and leading the outbreak response at a number of abattoirs.

### CONTACT TRACING TEAM ESTABLISHED AT BARWON HEALTH

The Barwon Health contact tracing efforts during the second wave provided critical local knowledge to help contain outbreaks. This model helped inform the establishment of Victoria's Public Health Units, tasked with leading the COVID-19 vaccination rollout.

## August 2020

### COFFEE CARTS CONTINUE TO FUEL HEALTHCARE WORKERS

The Barwon Health Foundation continued to support staff through coffee carts that visited key sites to fuel our frontline workers.

## September 2020

### HEAD2HELP BOLSTERS MENTAL HEALTH SUPPORT IN THE NORTH

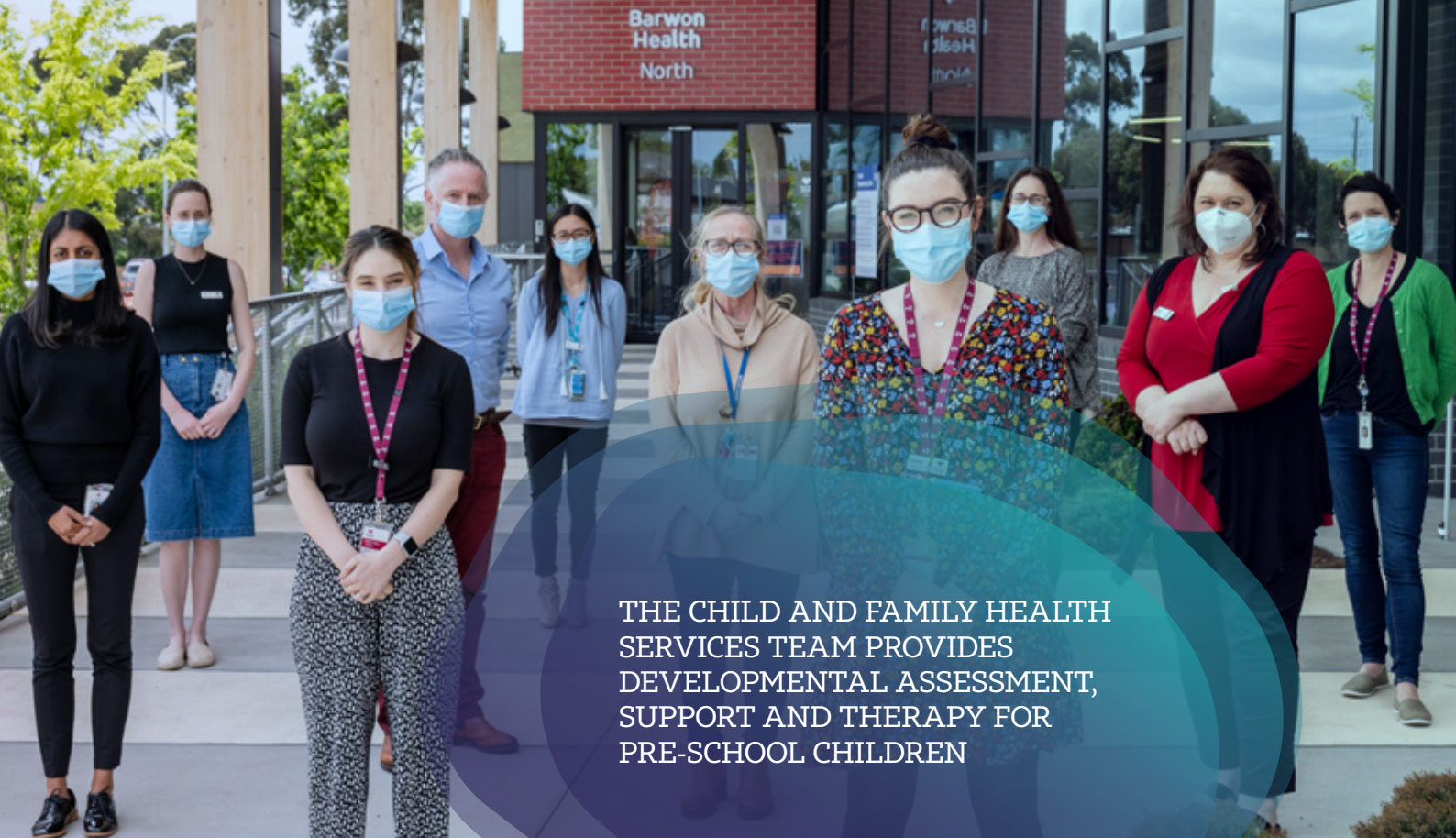
Barwon Health North opened a dedicated mental health clinic, available to anyone in the community with or without a GP mental health treatment plan. Head2Help is a federally-funded initiative in partnership with Western Vic PHN.

### OUR PEOPLE RECOGNISED THROUGH PEOPLE OF THE PANDEMIC CAMPAIGN

As an extension to the Living Our Values peer recognition program, staff and managers submitted nominations for people who went above and beyond during the pandemic. A selection of nominations were shared on social media and the COVID-19 portal.

### BUILDING WORKS UNDERWAY TO REDEVELOP SWANSTON CENTRE

Works commenced to expand and refurbish the Swanston Centre acute mental health facility. The unit will remain a 32-bed facility; however, there will be significant expansion and reconfiguration to improve staff workflows and safety, and provide a more secure and pleasant environment for patients.



**THE CHILD AND FAMILY HEALTH SERVICES TEAM PROVIDES DEVELOPMENTAL ASSESSMENT, SUPPORT AND THERAPY FOR PRE-SCHOOL CHILDREN**

*The Child and Family Health Services team at Barwon Health North.*

## October 2020

### **CHILD AND FAMILY SERVICES OPEN AT BARWON HEALTH NORTH**

Child and Family Health Services opened at Barwon Health North in Norlane. The Child and Family Health Services team provides developmental assessment, support and therapy for pre-school children.

### **A NEW PARENTING CENTRE ANNOUNCED**

Barwon Health was chosen to develop a new Early Parenting Centre, in partnership with Tweddle Child and Family Health Service, to be built at the McKellar Centre.

## November 2020

### **WORKS COMMENCE ON MENTAL HEALTH EMERGENCY DEPARTMENT HUB**

Significant works commenced in the Emergency Department to build a mental health hub. The hub will help provide timely access to mental health, drugs and alcohol support in the ED and improve the environment for patients, families and staff.

### **PULSE SURVEY CHECKS-IN WITH STAFF**

With the annual People Matter survey postponed for 2020, an online pulse survey was launched to understand employee experiences over the past year. The survey was centred on the four core themes: motivation and engagement, staff safety and security, patient safety and quality, and senior leadership.

### **NAIDOC WEEK CELEBRATED WITH VIRTUAL CEREMONY**

NAIDOC Week was postponed until November, and with restrictions still in place, the awards ceremony was held virtually via Facebook Live.

## December 2020

### **BARWON BEST CARE AWARDS CELEBRATED**

The Barwon Best Care Awards, incorporating the Clinical Education and Training awards, Work Health and Safety awards and Living our Values awards, were awarded through a series of mini ceremonies.

### **FIRST VIRTUAL AGM FOR BARWON HEALTH**

The ongoing COVID-19 pandemic meant changes to the way the Barwon Health annual meeting was held. The event was held entirely online for the first time via Facebook Live.

## January 2021

### PLANNING THE COVID-19 VACCINATION ROLLOUT

The newly-established Barwon South West Public Health Unit commenced planning the COVID-19 vaccination rollout across the region.

### RECOGNITION FOR PALLIATIVE CARE

Palliative Care volunteer co-ordinator Jen Walsh was awarded an Honorary Order of Australia Medal (OAM) for her work, showing a passion for volunteering and helping Barwon Health bring dignity to death and dying.

## February 2021

### VACCINATION PROGRAM COMMENCES

The vaccination program commenced with priority 1a recipients becoming the first recipients across the Barwon South West Region. Initially run from St Mary's Hall, vaccination was initially offered to frontline healthcare workers, aged care workers and border/quarantine workers.

### AFTER-HOURS HUDDLE IMPROVES SAFETY OVERNIGHT

Barwon Health launched a new initiative to create a safer and more effective environment for staff and patients overnight. The after-hours huddle brings together nursing and medical staff to support each other and work as a team to plan for the night ahead.

## March 2021

### BUILDING B THEATRES OPEN

Two additional operating theatres at Barwon Health's University Hospital Geelong Building B have created additional capacity for elective surgery in a huge boost for the region. The additional theatres will help address the demand for elective surgery, particularly those deferred due to the COVID-19 pandemic.

## April 2021

### COMMUNITY VACCINATION HUB OPENS

Geelong's former Ford factory was transformed into the region's Community Vaccination Hub, providing the capacity for more than 2000 vaccinations per day. The hub initially opened to select priority 1a and 1b groups before opening to broader categories towards the middle of the year.

### CONTACT TRACING TEAM RECOGNISED

The contact tracing and monitoring team were recognised as a finalist for the Emergency Management Award at the Leadership in the IPAA Public Sector Awards. Barwon Health was the only health service to receive a finalist nomination at the awards, which celebrate excellence, innovation and commitment in the public sector.

## May 2021

### MCKELLAR KIDS' REHABILITATION CENTRE CONSTRUCTION COMMENCES

A major community-driven project has entered its final chapter to give our children and youth their very own rehabilitation centre. Barwon Health's \$3.6 million Kids' Rehabilitation Centre will be complete in November 2021, including a gymnasium, therapy kitchen, outdoor therapy garden, and family-friendly treatment rooms.

## June 2021

### STAFF RECOGNISED VIA QUEEN'S BIRTHDAY HONOURS LIST

Four people associated with Barwon Health were recognised with a Medal of the Order of Australia (OAM) in this year's Queen's Birthday honour list. Congratulations to this group of committed clinicians and researchers: Professor Eugene Athan, Phil Emery, Peter Gates and Professor Felice Jacka.

### MENTAL HEALTH HUB ANNOUNCED FOR CENTRAL GEELONG

People in the Geelong region will soon be able to access mental health services from a central location in the heart of Geelong, thanks to a \$16-million investment from the State Government. A new five-story Mental Health Hub at 181 Moorabool Street marks a new direction in how we care for people in our community experiencing mental ill-health and addiction - further supporting their recovery journey.



# ABOUT BARWON HEALTH

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# STRATEGIC PLAN

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*We launched a new five-year strategic plan with input from our staff, community, partners and supporters who engaged with us on the long-term strategy during these extraordinary times.*

Strategy is about informed choices. In making our choices we have taken into account government policy and the challenges we have faced. We want to be 'future-ready' as well as focussing on the opportunities and challenges over the next five years.

The pandemic will have long-lasting effects on the health system and the new and innovative approaches to care that we have embraced will no doubt have an impact on how we continue to care for the community in the future.

The development of the new strategy had us stretch our thinking beyond five years; extending our thinking to thirty years into the future to 2050 with a discussion paper circulated to the community and stakeholders for comment.

The outcome of our discussions is a bold vision for the future and the new five-year strategic plan that represents the first step in charting our new course.

# STRATEGIC PLAN SUMMARY

## Our Vision

BY 2050, EVERYONE IN OUR COMMUNITY ENJOYS THE BEST HEALTH AND WELLBEING IN VICTORIA.

## Our Purpose

PROVIDE BEST CARE, EVERY PERSON, EVERY DAY, SO THAT EVERYONE FEELS BETTER.

STRATEGIC  
PRIORITY 1:  
DELIVER  
BEST CARE

### PERSON-CENTRED

Our consumers direct the care they receive to achieve their goals.

### VALUE

We aim always to improve the value of our services.

### INTEGRATION

We integrate care without gaps or duplication of effort.

### EVIDENCE

We apply evidence to improve care.

### APPROPRIATE

Right care, right time, right place, right way.

STRATEGIC  
PRIORITY 2:  
INVEST TO  
IMPROVE

### RESEARCH

We embed research in care to create a learning system.

### RESILIENCE

We build our capacity to deal with the unexpected.

### EXPERIENCE

We improve the experience of our consumers and our people.

### ACCESS

We aim to improve timely, local, simple and equitable access to services.

### FACILITIES

We develop fit-for-purpose, modern facilities to improve consumer experience and staff satisfaction.

STRATEGIC  
PRIORITY 3:  
ENSURE OUR  
FUTURE

### FINANCIAL SUSTAINABILITY

We live within our means and we grow our capacity.

### AGILE

We are agile in responding to changing needs and opportunities.

### ENVIRONMENTAL SUSTAINABILITY

We aim to achieve net zero emissions by 2050 to reduce the impact of climate change on the health of our community.

### GROW OUR OWN

We train, develop and support staff, for Barwon Health and for the region.

### TOGETHER

We partner for greater impact.

## Our Values

### RESPECT

We respect the people we connect with.

### COMPASSION

We show compassion for the people we care for and work with.

### COMMITMENT

We are committed to quality and excellence in everything we do.

### ACCOUNTABILITY

We take accountability for what we do and act with integrity.

### INNOVATION

We drive innovation for better care.

## Our enablers

- **Integrated models of care:** integrated models of care make transitions seamless.
- **Our people:** leadership, staff engagement, teamwork and commitment to excellence.
- **Our culture:** supports us to make the right choices every time.
- **Effective tools:** platforms, processes and systems, technology and analytics.

## We measure our success by:

- Our consumers feel better.
- Our community is confident that Barwon Health will meet their healthcare needs.
- Our stakeholders recognise us as an innovative health service and a trustworthy partner.
- Our owner, the Victorian Government, supports our plans.
- Our staff tell us that they feel hopeful, confident and safe in the workplace.

## Core objectives for Victorian public health services that frame the Barwon Health strategy

- Quality and safety.
- Good governance and leadership.
- Access and timeliness.
- Financial sustainability.

# NATURE AND RANGE OF SERVICES

*Barwon Health is established under the Health Services Act 1988 as a Schedule 5 public health service.*

Formed in 1998, Barwon Health is one of the largest and most comprehensive regional health services in Australia, providing care at all stages of life and circumstance.

With more than 8,000 staff, we are one of Australia's largest regional employers and the largest employer in Geelong.

Barwon Health provides services for everyone who needs care, regardless of their financial status or the location of their usual residence.

As a major regional health service, we provide leadership and tertiary healthcare services for people across the Barwon South Western Region.

Our local community is the G21 region which comprises the residents of the City of Greater Geelong, Colac Otway Shire, Golden Plains Shire, Borough of Queenscliffe and Surf Coast Shire.

We provide services from University Hospital Geelong in central Geelong, the McKellar Centre in North Geelong and other locations including the Sunrise Centre, a partnership initiative with the Geelong Football Club and the Transport Accident Commission that provides a contemporary community venue for specialist community rehabilitation programs.

We provide community health services from Anglesea, Belmont, Corio, Newcomb, and Torquay and dental services from Belmont, Corio and Newcomb. Our newest sites include Barwon Health North in Norlane providing, amongst other services, child and family health services, renal dialysis, medical imaging, and an urgent care service. The pandemic, and the availability of the vaccines saw the establishment of a Community Vaccination Hub, located on the former Ford Factory site in Norlane.

Mental health and alcohol and other drugs services are provided at the Swanston Centre at University Hospital Geelong, Prevention and Recovery Care (PARC) at Belmont Community Rehabilitation

Facility, Blakiston Lodge Psychogeriatric Unit at the McKellar Centre and 10 community based locations including Belmont, central Geelong, Colac, Corio, Barwon Health North and Newcomb.

We have residential aged care beds across two sites: Alan David Lodge in Charlemont and Percy Baxter Lodge, Wallace Lodge and Blakiston Lodge on the McKellar Centre campus in North Geelong.

We provide a comprehensive range of health services including acute care (medicine, surgery, women's health, paediatrics, emergency and specialist clinics), mental health, alcohol and other drugs services, primary care, community health, rehabilitation, geriatric medicine, palliative care and hospital in the home. We are one of four public radiation oncology providers in Victoria.

We have a public/private partnership with Epworth HealthCare to deliver surgery, renal dialysis and day oncology services at Epworth Geelong. We provide health promotion programs that aim to improve the health and wellbeing of the population and address priorities in the Victorian Public Health and Wellbeing Plan 2019-2023.

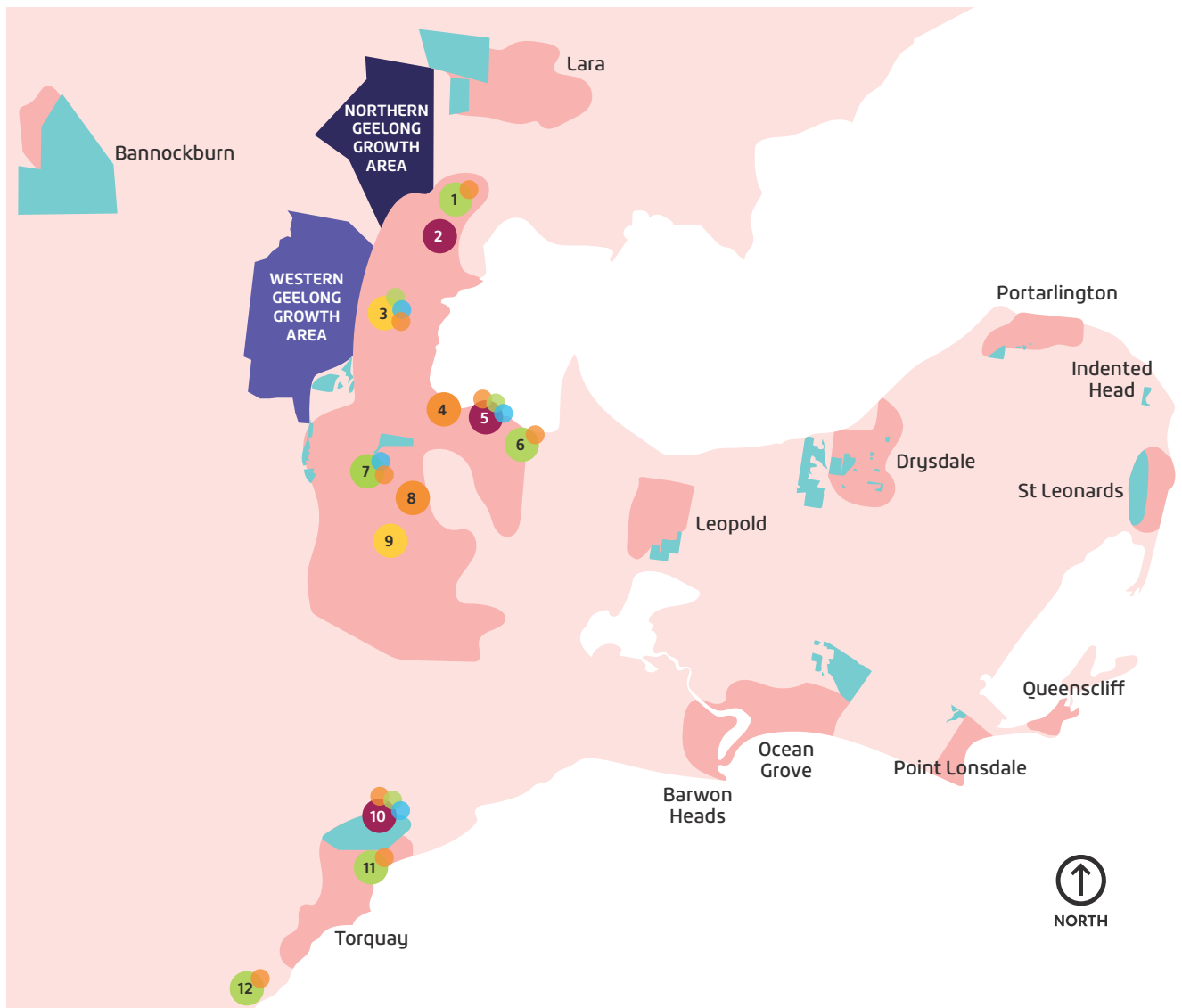
As a major teaching hospital, we have relationships with Deakin University, LaTrobe University, the Gordon Institute and other tertiary education providers including the University of Melbourne and Monash University. We provide teaching and training for all health professionals across all disciplines, at all career stages. We are committed to 'grow our own', so we invest in leadership and development.

Our people are committed to continuously improving their skills to provide best care. We collaborate, lead, generate and facilitate research. We seek to embed research in routine clinical care to create a learning healthcare system.

The Barwon Health Foundation is our key partner in philanthropic endeavours.



## Major Barwon Health service locations



### BARWON HEALTH FACILITIES

1. Corio Community Health Centre
2. Barwon Health North
3. McKellar Centre
4. Mental Health, Alcohol and Other Drugs (MHAOD) Community Hub
5. University Hospital Geelong
6. Newcomb Community Health Centre
7. Belmont Community Health and Rehabilitation Centre
8. Community Rehab Facility (CRF) and Prevention and Recovery Care (PARC)
9. Alan David Lodge
10. Barwon Health Surf Coast (Future)
11. Torquay Community Health Centre
12. Angelsea Community Health Care

### CARE TYPES

- Acute
- Community
- Aged Care
- Mental Health
- Rehabilitation

### GROWTH AREAS

- Future Northern Growth Area
- Future Western Growth Area
- Current Growth Areas

### POPULATION DENSITY

- < 500 People
- 500+ People



Dr Jackson Brown.

# ADMINISTRATIVE STRUCTURE OF BARWON HEALTH

## Board of Directors

**Chair /** Brian Cook  
**Deputy Chair /** Mike Feehan  
 Jennifer Williams  
 Professor Brendan Crotty  
 Robyn Davis  
 Jason Trethowan  
 Professor Edward Janus  
 Virginia Todd  
 Adjunct Professor Stephen Elder

## Committees

### FINANCE COMMITTEE

**Chair /** Mike Feehan  
*Members*  
 Brian Cook  
 Jennifer Williams  
 Virginia Todd  
 Professor Brendan Crotty

### AUDIT AND RISK MANAGEMENT COMMITTEE

**Chair /** Jennifer Williams  
*Members*  
 Mike Feehan  
 Robyn Davis  
 Adjunct Professor Stephen Elder  
 Tony Brain (Independent  
 Member)

### PRIMARY CARE AND POPULATION HEALTH COMMITTEE

**Chair /** Virginia Todd  
*Members*  
 Jason Trethowan  
 Professor Brendan Crotty  
 Adjunct Professor Stephen Elder  
 Professor Edward Janus  
 Zoe Barnett (G21)  
 Lisa Briggs (CEO Wathaurong)  
 Colin Bell (Deakin University)  
 Rowena Clift (Western Victoria  
 Primary Network)  
 Dr Nic Brayshaw (GP)  
 Julie Scheuber (Bellarine  
 Community Health)  
 Elaine Williams (Barwon Area)  
 Integrated Family Violence  
 Committee)

### GOVERNANCE AND REMUNERATION COMMITTEE

**Chair /** Brian Cook  
*Members*  
 Mike Feehan  
 Jennifer Williams

### COMMUNITY ADVISORY COMMITTEE

**Chair /** Jason Trethowan  
*Members*  
 Robyn Davis  
 Virginia Todd  
 Bruce Butler  
 Justine Martin  
 Sharelle McQuirk  
 Alison Lewis-Nicholson  
 Kim Edgar  
 Skye McGrath  
 Wendy Bourke

### QUALITY, SAFETY AND CLINICAL GOVERNANCE COMMITTEE

**Chair /** Professor Edward Janus  
*Members*  
 Professor Brendan Crotty  
 Robyn Davis  
 Jason Trethowan

### MENTAL HEALTH, DRUGS AND ALCOHOL SERVICES SUB-COMMITTEE

**Chair /** Professor Brendan Crotty  
*Members*  
 Robyn Davis  
 Jason Trethowan



# EXECUTIVE TEAM

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## Chief Executive

Adjunct Professor Frances Diver  
*BAppSci, MBA, GAICD*

## Chief Operating Officer

Amanda Cameron  
*RN, BAppSc, Grad Dip Critical Care, MHA*

## Chief Financial Officer

Cobus Lotheringen  
*CA, B.Com, B.Compt (Hons)*

## Chief Medical Officer

Simon Woods  
*MB BS FRACS MBA FCSHK AFACHSM*

## Chief Nursing and Midwifery Officer

Kate Gillan  
*RN, GDCM, MAICD*

To April 2021

## Interim Chief Nursing and Midwifery Officer

Alison Patrick  
*RN, RM, MBA*

(From April 2021 to present)

## Chief Information Officer

Andrew MacFarlane

## Chief People and Culture

Lee Jeffrey

## Executive Director Strategy, Planning & Partnerships

Anna Burgess  
*BSc(Hons), Grad Dip Health Management, Grad Dip Health Economics, FACHSM, CHE, FIPPA (Vic)*

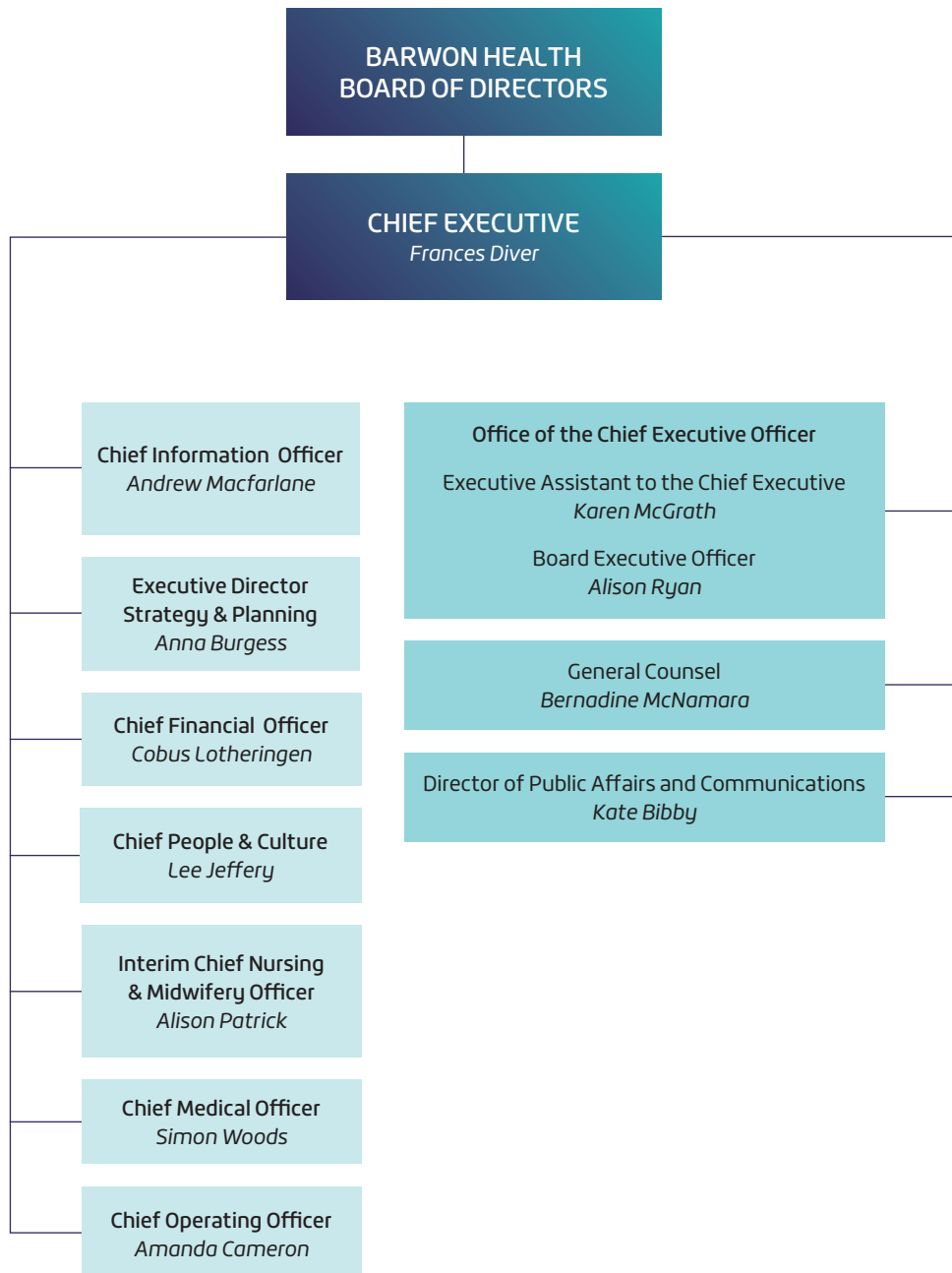
## General Counsel

Bernadine McNamara  
*LLB(Hons), BA(Hons), GDipLabRelLaw(Melb), MPractAcc(Monash)*

## Director Public Affairs and Communications

Kate Bibby

# ORGANISATIONAL STRUCTURE



WE EMPLOYED

2,176  
NURSES

IN 2021 COMPARED  
TO 2,045 IN 2020



# OUR PEOPLE

## Workforce Information

HOSPITALS LABOUR CATEGORY	JUNE CURRENT MONTH FTE*		AVERAGE MONTHLY FTE**	
	2021	2020	2021	2020
Nursing Services	2176.49	2044.79	2102.55	1987.36
Administration & Clerical	853.28	762.31	801.27	746.88
Medical Support Services	449.37	434.46	437.29	431.01
Hotel and Allied Services	578.38	554.36	571.61	541.47
Medical Officers	85.7	78.33	82.13	76.67
Hospital Medical Officers	424.97	389.24	397.29	386.46
Sessional Medical Officers	130.19	114.61	123.05	113.00
Ancillary Support Services	441.69	412.71	428.75	406.15

The FTE figures in this table exclude overtime. The FTE figures do not include contracted staff (e.g. Agency nurses, Fee-for-Service Visiting Medical Officers) who are not regarded as employees for this purpose. The data is consistent with that provided in the Minimum Employee Data Set.

## EMPLOYMENT AND CONDUCT PRINCIPLES

Public Sector Values and Employment Principles have been incorporated into Barwon Health's leadership and employee orientation programs. The employment principles have also been incorporated into our recruitment and selection training programs to ensure that all employment decisions are based on merit and equity. Barwon Health is an Equal Opportunity Employer. Employees have been correctly classified in workforce data collections.

## Occupational Health and Safety Act 2004

Barwon Health complies with the Occupational Health and Safety Act 2004 and continues to implement measures designed to reduce safety incidents, including occupational violence and aggression, in the workplace.

New initiatives for the year include:

- The launch of an Occupational Violence and Aggression online training program, available to all staff, that has been designed to provide fundamental knowledge of how to prevent and manage incidents of violence and aggression in the workplace.
- The development and roll-out of a revised leadership education package for managers, focused on equipping managers to effectively oversee their health and safety responsibilities at Barwon Health, and drive a positive safety culture.
- The implementation of a Functional Capacity Evaluation program at the pre-employment stage, to enable Barwon Health to safely manage any injuries or conditions a new employee may be carrying, when they commence at Barwon Health.

## Occupational Health and Safety Data

OCCUPATIONAL HEALTH AND SAFETY STATISTICS	2020-21	2019-20
Number of reported hazards/incidents for the year per 100 full-time equivalent staff	52.56	49.48
Number of 'lost time' standard WorkCover claims for the year per 100 full-time equivalent staff	0.76	0.34
Average cost per WorkCover claim for the year	\$89,700	\$51,029

OCCUPATIONAL VIOLENCE STATISTICS	2020-21	2019-2020
WorkCover accepted claims with an occupational violence cause per 100 full-time equivalent staff	0.085	0.043
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.49	0.26
Number of occupational violence incidents reported	857	803
Number of occupational violence incidents reported per 100 full-time equivalent staff	18.1	17.1
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	45%	53%

## Definitions of occupational violence

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

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

**Accepted Workcover claims** – Accepted Workcover claims that were lodged in 2020-21.

**Lost time** – is defined as greater than one day.

**Injury, illness or condition** – This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.





Hiro Sekine - Physiotherapist

# FINANCIAL INFORMATION

## REPORT FROM THE CHIEF FINANCIAL OFFICER

*The Covid-19 pandemic event continued to cause major interruptions to normal operations in 2020/21 for Barwon Health; affecting both acute presentations and elective surgery. Despite this, Barwon Health continued to provide great care and excellent services, delivering acute inpatient activity at 98.5% of target and sub-acute at 101.1% of target.*

Barwon Health continued to overcome these major challenges whilst increasing service provision and extending the service base, assisted by the re-commissioning of Building B (former Geelong Private Hospital), and managed to successfully operate at a net surplus of \$283k for the financial year ending 30 June 2021.



**Cobus Lothingen**  
Chief Financial Officer

Major capital works projects and asset acquisitions completed during the year included:

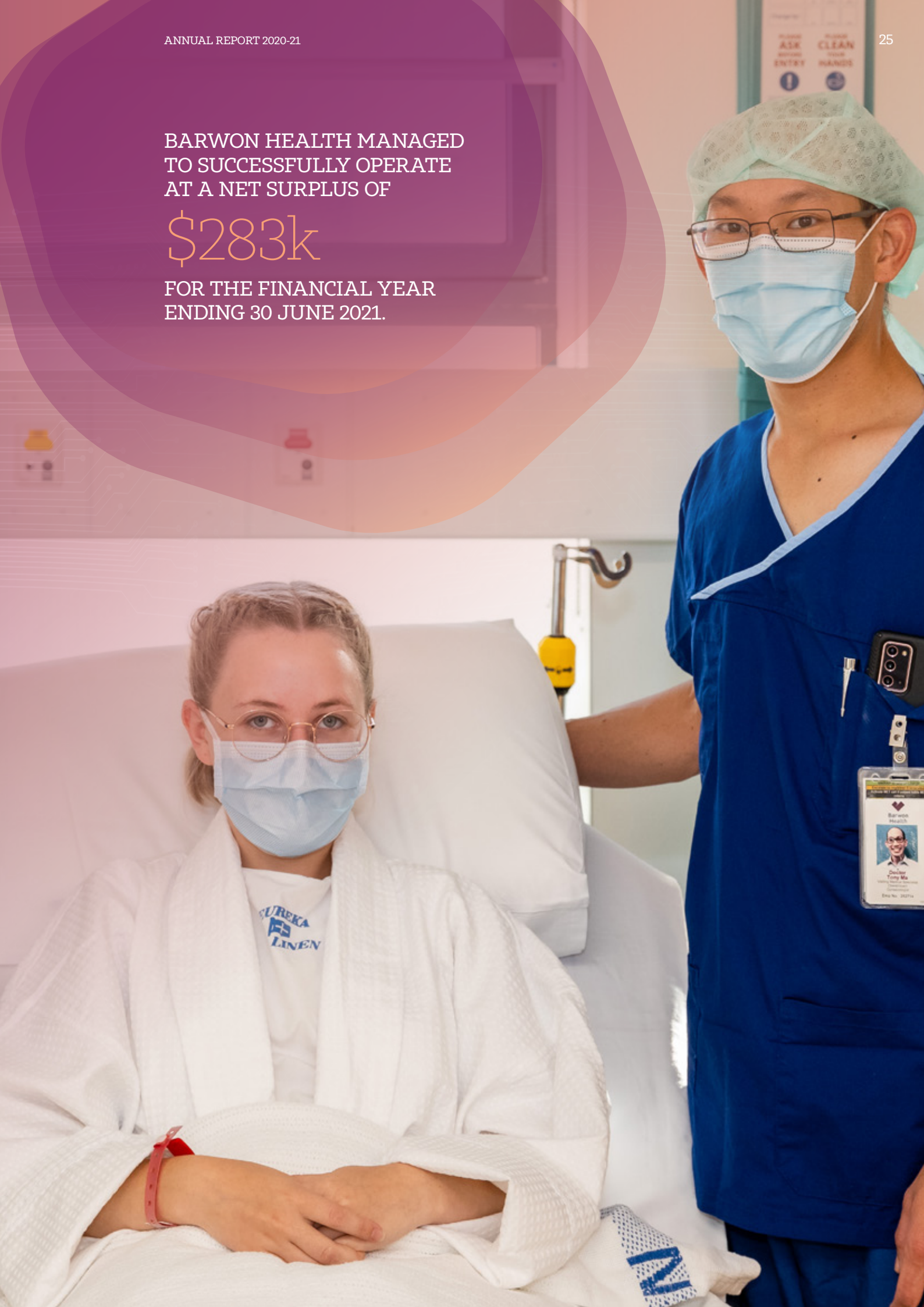
- The recommissioning of Building B (former Geelong Private Hospital) to assist with COVID-19 response, which included four theatres, 24 Intensive Care Unit points of care and two levels of inpatient wards.
- Additional bed capacity for University Hospital Geelong to assist with the COVID-19 response.
- New linear accelerator machine for radiotherapy treatment.
- Oracle cloud fusion implementation, for all finance, reporting and purchasing activities.
- Medical equipment provided by the state to assist with COVID-19 response.

*Opposite: Building B Surgery*

BARWON HEALTH MANAGED  
TO SUCCESSFULLY OPERATE  
AT A NET SURPLUS OF

\$283k

FOR THE FINANCIAL YEAR  
ENDING 30 JUNE 2021.





COVID-19 Torquay CHC

Another extremely busy construction period is envisaged for the Financial Year 2021/2022 with construction ongoing and in planning for a number of major capital work projects funded mainly by either the State or Commonwealth governments.

Despite a high level of investment in capital works and IT projects, Barwon Health has maintained a healthy balance sheet throughout the financial year with solvency and liquidity ratios in excess of target levels. Debtors and creditors days were also managed well within the required public health services target levels.

From an operational perspective, staff labour costs increased to \$653 million for the year mainly due to additional FTE required as part of the COVID-19 response in assisting with the COVID-19 testing or vaccination, the re-commissioning of surgical services in Building B and establishing more home-based sub-acute programs. Overall, labour costs grew by 7 per cent from 2019/2020, while non-labour costs increased by 6.5 per cent (mainly driven by COVID-19 related costs).

Consistently with 2019/20 high costs were incurred for pathology testing whilst own source revenue has been depressed due to the pandemic. All cost impacts that were related to the COVID-19 pandemic have been additionally funded by the Department of Health.

The VMIA insurance claim associated with the cyber incident in 2019/20 has been finalised, and all significant costs incurred in the recovery process were recovered in July 2021.

The Barwon Health Foundation delivered total income from fundraising and investments (including revaluations) of \$5.4 million (before expenses and distributions made to Barwon Health), with a number of fundraising events and also major donations received to assist Barwon Health in delivering great care and patient outcomes.

The cash rate reduced by a further 15 basis points since June 2020 which has resulted in a continued reduction in interest earned on cash and investment fund accounts.

## Summary of Consolidated Financial Results

	2021 \$000	2020 \$000	2019 \$000	2018 \$000	2017 \$000
<b>OPERATING RESULT</b>	<b>283</b>	<b>212</b>	<b>270</b>	<b>2,435</b>	<b>3,190</b>
Total revenue	908,292	840,557	811,106	743,704	690,335
Total expenses	(929,179)	(869,390)	(817,214)	(755,672)	(714,340)
<b>Net result from transactions</b>	<b>(20,887)</b>	<b>(28,833)</b>	<b>(6,108)</b>	<b>(11,968)</b>	<b>(24,005)</b>
Total other economic flows	9,128	(2,897)	(5,300)	(454)	3,071
<b>Net result</b>	<b>(11,759)</b>	<b>(31,730)</b>	<b>(11,408)</b>	<b>(12,422)</b>	<b>(20,934)</b>
Total assets	946,706	922,184	923,093	728,244	715,299
Total liabilities	276,319	253,973	227,086	206,569	190,627
<b>Net assets/Total equity</b>	<b>670,387</b>	<b>668,211</b>	<b>696,007</b>	<b>521,675</b>	<b>524,672</b>

## Reconciliation of Net Result from Transactions and Operating Result

	2020-21 \$000
<b>Net operating result</b>	<b>283</b>
Capital purpose income	37,204
Specific income	-
Assets provided free of charge	-
Assets received free of charge	9,053
Expenditure for capital purpose	(5,405)
Depreciation and amortisation	(62,023)
Impairment of non-financial assets	-
Finance costs (other)	-
<b>Net result from transactions</b>	<b>(20,887)</b>

## Consultancies

### DETAILS OF CONSULTANCIES UNDER \$10,000

In 2020-2021, there were 27 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2020-2021 in relation to these consultancies is \$118,044 (excl GST).

### DETAILS OF CONSULTANCIES BETWEEN \$10,000 AND \$100,000

In 2020-2021, there were 14 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2020-2021 in relation to these consultancies is \$662,778 (excl GST). Details of individual consultancies can be viewed upon request and are subject to the Freedom of Information Act 1982. The following table details these consultancies.

CONSULTANT	PURPOSE OF CONSULTANCY	TOTAL APPROVED PROJECT FEE	EXPENDITURE 2020-2021	FUTURE EXPENDITURE
Bevington Consulting Pty Ltd	BHN Lean Process review (Covid-19)	79,946	79,946	-
Roll Deep Pty Ltd	Provision of project management and business analysis services for vaccination program (Covid-19)	25,253	25,253	-
PricewaterhouseCoopers Consulting	2 x Short Form Business Cases - Regional Trakcare upgrade & Barwon Health EHR	58,509	58,509	-
PricewaterhouseCoopers Consulting	Superannuation Guarantee (Wage Code diagnostic analysis)	81,600	81,600	-
Ngamuru Advisory Pty Ltd	Physician training program	27,900	27,900	-
Shea, Tracey	Staff survey	29,100	29,100	-
Ernst & Young	Regional ICT strategy	90,000	90,000	-
Nous Group	Deakin & Barwon Health - Innovation Precincts joint collaboration	19,524	19,524	-
Smart in safety	OHS Consulting services	82,800	82,800	-
JB Were	Investment Portfolio Advice and Management	50,857	50,857	-
Trustee for Levant Consulting Trust	Staffcare Clinic review	12,125	12,125	-
Inside Health Management	Review Clinical education & Training unit for nursing	33,550	33,550	-
Trustee for Levant Consulting Trust	BH Talent Acquisition Review	71,613	71,613	-

### DETAILS OF CONSULTANCIES OVER \$100,000

In 2020/2021 there were 3 consultancies where the total fees payable to the consultants were greater than \$100,000. The total expenditure incurred during the 2020/2021 financial years is \$477,226 (excl GST).

CONSULTANT	PURPOSE OF CONSULTANCY	TOTAL APPROVED PROJECT FEE	EXPENDITURE 2020-2021	FUTURE EXPENDITURE
Bevington Consulting Pty Ltd	Immunisation Process Support Project (Covid-19)	145,366	145,366	-
PricewaterhouseCoopers	Super Guarantee Remediation	196,860	196,860	-
Deloitte	Post Implementation Review of EDIS	135,000	135,000	-

### DETAILS OF CONSULTANCIES INTRAGOV

In 2020/2021 there were 2 consultancies where the total fees payable were to related party consultants. The total expenditure incurred during the 2020/2021 financial years is \$34,750 (excl GST).

CONSULTANT	PURPOSE OF CONSULTANCY	TOTAL APPROVED PROJECT FEE	EXPENDITURE 2020-2021	FUTURE EXPENDITURE
Barwon Water	Renewable Energy project	24,750	24,750	-
Barwon Water	Regional PPA Business Case development	10,000	10,000	-

### Information and communication technology (ICT) expenditure

The total ICT expenditure incurred during the 2020-2021 financial year is \$26,761,880 (excluding GST) with the details shown below:

BUSINESS AS USUAL (BAU) ICT EXPENDITURE	NON-BUSINESS AS USUAL (NON-BAU) ICT EXPENDITURE		
Total (excl GST)	Total = Operational expenditure and capital expenditure (excl GST) (a) + (b)	Operational expenditure (excl GST) (a)	Capital expenditure (excl GST) (b)
\$24,174,878	\$2,587,003	\$74,396	\$2,512,607

# GENERAL INFORMATION, DISCLOSURES AND ATTESTATIONS

## DISCLOSURES REQUIRED UNDER LEGISLATION

### Freedom of Information Act 1982

The Freedom of Information Act 1982 provides a legally enforceable right of public access to information held by government agencies. All applications made to Barwon Health under the Freedom of Information Act 1982 were processed in accordance with that Act.

Freedom of Information ("FOI") requests can be made by downloading the application form from the Barwon Health website [www.barwonhealth.org.au](http://www.barwonhealth.org.au) or by contacting the FOI Office on 03 4215 1168 to request a form to be emailed or mailed out.

The application fee of \$29.60 is waived for applicants who can provide a photocopy of their certified Social Security card (i.e. pension or healthcare card). Photocopying and printing is charged at 20 cents per page and postage of \$10 is charged if applicable.

In the 2020/2021 financial year, 945 requests were received.

### Compliance with the Building Act

Barwon Health fully complies with the building and maintenance provisions of the Building Act 1993.

Actions that ensure that Barwon Health complies include:

- The use of qualified engineers, registered building consultants, building surveyors, architects and qualified trades personnel.
- All works and testing are verified during and at completion using a Certificate of Occupancy for new works and supplier sign off for all essential safety measure testing.
- Barwon Health undergoes regular internal and external audits regarding fire, risk assessments and safety compliance to ensure ongoing adherence to the Building and Safety codes.





*Alannah Katzer.*

## Application and operation of the Public Interest Disclosure Act 2012

(formerly Protected Disclosure Act 2021, Whistleblowers Protection Act 2012)

Under the legislation Barwon Health cannot accept protected disclosures. Two mandatory notifications were made by the Chief Executive to IBAC under the Act in 2020-2021.

## Competitive Neutrality

As a public entity, Barwon Health is obliged to compete fairly and equitably in its business processes. Barwon Health is committed to transparent behaviour in this regard and complies with government policies regarding competitive neutrality with regard to all significant business activities.

## Application and operation of the Carers Recognition Act 2012

The Carers Recognition Act 2012 recognises, promotes and values the role of people in care relationships. Barwon Health understands the different needs of persons in care relationships and that care relationships bring benefits to the consumer, their supports and the community. Barwon Health takes all practicable measures to ensure that its employees, agents and carers have an awareness and understanding of care relationship principles and this is reflected in our commitment to a model of care that is consumer centred. It is also reflected in the important role consumers' play in the day-by-day operations of our organisation and with consumers at the forefront being a key pillar of our 2020/2025 Strategic Plan.

## Environmental Performance

Barwon Health has made a commitment to corporate social responsibility. All staff are encouraged to participate, identify and investigate innovative recycling projects. Staff also have access to a waste management handbook and internal intranet site that assists them in identifying how to dispose of waste.

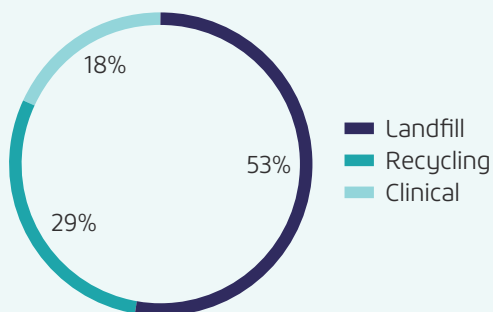
The organisation has a 'Green Champions' group who look for ways to reduce the organisation's carbon footprint. Each department is encouraged to set-up their own individualised focus group to develop a structured waste reduction plan suitable to their needs.

Barwon Health has implemented effective waste and recycling programs that provide opportunities to reduce operational costs and the environmental impacts of the organisation, as well as reducing risks to staff and patients.

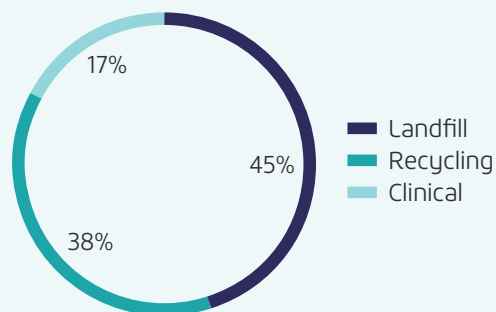
A partnership with Rotary Club of Geelong resulted in the donation of approximately 120 obsolete beds to The National Hospital Kandy in Sri Lanka. The beds were in good usable condition and were greatly appreciated by the hospital.

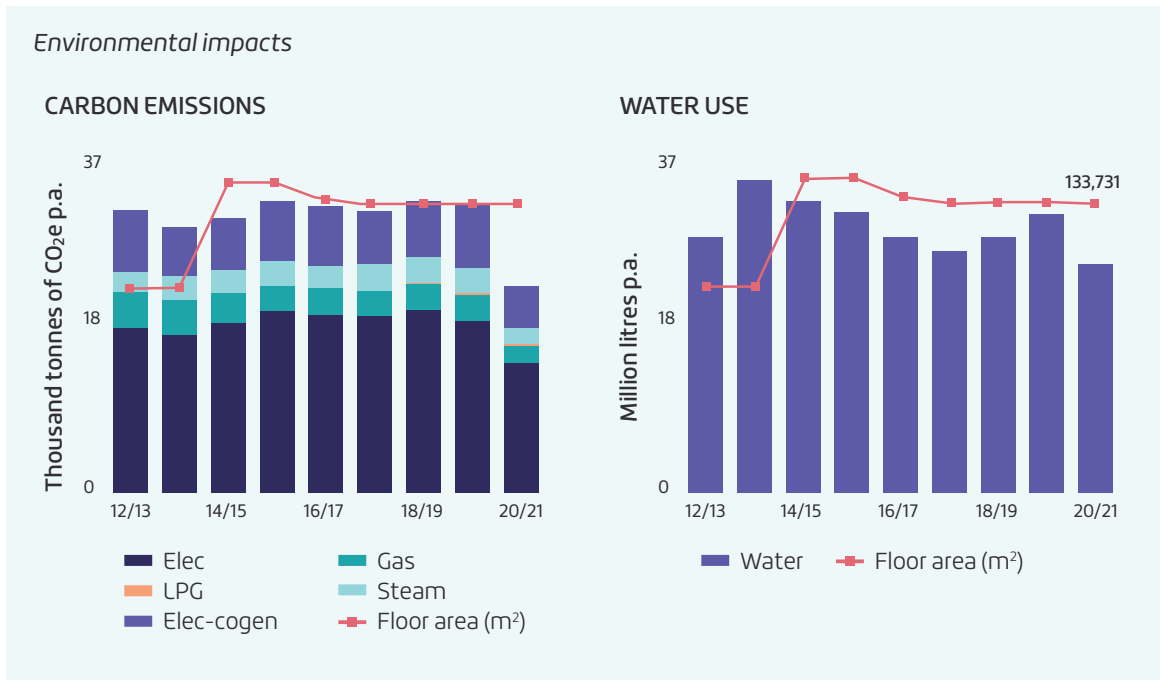
The three projects completed in the previous financial year have proven successful in reducing Barwon Health's Green House Gas emissions in the 2020-2021 year.

University Hospital Geelong percentage by mass 2020-2021



University Hospital Geelong percentage by mass 2019-2020





## Additional information available on request

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

- Declarations of pecuniary interests have been duly completed by all relevant officers.
- Details of shares held by senior officers as nominee or held beneficially.
- Details of publications produced by the entity about itself, including annual Aboriginal cultural safety reports and plans .
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service.
- Details of any major external reviews carried out on Barwon Health.
- Details of major research and development activities undertaken by Barwon Health that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations.
- Details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities undertaken by Barwon Health to develop community awareness of the Health Service and its services.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- A general statement on Industrial relations within Barwon Health and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations.
- A list of major Barwon Health committees, including any Aboriginal advisory or governance committees, the purposes of each committee and the extent to which those purposes have been achieved.
- Details of all consultancies and contractors, including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

## Local Jobs First Act 2003

The Local Jobs First Act 2003, the Local Jobs First Policy and related Local Jobs First Guidelines applies to all projects put to tender from 15 August 2018.

During 2020-21, Barwon Health commenced eight Local Jobs First Standard projects. Of those projects:

- Four were awarded to 100% regionally Victorian based companies.
- Two to Australian companies with 100% Australian based operations and servicing from Victorian based infrastructure.
- One to an Australian and New Zealand company servicing from Victorian based operations.
- One to a large multinational with Australian based operations servicing the contract.

Barwon concluded one Local Jobs first standard project where the LIDP was achieved in full.

## Workforce Inclusion Policy

Barwon Health is working towards creating an inclusive environment where equal opportunity and diversity are valued and that reflects the communities we serve. Consistent with the Gender Equality Act 2020, in 2021 we will:

- Promote gender equality through gender impact assessments, workplace gender audits and consultation forums.
- Develop and implement a Gender Equality Action Plan (GEAP) including establishing targets.
- Monitor progress.

Our 2021 GEAP will include short and longer term strategies and measures to make positive organisational change towards gender equality, based on the results of our workplace gender audit.

## Asset Management Accountability Framework

The disclosures below summarises Barwon Health's assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The assessment evaluates capability maturity against the 41 mandatory requirements of AMAF. AMAF requirements can be found on the DTF website (<https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework>).

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

### AMAF COMPLIANCE CATEGORIES

The following describes the breakdown of compliance/maturity against the five (5) categories (and forty-one (41) associated requirements) listed in the AMAF.

#### ■ Leadership and Accountability (requirements 1-19)

Barwon Health has met its target maturity level under most requirements within this category. There is no material non-compliance reported in this category.

Non-material compliance deficiencies have been identified in six (6) areas where improvement is needed. Areas identified for improvement are:

- Finalisation, endorsement and publication of the Barwon Health Asset Management Strategy (AMS).
- Finalisation, endorsement and publication of Barwon Health portfolio Asset Management Plans (AMP).
- Development or update of existing guidelines for asset management requirements and communicate broadly.
- Formalise a stocktake schedule with defined timelines, roles and responsibilities.

Barwon Health is developing plans to address these deficiencies.

**Planning (requirements 20-23)**

Barwon Health has identified a number of non-material deficiencies in the Planning category. Areas of focus include the updating, approval and publication of the overarching Barwon Health Asset Management Strategy (AMS) and the alignment of portfolio Asset Management Plans (AMP) to this strategy.

The Barwon Health AMS has been drafted. Two of the four AMP are published and require minimal updates. One AMP is in draft and is to be ratified for publication. The final AMP is in development.

**Acquisition (requirements 24 and 25)**

Barwon Health has met its target maturity level in this category. Future improvement opportunities are to be assessed particularly in respect of enhanced data flows to and from Oracle.

**Operation (requirements 26-40)**

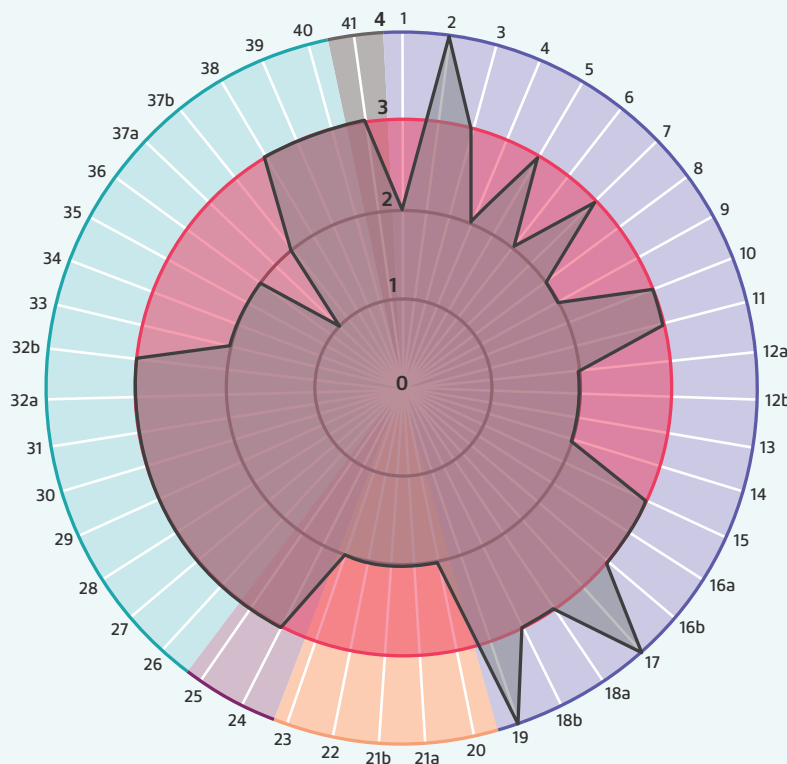
Barwon Health has met the target maturity level for Monitoring and Preventive Maintenance; Maintenance of Assets; Record Keeping; and Asset Valuation.

Non-material compliance deficiencies have been identified in the area of Information Management, specifically the integration of data from operational systems with the single source of financial data (Oracle FAR). This is being evaluated with consideration to integration feasibility, complexity, cost and benefit.

**Disposal (requirement 41)**

Barwon Health has met its target maturity level in this category.

Future improvement opportunities have been identified particularly in regards to the existing Asset Disposal Procedure, specifically the available disposal methods (with processes for each method) and a listing of preferred donation organisations.



LEGEND	
Status	Scale
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4

- Target
- Overall

# ATTESTATIONS AND DECLARATIONS

## Financial Management Compliance

I, Brian Cook, on behalf of the Responsible Body, certify that Barwon has no Material Compliance Deficiency with respect to the applicable Standing Directions under the Financial Management Act 1994 and instructions.



**Brian Cook**  
Board Chair, Barwon Health  
3 September 2021

## Data integrity declaration

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



**Frances Diver**  
Chief Executive, Barwon Health  
3 September 2021

## Integrity, fraud and corruption declaration

I, Frances Diver, certify that Barwon Health has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Barwon Health during the year.



**Frances Diver**  
Chief Executive, Barwon Health  
3 September 2021

## Conflict of interest declaration

I, Frances Diver, certify that Barwon Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of Hospital Circular 07/2017 Compliance reporting in health portfolio entities (Revised) in relation to conflict of interest and declarable associations and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Barwon 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 meeting of the Board and its sub-committees.



**Frances Diver**  
Chief Executive, Barwon Health  
3 September 2021

## Safe Patient Care Act 2015

Barwon Health has no matters to report in relation to its obligations under Section 40 of the Safe Patient Care Act 2015.

## Car Parking Fees

Barwon Health complies with the requirements of Hospital Circular 05/2015 on car parking fees effective 1 February 2016. Details of car parking fees and concession benefits can be viewed via the website [www.barwonhealth.org.au](http://www.barwonhealth.org.au)



Ford Hub Vaccinations - Simon



CONSTRUCTION OF A  
MENTAL HEALTH,  
ALCOHOL AND  
OTHER DRUGS HUB

WITHIN THE EMERGENCY DEPARTMENT  
AT UNIVERSITY HOSPITAL GEELONG  
IS UNDERWAY.







# KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING

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# STATEMENT OF PRIORITIES REPORTING

*The Services Act 1988 allows that post 1 October of each financial year the Minister for Health makes a Statement of Priorities which is provided to health services.*

For financial year 2020-21 there have been no individual deliverables that constitutes Statement of Priorities Part A due to the COVID19 pandemic.

## COVID-19 Preparedness

The past financial year has seen Barwon Health respond to the needs of the community swiftly and efficiently. Over the past 12 months we have worked closely with our partners in the Barwon South West to respond to outbreaks and in early 2021 mobilised the vaccination rollout across the region.

The need for a portal of information specific to our operations resulted in the rapid development of a private website for staff. This website provides a one-stop-shop for staff, with easy access to pandemic plans, roadmaps detailing Barwon Health operations, staff information and key information to inform the day-by-day operations of the health service.

Outwardly, regular communication via social media with video messages kept the community informed and instilled a high level of trust in Barwon Health and our ability to respond to outbreaks.

As the pandemic unfolded across our region, with outbreaks in Colac and Geelong, Barwon Health was swift to establish support for other health services across the region. A key step in this process was the establishment of a regional contact tracing team in Geelong, enabling local knowledge to better support communities.

## Working with vulnerable communities

The pandemic resulted in challenges in accessing care for some members of the community. Barwon Health responded to this challenge by seeking out innovative ways to ensure access to timely care for the community. Out of necessity we rapidly expanded our telehealth capability and thanks to a greater level of awareness and understanding of the technology, both our staff and patients have embraced this method of care delivery, cementing it as a valuable way to meet the healthcare needs of the community.

The pandemic also needed different approaches to caring for people living homeless and the culturally and linguistically diverse communities in our region. In-reach programs were developed in partnership with key organisations such as Diversitat and the Salvation Army, providing vaccination opportunities in environments that are non-threatening. The fit out of one of the buildings at the former Ford factory in Geelong as a community vaccination hub was done so with consideration of the need to create a culturally safe space, including the establishment of rooms for the local Aboriginal and Torres Strait Islander community.

## Response to the Mental Health and Aged Care Royal Commissions

### MENTAL HEALTH

Barwon Health welcomes the opportunity of this once-in-a-generation reform and notes that meeting the expectations set by the Royal Commission will require significant investment from Government and a sustained and coherent commitment to work in collaboration with services, consumers, carers and clinicians. The next five years is a critical time for Barwon Health to engage with the reforms so that we can meet the needs of our community now and into the future, working with our users, partners and importantly our staff to create the future service system.

In dealing with these opportunities and challenges it is important to acknowledge that mental health services in the Barwon community are also part of a local service system with private sector and community sector providers funded by the State and Commonwealth governments, private health insurers and private providers. We need to work in partnership with others to develop creative responses tailored to our local circumstances that embrace innovation and evidence so that our services meet the needs of consumers and carers in our community without gaps and duplication. The Western Victoria Primary Health Network is a key partner for Barwon Health in this endeavour.

Key Initiatives include:

- **Hospital in the Home** mental health service will increase our options to tailor clinical care to specific needs without bringing consumers into a hospital setting. Over time, this service will provide opportunities for higher acuity care to youth consumers in our region and now offers nine beds in the community
- The **Swanston Centre acute unit** on the University Hospital Geelong campus is being redeveloped to provide a more contemporary space to provide care. The unit will remain a 32 bed facility however there will be significant expansion and reconfiguration to improve staff workflows and safety and provide a more secure and pleasant environment for patients.
- Construction of a mental health, alcohol and other drugs hub within the emergency department at University Hospital Geelong is underway. This new facility will enable a specialized stream of emergency care for patients presenting with mental health, alcohol or other drug issues. This project also includes a new fit-for-purpose Behavioral Assessment Room.
- Construction of a new acute mental health unit on the McKellar Centre campus in North Geelong. This single storey facility will provide additional mental health care services for the Barwon area. The Barwon Health facility is one of four such projects across Victoria to be built in areas of need identified by the Royal Commission into Victoria's Mental Health System, in its interim report.

### AGED CARE

Barwon Health has noted the recommendations of the Royal Commission into Aged Care Quality and Safety and the Commonwealth Government's response.

Legislative changes and regulatory directions of the Aged Care Quality and Safety Commission are being implemented within the required timeframes.

Actions to date include:

- Appointment of Infection Prevention and Control Leads for each residential aged care facility.
- Commencement of the Serious Incident Response Scheme from 1 April 2021.
- Implementation of additional regulations relating to restrictive practices (including chemical restraint) from 1 July 2021.
- Introduction of an additional Basic Daily Fee of \$10 per resident per day to support nutrition in aged care. We have also completed an undertaking regarding our commitment on the quality of food provided to residents to enhance nutrition, menu quality and the dining experience for our residents.
- The National Mandatory Indicator Program has been expanded to use more comprehensive indicators for pressure injuries, physical restraint and unplanned weight loss.



Swanston Centre

## Closing the Gap

Barwon Health is committed to providing culturally responsive care for Aboriginal and Torres Strait Islander people accessing our services.

Barwon Health's services are mostly located in Wadawurrung Country, bordering Bun Wurrung, Djadja Wurrung, Djab Wurrung, Girai Wurrung, Djargurd Wurrung, Gulidjan and Gadubanud Countries.

We have been working hard over the past few years to strengthen services for the Aboriginal and Torres Strait Islander community in our local area and to promote acknowledgement, understanding and respect of Aboriginal culture.

Our vision for reconciliation is to close the unacceptable and ongoing health gap that still exists between Aboriginal and Torres Strait Islander Australians and non-Indigenous Australians. We recognise that this requires the expertise and experiences of the Aboriginal and Torres Strait Islander community to be the central focus of decision making, and we will collaborate with the local Aboriginal and Torres Strait Islander community to achieve this.

We will continue to strengthen relationships with the Wathaurong Aboriginal community and the other Aboriginal communities across the Barwon South West Region to build the mechanisms for healthy and resilient communities necessary to Close the Gap.

Barwon Health seeks to create and embed a culture of respect through listening and learning that supports reconciliation and cultural responsiveness across our health service. The importance of connections with place and people to the wellbeing of Aboriginal and Torres Strait Islander communities will be demonstrated through promotion and celebration of our shared histories and cultures.

We aim to be an employer of choice for Aboriginal and Torres Strait Islander Australians in the Greater Geelong area and beyond. We are committed to increasing and retaining our Aboriginal and Torres Strait Islander workforce across all areas within Barwon Health.

Close the Gap commits to developing and implementing a comprehensive, long term plan of action, that is targeted to need, evidence-based and capable of addressing the existing inequalities in health services, to achieve equality of health status and life expectancy between Indigenous and non-Indigenous Australians. Barwon Health supports Close the Gap noting that full participation of Indigenous Australians in all aspects of addressing their health needs is critical to success.

Barwon Health acknowledges that self-determination is an 'on-going process of choice' to ensure that Indigenous communities are able to meet their social, cultural and economic needs. We welcome advice from the Wathaurong Aboriginal community and the other Aboriginal communities in our local area on how we can work in partnership to Close the Gap.

Key initiatives over the past 12 months include:

- Development and implementation of the Aboriginal Cultural Safety Plan.
- Development of Barwon Health's Aboriginal Employment Plan; providing a plan to work towards increasing Aboriginal and Torres Strait Islander staff to a total of 1 per cent of the overall employment figure. The 2020-2021 document is part of Barwon Health's vision to close the ongoing health gap that exists between non-Indigenous Australians and Aboriginal and Torres Strait Islander Australians. This plan was developed with community leaders to be culturally safe, and is now being actioned by the executive team, working closely with Barwon Health's Aboriginal Health Unit.



# STATEMENT OF PRIORITIES REPORTING

## High quality and safe care

KEY PERFORMANCE INDICATOR	TARGET	RESULT
<b>Accreditation</b>		
Residential aged care compliance	Full	Full
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia program	83%	84.2%
Healthcare worker Immunisation rate (April 2020 to August 2020) From Q1 Monitor	90%	90%
<b>Patient experience</b>		
There have been no VHES surveys conducted throughout 2020-2021, so there is no data to be reported.		
<b>Potentially preventable infections</b>		
Rate of patients with surgical site infection	No outliers	Achieved
Rate of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	Achieved
Rate of patients with SAB <sup>1</sup> per 10,000 occupied bed days	≤ 1	Achieved
<b>Unplanned readmissions</b>		
Unplanned readmission hip replacement	Annual rate ≤ 2.5%	2.6%
<b>Mental health</b>		
Adult mental health 28-day readmissions	14%	12%
Seclusion events – adult acute admissions	10	12
Seclusion events – aged acute admissions	5	1
Post discharge follow-up – child and adolescent acute admissions	80%	81%
Post discharge follow-up – adult acute readmissions	80%	66%
Post discharge follow-up – aged acute readmissions	80%	89%
<b>Maternity and newborn</b>		
Baby's wellbeing at birth (Apgar score)	1.4%	1.4%
Severe fetal growth restriction born at 40 or more weeks gestation (FGR rate)	28.6%	25%
Urgent maternity patients referred for obstetric care within 30 days (QTD)	100%	100%
<b>Continuing care</b>		
Functional Independence Measure (FIM) efficiency for rehabilitation	0.645	0.892

(1) SAB is *Staphylococcus Aureus Bacteraemia*

## Timely access to care

KEY PERFORMANCE INDICATOR	TARGET	RESULT
<b>Emergency Care</b>		
Patients transferred from ambulance to emergency department within 40 minutes (QTD)	90%	71%
Percentage of Triage Category 1 emergency patients seen immediately (QTD)	100%	100%
Triage Category 1 to 5 emergency patients seen within clinically recommended time (QTD)	80%	63%
Emergency patients with a length of stay in the emergency department of less than four hours (QTD)	81%	59%
Patients with a length of stay in the emergency department greater than 24 hours (QTD)	0	0
<b>Elective surgery</b>		
Category 1 elective surgery patients admitted within 30 days (QTD)	100%	100%
Patients admitted within clinically recommended time (QTD)	94%	89.7%
Reduce long waiting elective surgery patients	5%	9.6%
Number of patients on the elective surgery waiting list at at 30 June 2021	1,600	1,789
Hospital initiated postponements per 100 scheduled admissions	7.0	5.2
Number of patients admitted from the elective surgery waiting list	9,726	7,895
<b>Specialists clinics</b>		
Urgent patients who attended a first appointment in the waiting period (QTD)	100%	75.5%
Routine patients who attended a first appointment in the waiting period within 365 days (QTD)	90%	90.6%

## Governance, leadership and culture

### PEOPLE MATTER SURVEY

Due to a change in the optional participation in the People Matter Survey (due to COVID19) the domains of 'Governance, Leadership and Culture' have been removed from the Statement of Priorities as they could not be reported consistently across all health services.

## Effective financial management

KEY PERFORMANCE INDICATOR	TARGET	RESULT
<b>Budget management</b>		
Operating result (\$m)	0.00	0.28
<b>Finance</b>		
YTD PP WIES actual as a percentage of target	100%	98.5%
Net result from transactions variance	+/- 0.25	53.23
<b>Cash management</b>		
Trade creditors	60	29
Patient Fee debtors	60 days	38 days
Adjusted current asset ratio	0.70	0.82
Current days available cash	14.0 days	14.7 days

\*WIES is a Weighted Inlier Equivalent Separation.

# STATEMENT OF PRIORITIES: ACTIVITY AND FUNDING

FUNDING TYPE	2020-2021 ACTIVITY ACHIEVEMENT
<b>Acute Admitted</b>	
Acute WIES	59,676
WIES DVA	406
WIES TAC	488
<b>Acute Non-Admitted</b>	
Emergency Services (Presentations)	74,730
Home Enteral Nutrition	1,340
Home Renal Dialysis	57
Radiotherapy WAUs Public	36,753
Radiotherapy WAUs DVA	316
Specialist Clinics	188,201
<b>Subacute and Non-Acute-Admitted</b>	
Subacute WIES – Rehabilitation Public	824
Subacute WIES – Rehabilitation Private	223
Subacute WIES – GEM Public	844
Subacute WIES – GEM Private	140
Subacute WIES – Palliative Care Public	309
Subacute WIES – Palliative Care Private	54
Subacute WIES – DVA	34
Transition Care – Bed Days	9289
Transition Care – Home Days	5218



FUNDING TYPE	2020-2021 ACTIVITY ACHIEVEMENT
<b>Subacute Non-Admitted</b>	
Health Independence Program - Public	62,984
<b>Subacute and Non-Acute-Admitted</b>	
Residential Aged Care	97,569 bed days
HACC PYP	12,964
<b>Mental Health and Drug Services</b>	
Mental Health Ambulatory	54,857**
Mental Health Inpatient – Available bed days	11,636
Mental Health Hospital in the home (HITH)	365
Mental Health Residential	16,388
Mental Health Service System Capacity	2
Mental Health subacute	7,290
Drug Services	2,491
<b>Subacute and Non-Acute-Admitted</b>	
Community Health / Primary Care Programs	34,349
Community Health Other	1116 contact hours*

\* Activity includes Language services (majority of the activity target in the SoP) and MDC Sexual assault nursing service. Incomplete data available, this figure only includes activity reported against the MDC – sexual nursing service (1116 contact hours)

\*\* Impacted by Industrial Action

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# BARWON HEALTH BOARD MEMBERS, ACCOUNTABLE OFFICER'S AND CHIEF FINANCIAL OFFICER DECLARATION

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2021 and the financial position of Barwon Health and the consolidated entity at 30 June 2021.

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 6 September 2021.



**Mr Brian Cook**  
Chairperson



**Frances Diver**  
Chief Executive Officer



**Cobus Lotheringen**  
Chief Financial Officer

Geelong  
6 September 2021

# COMPREHENSIVE OPERATING STATEMENT

For the year end 30 June 2021

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Revenue and income from transactions</b>					
Operating Activities	2.1	899,101	829,008	899,857	833,381
Non-Operating Activities	2.1	774	27	1,199	382
Share of Revenue from Joint Operation	8.8	7,236	6,794	7,236	6,794
<b>Total income from transactions</b>		<b>907,111</b>	<b>835,829</b>	<b>908,292</b>	<b>840,557</b>
<b>Expenses from transactions</b>					
Employee expenses	3.1	(652,880)	(609,681)	(653,236)	(609,966)
Depreciation and Amortisation	4.4	(62,023)	(54,436)	(62,023)	(54,436)
Supplies and consumables	3.1	(138,781)	(135,379)	(138,787)	(135,379)
Share of Expenditure from Joint Operation	8.8	(9,008)	(9,290)	(9,008)	(9,290)
Other Administrative Expenses	3.1	(33,415)	(30,680)	(34,265)	(29,431)
Other operating expenses	3.1	(31,480)	(30,424)	(31,480)	(30,424)
Finance Costs	3.1	(378)	(431)	(380)	(464)
<b>Total expenses from transactions</b>		<b>(927,965)</b>	<b>(870,321)</b>	<b>(929,179)</b>	<b>(869,390)</b>
<b>Net result from transactions - net operating balance</b>		<b>(20,854)</b>	<b>(34,492)</b>	<b>(20,887)</b>	<b>(28,833)</b>
<b>Other Economic Flows included in Net Result</b>					
Net (loss)/gain on disposal of property plant and equipment		(39)	258	(39)	258
Net gain/(loss) on disposal of financial instruments		-	-	96	(174)
Bad Debts written off		(1,070)	(577)	(1,070)	(577)
Net gain/(loss) on revaluation of Long Service Leave		10,097	(2,325)	10,097	(2,325)
Share of other economic flows from joint operation	8.8	44	(79)	44	(79)
<b>Total Other Economic Flows included in Net Result</b>		<b>9,032</b>	<b>(2,723)</b>	<b>9,128</b>	<b>(2,897)</b>
<b>Net result for year</b>		<b>(11,822)</b>	<b>(37,215)</b>	<b>(11,759)</b>	<b>(31,730)</b>



Kids rehab - John Eren, Christine Couzens, Braxton McLaglen, Therese Clark

## Comprehensive Operating Statement for the year ended 30 June 2021 (continued)

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items that will not be reclassified to Net Result</b>					
Changes in property, plant and equipment revaluation surplus		12,349	-	12,349	-
Changes in the fair value of equity investments at fair value through other comprehensive income		-	-	1,271	(835)
<b>Items that may be reclassified subsequently to Net Result</b>					
Changes in the fair value of available-for-sale financial assets		438	(331)	438	(331)
<b>Total Other Comprehensive Income</b>		<b>12,787</b>	<b>(331)</b>	<b>14,058</b>	<b>(1,166)</b>
<b>Comprehensive result for the year</b>		<b>965</b>	<b>(37,546)</b>	<b>2,299</b>	<b>(32,896)</b>

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

# BALANCE SHEET

For the year end 30 June 2021

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and Cash Equivalents	6.2	52,587	42,460	55,240	44,233
Investments and Other Financial Assets	4.1	1,618	2,890	2,908	5,892
Receivables and contract assets	5.1	30,474	32,052	28,621	32,212
Inventories		4,293	3,764	4,293	3,764
Share of Assets in Joint Operation	8.8	6,760	7,648	6,760	7,648
Prepaid expenses		12,846	3,586	12,846	3,586
<b>Total current assets</b>		<b>108,578</b>	<b>92,400</b>	<b>110,668</b>	<b>97,335</b>
<b>Non-current assets</b>					
Investments and Other Financial Assets	4.1	15,959	14,246	27,367	21,450
Receivables and contract assets	5.1	49,562	43,744	49,562	43,744
Property, Plant and Equipment	4.2	745,867	747,099	745,879	747,099
Share of Assets in Joint Operation	8.8	4,220	3,082	4,220	3,082
Intangible Assets	4.3	9,010	9,474	9,010	9,474
<b>Total non-current assets</b>		<b>824,618</b>	<b>817,645</b>	<b>836,038</b>	<b>824,849</b>
<b>Total assets</b>		<b>933,196</b>	<b>910,045</b>	<b>946,706</b>	<b>922,184</b>

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Payables and contract liabilities	5.2	61,974	47,290	61,612	46,981
Other liabilities (monies held in trust)	5.3	25,202	24,453	25,202	24,453
Share of Liabilities in Joint Operation	8.8	7,144	8,202	7,144	8,202
Employee benefits	3.2	145,747	137,193	145,838	137,193
Borrowings	6.1	2,741	2,310	2,741	2,310
<b>Total current liabilities</b>		<b>242,808</b>	<b>219,448</b>	<b>242,537</b>	<b>219,139</b>
<b>Non-current liabilities</b>					
Employee benefits	3.2	26,178	26,075	26,178	26,075
Share of Liabilities in Joint Operation	8.8	1,186	784	1,186	784
Borrowings	6.1	6,418	7,975	6,418	7,975
<b>Total non-current liabilities</b>		<b>33,782</b>	<b>34,834</b>	<b>33,782</b>	<b>34,834</b>
<b>Total liabilities</b>		<b>276,590</b>	<b>254,282</b>	<b>276,319</b>	<b>253,973</b>
<b>Net assets</b>		<b>656,606</b>	<b>655,763</b>	<b>670,387</b>	<b>668,211</b>
<b>EQUITY</b>					
Land revaluation surplus		66,118	53,769	66,118	53,769
Buildings revaluation surplus		415,402	415,402	415,402	415,402
Financial Assets at Fair Value through Other Comprehensive Income		417	(21)	1,371	(338)
Restricted Specific Purpose Reserve		4,951	8,305	4,951	8,305
Contributed Capital		245,115	245,115	245,115	245,115
Accumulated deficit		(75,397)	(66,807)	(62,570)	(54,042)
<b>Total equity</b>		<b>656,606</b>	<b>655,763</b>	<b>670,387</b>	<b>668,211</b>

This balance sheet should be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

For the year end 30 June 2021

PARENT	LAND REVALUATION RESERVE \$'000	BUILDING REVALUATION RESERVE \$'000
Balance at 1 July 2020	53,769	415,402
Net result for the year	-	-
Transfer to Reserves	-	-
Movement in Reserves	-	-
Land Revaluation Surplus	12,349	-
Prior Year Corrections	-	-
<b>Balance at 30 June 2021</b>	<b>66,118</b>	<b>415,402</b>
Balance at 1 July 2019	53,769	415,402
Net result for the year	-	-
Transfer to Reserves	-	-
Movement in Reserves	-	-
Transfer to Victorian Government	-	-
Prior Year Corrections	-	-
Contribution from Victorian Government	-	-
<b>Balance at 30 June 2020</b>	<b>53,769</b>	<b>415,402</b>

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



FINANCIAL ASSETS THROUGH OCI REVALUATION SURPLUS \$'000	RESTRICTED SPECIAL PURPOSE RESERVE \$'000	CONTRIBUTED CAPITAL \$'000	ACCUMULATED SURPLUSES/ (DEFICITS) \$'000	TOTAL \$'000
(21)	8,305	245,115	(66,807)	655,763
-	-	-	(11,822)	(11,822)
-	(3,238)	-	3,238	-
438	(116)	-	-	322
-	-	-	-	12,349
-	-	-	(6)	(6)
<b>417</b>	<b>4,951</b>	<b>245,115</b>	<b>(75,397)</b>	<b>656,606</b>
310	7,513	236,075	(28,308)	684,761
-	-	-	(37,215)	(37,215)
-	792	-	(792)	-
(331)	-	-	-	(331)
-	-	(1,813)	-	(1,813)
-	-	-	(492)	(492)
-	-	10,853	-	10,853
(21)	8,305	245,115	(66,807)	655,763

Statement of changes in equity  
For the year end 30 June 2021  
(continued)

CONSOLIDATED	LAND REVALUATION RESERVE \$'000	BUILDING REVALUATION RESERVE \$'000
Balance at 1 July 2020	53,769	415,402
Net result for the year	-	-
Transfer to Reserves	-	-
Movement in Reserves	-	-
Land Revaluation Surplus	12,349	-
Prior Year Corrections	-	-
<b>Balance at 30 June 2021</b>	<b>66,118</b>	<b>415,402</b>
Balance at 1 July 2019	53,769	415,402
Net result for the year	-	-
Transfer to Reserves	-	-
Movement in Reserves	-	-
Transfer to Victorian Government	-	-
Prior Year Corrections	-	-
Contribution from Victorian Government	-	-
<b>Balance at 30 June 2020</b>	<b>53,769</b>	<b>415,402</b>

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

	FINANCIAL ASSETS THROUGH OCI REVALUATION SURPLUS \$'000	RESTRICTED SPECIAL PURPOSE RESERVE \$'000	CONTRIBUTED CAPITAL \$'000	ACCUMULATED SURPLUSES/ (DEFICITS) \$'000	TOTAL \$'000
	(338)	8,305	245,115	(54,042)	668,211
	-	-	-	(11,759)	(11,759)
	-	(3,238)	-	3,238	-
	1,709	(116)	-	-	1,593
	-	-	-	-	12,349
	-	-	-	(7)	(7)
	<b>1,371</b>	<b>4,951</b>	<b>245,115</b>	<b>(62,570)</b>	<b>670,387</b>
	827	7,513	236,075	(21,027)	692,559
	-	-	-	(31,730)	(31,730)
	-	792	-	(792)	-
	(1,165)	-	-	-	(1,165)
	-	-	(1,813)	-	(1,813)
	-	-	-	(493)	(493)
	-	-	10,853	-	10,853
	<b>(338)</b>	<b>8,305</b>	<b>245,115</b>	<b>(54,042)</b>	<b>668,211</b>

# CASH FLOW STATEMENT

For the year end 30 June 2021

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Cash flows from operating activities</b>					
Operating Grants from State Government		700,127	625,419	700,127	625,419
Operating Grants from Commonwealth Government		20,500	31,058	20,500	31,058
Capital Grants from State Government		32,609	23,520	32,609	23,520
Capital Grants from Commonwealth Government		3,622	3,920	3,622	3,920
Patient and Resident Fees Received		51,247	55,125	51,247	55,125
Capital Donation and Bequests Received		2,120	235	5,412	4,571
GST Received from ATO		16,413	15,953	16,410	15,953
Pharmaceutical Sales		16,863	15,763	16,863	15,763
Linen Fees		384	418	384	418
Pharmaceutical Benefits Scheme		38,582	36,517	38,582	36,517
Recoupment from Private Practice for use of Hospital Facilities		2,023	2,237	2,023	2,237
Investment Income Receipts		837	1,328	1,189	1,683
Other Receipts		31,506	40,864	31,983	40,856
<b>Total receipts</b>		<b>916,833</b>	<b>852,357</b>	<b>920,951</b>	<b>857,040</b>
<b>Cash flows from operating activities</b>					
Employee Benefits Paid		(627,488)	(589,515)	(627,746)	(589,800)
Payments for Supplies, Consumables and Purchased Services		(197,643)	(205,679)	(199,455)	(204,764)
Other Payments		(35,653)	(33,603)	(35,963)	(33,603)
<b>Total payments</b>		<b>(860,784)</b>	<b>(828,797)</b>	<b>(863,164)</b>	<b>(828,167)</b>
<b>Net cash inflow from operating activities</b>	<b>8.1</b>	<b>56,049</b>	<b>23,560</b>	<b>57,787</b>	<b>28,873</b>

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Cash flows from investing activities</b>					
Payments for Non Financial Assets		(42,755)	(26,332)	(42,768)	(26,332)
Proceeds from Sale of Non Financial Assets		157	1,031	157	1,031
Proceeds from Sale - Investment Properties		-	1,200	-	1,200
Purchase of Financial Assets		(1,156)	(3,869)	(2,281)	(8,683)
<b>Net cash outflow used in investing activities</b>		<b>(43,754)</b>	<b>(27,970)</b>	<b>(44,892)</b>	<b>(32,784)</b>
<b>Cash flows from financing activities</b>					
Financing Activities - Lease Repayments		(2,066)	(2,734)	(1,785)	(2,734)
(Repayment of Borrowings)/Borrowings received from Government		(102)	(112)	(102)	(112)
Contributed Capital from Government		-	9,039	-	9,039
<b>Net cash (outflow) / inflow from financing activities</b>		<b>(2,168)</b>	<b>6,193</b>	<b>(1,887)</b>	<b>6,193</b>
<b>Net increase in cash and cash equivalents</b>		<b>10,127</b>	<b>1,783</b>	<b>11,008</b>	<b>2,282</b>
Cash and cash equivalents at the beginning of the financial year		42,460	40,677	44,232	41,951
<b>Cash and cash equivalents at end of year</b>	<b>6.2</b>	<b>52,587</b>	<b>42,460</b>	<b>55,240</b>	<b>44,233</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

## Note 1: Basis of preparation

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

These financial statements represent the audited general purpose financial statements for Barwon Health and its controlled entities for the year ending 30 June 2021. The report provides users with information about Barwon Health's stewardship of resources entrusted to it.

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

### NOTE 1.1 BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

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

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

Barwon Health is a not-for-profit entity and therefore applies the additional Australian paragraphs applicable to "not-for-profit" entities 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.

Barwon Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Barwon Health's Capital and Specific Purpose Funds include unspent capital donations and receipts from fundraising activities conducted solely in respect of these funds.

The financial statements, except for the cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

The financial statements have been prepared on a going concern basis (refer to Note 8.10 Economic dependency).

The financial statements are 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 Barwon Health and its controlled entities on 6 September 2021.

## NOTE 1.2 IMPACT OF COVID-19 PANDEMIC

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. Since this date, to contain the spread of COVID-19 and prioritise the health and safety of our community, Barwon Health was required to comply with various directions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Barwon Health operates.

Barwon Health introduced a range of measures in both the prior and current year, including:

- introducing restrictions on non-essential visitors
- greater utilisation of Telehealth services
- implementing reduced visitor hours
- deferring elective surgery and reducing activity
- transferring inpatients to private health facilities
- performing COVID-19 testing
- implementing work from home arrangements where appropriate.

The financial impacts of the pandemic are disclosed at:

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

## NOTE 1.3 ABBREVIATIONS AND TERMINOLOGY USED IN THE FINANCIAL STATEMENTS

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

REFERENCE	TITLE
AASB	Australian Accounting Standards Board
AASs	Australian Accounting Standards, which include interpretations
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
SD	Standing Direction
VAGO	Victorian Auditor-General's Office
WIES	Weighted Inlier Equivalent Separation
SWARH	South West Alliance of Rural Health

## NOTE 1.4 PRINCIPLES OF CONSOLIDATION

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

Barwon Health controls the following entities:

- Barwon Health Foundation
- Barwon Health Foundation Limited

Details of the controlled entities are set out in Note 8.7 Controlled entities.

The parent entity is not disclosed separately in the notes to the financial statements.

An entity is considered to be a controlled entity where Barwon Health has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

Barwon Health consolidate the results of its controlled entities from the date on which the health service gains control until the date the health service ceases to have control. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Transactions between segments within Barwon Health have been eliminated to reflect the extent of Barwon Health's operations as a group.

## NOTE 1.5 JOINT ARRANGEMENTS

Interests in joint arrangements are accounted for by recognising in Barwon Health's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements

Barwon Health has the following joint arrangement:

- South West Alliance of Rural Health - joint operation

Details of the controlled entities are set out in Note 8.8 Jointly controlled operation.

## NOTE 1.6 KEY ACCOUNTING ESTIMATES AND JUDGEMENTS

Management make estimates and judgements when preparing the financial statements.

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

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

The accounting policies and significant management judgements and estimates used, and any changes thereto, are identified at the beginning of each section where applicable and are disclosed in further detail throughout the accounting policies.

## NOTE 1.7 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

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

STANDARD	SUMMARY	ADOPTION DATE	IMPACT
<i>AASB 2020-1: Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified. AASB 2020-6 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current – Deferral of Effective Date was issued in August 2020 and defers the effective date to annual reporting periods beginning on or after 1 January 2023 instead of 1 January 2022, with earlier application permitted.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
<i>AASB 2021-3 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions beyond 30 June 2021</i>	This Standard amends AASB 16 to extend by one year the application period of the practical expedient added to AASB 16 by AASB 2020-4 Amendments to Australian Accounting Standards – Covid-19-Related Rent Concessions. The practical expedient permits lessees not to assess whether rent concessions that occur as a direct consequence of the covid-19 pandemic and meet specified conditions are lease modifications and, instead, to account for those rent concessions as if they were not lease modifications (e.g. account for as variable lease payment instead). This standard extends the practical expedient to rent concessions that reduce only lease payments originally due on or before 30 June 2022, provided the other conditions for applying the practical expedient are met.	Reporting periods on or after 1 April 2021	Adoption of this standard is not expected to have a material impact.



In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2020-21 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on Barwon Health.

- *AASB 1060 General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C).*
- *AASB 2020-3 Amendments to Australian Accounting Standards - Annual Improvements 2018-2020 and Other Amendments.*
- *AASB 2020-7 Amendments to Australian Accounting Standards - Covid-19-Rent Related Concessions: Tier Disclosures*
- *AASB 2020-8 Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform - Phase 2.*
- *AASB 2020-9 Amendments to Australian Accounting Standards - Tier 2 Disclosures: Interest Rate Benchmark Reform (Phase 2) and Other Amendments.*
- *AASB 2021-1 Amendments to Australian Accounting Standards - Transition to Tier 2: Simplified Disclosures for Not-for-Profit Entities.*
- *AASB 2021-2 Amendments to Australian Accounting Standards - Disclosure of Accounting Policies and Definitions of Accounting Estimates.*

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

## **NOTE 1.8 GOODS AND SERVICES TAX (GST)**

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

## **NOTE 1.9 REPORTING ENTITY**

The financial statements include all the controlled activities of Barwon Health.

Its principal address is:

Ryrie Street  
Geelong Victoria 3220

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

## **NOTE 1.10 IMPACT OF PEPPERCORN LEASES IN FINANCIAL STATEMENTS**

In accordance with *AASB 16 Leases* and *FRD 123 Transitional requirements on AASB 16*, Barwon Health treated concessionary (peppercorn) leases as right-of-use land on the adoption of the standard on 1 July 2019. The carrying amount of the leased asset was carried at cost. Depreciation was not calculated on the concessionary leases in 2020 and has been subsequently calculated and recognised in the current year (\$2.4m).

## Note 2: Funding delivery of our service

Barwon Health's overall objective is to provide quality health services through programs and services that support and enhance the wellbeing of all Victorians within the Barwon region. Barwon Health is predominantly funded by grant funding for the provision of outputs. Barwon Health also receives income from the supply of services.

### STRUCTURE

- 2.1 Revenue and income from transactions
- 2.2 Fair value of assets and services received free of charge or for nominal consideration
- 2.3 Other income

Revenue recognised to fund the delivery of our services increased during the financial year which was attributable to the COVID-19 Coronavirus pandemic.

The Department of Health compensated for reductions in revenue by increasing overall funding to cover certain direct and indirect COVID-19 related costs.

Funding provided included:

- COVID-19 grants
- Additional elective surgery funding
- Local Public Health Unit funding
- State repurposed grants
- Sustainability funding
- Better at Home funding
- Mental Health capacity funding

## KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
Identifying performance obligations	Barwon Health applies significant judgment when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Barwon Health to recognise revenue as or when the health service transfers promised goods or services to customers. If this criteria is not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	Barwon Health applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining time of capital grant income recognition	Barwon Health applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred are used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.

## NOTE 2.1 REVENUE AND INCOME FROM TRANSACTIONS

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>OPERATING ACTIVITIES</b>		
<b>Revenue from contracts with customers</b>		
Government grants (State) - Operating	680,330	633,178
Government grants (Commonwealth) - Operating	72,326	67,318
Patient and Resident Fees	49,989	51,333
Private Practice Fees	1,743	2,800
Commercial Activities <sup>1</sup>	30,975	30,924
<b>Total revenue from contracts with customers</b>	<b>835,363</b>	<b>785,553</b>
<b>Other sources of income</b>		
Government grants (State) - Capital	23,685	16,371
Government grants (Commonwealth) - Capital	3,353	3,729
Other Revenue from Operating Activities (including non-capital donations)	23,003	26,370
Assets received free of charge under State supply arrangements	14,453	1,358
<b>Total other sources of income</b>	<b>64,494</b>	<b>47,828</b>
<b>Total revenue and income from operating activities</b>	<b>899,857</b>	<b>833,381</b>
<b>NON-OPERATING ACTIVITIES</b>		
<b>Income from other sources</b>		
Dividends	375	244
Interest income	824	138
<b>Total income from non-operating activities</b>	<b>1,199</b>	<b>382</b>
<b>Total revenue and income from transactions</b>	<b>901,056</b>	<b>833,763</b>

<sup>1</sup> Commercial activities represent business activities which Barwon Health enter into to support their operations.

**NOTE 2.1 REVENUE AND INCOME FROM TRANSACTIONS (CONTINUED)**

*Government operating grants*

To recognise revenue, Barwon Health 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 satisfied its performance obligations, at the time or over time when services are rendered.

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

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount.

GOVERNMENT GRANT	PERFORMANCE OBLIGATIONS
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities. Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed. WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.
DH Aged Care and Commonwealth Aged Care Funding	The performance obligations around Aged Care funding is around levels of occupancy and agreed funding around care needs assessments of individuals residents as determined by the agreed complexities of individuals and the associated costs of achieving adequate levels of care and outcomes.
Other one-off grants (if funding conditions contain enforceable and sufficiently specific performance obligations)	For other grants with performance obligations Barwon Health exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

### *Capital grants*

Where Barwon Health receives a capital grant, it recognises a liability for the excess of the initial carrying amount of the financial asset received over any related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities arising from a contract with a customer) recognised under other Australian Accounting Standards.

Income is recognised progressively as the asset is constructed which aligns with Barwon Health's obligation to construct the asset. The progressive percentage of costs incurred is used to recognise income, as this most accurately reflects the stage of completion.

### *Patient and resident fees*

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

### *Private practice fees*

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

### *Commercial activities*

Revenue from commercial activities includes items such as car park income, clinical trial income, ethics review fees, training and seminar fees and cafeteria income. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

### *Non-cash contributions from the Department of Health*

The Department of Health makes some payments on behalf of Barwon Health as follows:

SUPPLIER	DESCRIPTION
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Barwon Health which is paid directly to the Victorian managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health Hospital Circular



## NOTE 2.2 FAIR VALUE OF ASSETS AND SERVICES RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Plant and equipment received	9,053	391
Personal protective equipment received	5,400	967
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>14,453</b>	<b>1,358</b>

### Donations and bequests

Donations and bequests are generally recognised as income upon receipt (which is when Barwon Health usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

### Personal protective equipment

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

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

### Contributions

Barwon Health may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when Barwon Health obtains control over the asset, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

On initial recognition of the asset, Barwon Health recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

Barwon Health recognises income immediately in the profit or loss as the difference between the initial fair value of the asset and the related amounts.

The exception to this policy is when an asset is received from another government agency or department as a consequence of a restructuring of administrative arrangements, in which case the asset will be recognised at its carrying value in the financial statements of Barwon Health as a capital contribution transfer.

### Voluntary Services

Contributions by volunteers, in the form of services, are only recognised when fair value can be reliably measured, and the services would have been purchased if they had not been donated. Barwon Health has considered the services provided by volunteers and has determined the value of volunteer services cannot be readily determined and therefore it has not recorded any income related to volunteer services.

## NOTE 2.3 OTHER INCOME

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Dividends	375	244
Interest income	824	138
<b>Total other income</b>	<b>1,199</b>	<b>382</b>

### Dividend Income

Dividend income is recognised when the right to receive payment is established. Dividends represent the income arising from Barwon Health and its controlled entities' investments in financial assets.

### Interest Income

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

### Note 3: The cost of delivering our services

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

#### STRUCTURE

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

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

Additional costs were incurred to deliver the following additional services:

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

### KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
Measuring and classifying employee benefit liabilities	Barwon Health applies significant judgement when measuring and classifying its employee benefit liabilities. Employee benefit liabilities are classified as a current liability if Barwon Health does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category. Employee benefit liabilities are classified as a non-current liability if Barwon Health has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category. The health service also applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value. All other entitlements are measured at their nominal value.

## NOTE 3.1 EXPENSES BY TRANSACTIONS

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Salaries and Wages	523,591	484,882
On-Costs	118,462	108,259
Workcover Premium	5,922	8,769
Agency Expenses	1,494	4,636
Fee for Service Medical Office Expenses	3,767	3,420
<b>Total employee expenses</b>	<b>653,236</b>	<b>609,966</b>
Drug Supplies	59,022	56,163
Medical and Surgical Supplies (including Prostheses)	41,981	36,669
Diagnostic and Radiology Supplies	8,259	7,415
Other Supplies and Consumables	29,525	35,132
<b>Total supplies and consumables</b>	<b>138,787</b>	<b>135,379</b>
Finance Costs	380	464
<b>Total finance costs</b>	<b>380</b>	<b>464</b>
Other Administrative Expenses	34,265	29,431
<b>Total other administrative expenses</b>	<b>34,265</b>	<b>29,431</b>
Fuel, Light, Power and Water	6,696	6,982
Repairs and Maintenance	6,838	5,955
Maintenance Contracts	7,516	8,233
Medical Indemnity Insurance	8,693	8,242
Expenditure for Capital Purpose	1,737	1,012
<b>Total other operating expenses</b>	<b>31,480</b>	<b>30,424</b>
<b>Total operating expenses</b>	<b>858,148</b>	<b>805,664</b>
Depreciation and amortisation	62,023	54,436
<b>Total depreciation and amortisation</b>	<b>62,023</b>	<b>54,436</b>
<b>Total non-operating expense</b>	<b>62,023</b>	<b>54,436</b>
<b>Total expenses from transactions</b>	<b>920,171</b>	<b>860,100</b>





*Barwon Health North Dialysis*

#### *Expense Recognition*

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

#### *Employee Benefits*

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments)
- On costs
- Agency expenses
- Fee for service medical officer expenses
- Workcover premiums

#### *Supplies and Consumables*

Supplies and consumable costs are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.

#### *Finance Costs*

Finance costs include:

- interest on short-term and long-term borrowings (interest expense is recognised in the period in which it is incurred)
- 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 \$2,000 and \$5,000 for IT related expenditure).

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

#### *Non-operating expenses*

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

## NOTE 3.2 EMPLOYEE BENEFITS IN THE BALANCE SHEET

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>CURRENT PROVISIONS</b>		
<b>Accrued days off</b>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	1,055	977
	<b>1,055</b>	<b>977</b>
<b>Annual leave</b>		
Unconditional and expected to be settled within 12 months <sup>i</sup>	45,973	40,378
Unconditional and expected to be settled after 12 months <sup>ii</sup>	7,790	6,884
	<b>53,763</b>	<b>47,262</b>
<b>Long service leave</b>		
Unconditional and expected to be settled within 12 months <sup>i</sup>	11,179	10,650
Unconditional and expected to be settled after 12 months <sup>ii</sup>	65,949	64,796
	<b>77,128</b>	<b>75,446</b>
<b>Provisions related to employee benefit on-costs</b>		
Unconditional and expected to be settled within 12 months <sup>i</sup>	6,063	5,609
Unconditional and expected to be settled after 12 months <sup>ii</sup>	7,829	7,899
	<b>13,892</b>	<b>13,508</b>
<b>Total current employee benefits</b>	<b>145,838</b>	<b>137,193</b>
<b>NON-CURRENT PROVISIONS</b>		
Conditional long service leave	23,663	23,484
Provisions related to employee benefit on-costs	2,515	2,591
<b>Total non-current provisions</b>	<b>26,178</b>	<b>26,075</b>
<b>Total employee benefits</b>	<b>172,016</b>	<b>163,268</b>

<sup>i</sup> The amounts disclosed are nominal amounts.

<sup>ii</sup> The amounts disclosed are discounted to present values.

#### Employee benefit recognition

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

#### Provisions

Provisions are recognised when Barwon Health has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

**Annual leave and accrued days off**

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

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

- Nominal value - if Barwon Health expects to wholly settle within 12 months or
- Present value - if Barwon Health does not expect to wholly settle within 12 months.

**Long service leave**

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where the Barwon Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Nominal value - if Barwon Health expects to wholly settle within 12 months or
- Present value - if Barwon Health does not expect to wholly settle within 12 months.

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

**Termination benefits**

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

**On-costs related to employee benefits**

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

**NOTE 3.2 (A) EMPLOYEE BENEFITS AND RELATED ON-COSTS**

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Unconditional Annual Leave	59,351	52,339
Unconditional Long Service Leave	85,321	83,770
Accrued Days Off	1,166	1,084
<b>Total current employee benefits and related on-costs</b>	<b>145,838</b>	<b>137,193</b>
Conditional Long Service Leave	26,178	26,075
<b>Total non-current employee benefits and related on-costs</b>	<b>26,178</b>	<b>26,075</b>
<b>Total Employee Benefits and Related On-Costs</b>	<b>172,016</b>	<b>163,268</b>
<b>Carrying amount at start of year</b>	<b>163,268</b>	<b>146,276</b>
Additional provisions recognised	63,835	72,217
Amounts utilised during the year	(55,087)	(55,225)
<b>Carrying amount at end of year</b>	<b>172,016</b>	<b>163,268</b>

## NOTE 3.3 SUPERANNUATION

	PAID CONTRIBUTION FOR THE YEAR		CONTRIBUTION OUTSTANDING AT YEAR END	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Defined benefit plans<sup>i</sup></b>				
Aware Super	440	574	-	-
ESS Super	179	184	-	-
<b>Defined contribution plans</b>				
Aware Super	25,690	24,408	14	532
Hesta	19,217	17,802	9	407
Other compliant superannuation funds as selected by employee	4,418	3,526	18	78
<b>Total</b>	<b>49,944</b>	<b>46,494</b>	<b>41</b>	<b>1,017</b>

<sup>i</sup>The basis for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

Employees of Barwon Health are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans.

#### *Defined benefit superannuation plans*

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Barwon Health to the superannuation plans in respect of the services of current Barwon Health's staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

Barwon Health does not recognise any unfunded defined benefit liability in respect of the plans because the health service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

The DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Barwon Health.

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

#### *Defined contribution superannuation plans*

In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

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



### NOTE 3.4 OTHER ECONOMIC FLOWS

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

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

### *Net gain/(loss) on non-financial assets*

Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses as follows:

- revaluation gains/(losses) of non-financial physical assets (Refer to Note 4.2 Property plant and equipment)
- net gain/(loss) on disposal of non-financial assets
- any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

### *Net gain/(loss) on financial instruments*

Net gain/(loss) on financial instruments at fair value includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value
- impairment and reversal of impairment for financial instruments at amortised cost
- disposals of financial assets and derecognition of financial liabilities.

## Note 4: Key assets to support service delivery

Barwon Health controls infrastructure and other assets that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to Barwon Health to be utilised for delivery of those outputs.

## STRUCTURE

- 4.1 Investments and other financial assets
- 4.2 Property, plant & equipment
- 4.3 Intangible assets
- 4.4 Depreciation and amortisation

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

## KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
Measuring fair value of property, plant and equipment and investment properties	Barwon Health obtains independent valuations for its non-current assets at least once every five years. If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices. Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.
Estimating useful life and residual value of property, plant and equipment	Barwon Health assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. 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. Barwon Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Estimating the useful life of intangible assets	Barwon Health assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	<p>At the end of each year, Barwon Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment. The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> <li>• If an asset's value has declined more than expected based on normal use</li> <li>• If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset</li> <li>• If an asset is obsolete or damaged</li> <li>• 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</li> <li>• If the performance of the asset is or will be worse than initially expected.</li> </ul> <p>Where an impairment trigger exists, the health services applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

## NOTE 4.1 INVESTMENTS AND OTHER FINANCIAL ASSETS

	OPERATING FUND CONSOLIDATED		CAPITAL FUND CONSOLIDATED		TOTAL CONSOLIDATED	
	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000	2021 \$'000	2020 \$'000
<b>Current</b>						
Australian Dollar Term Deposits < 3 months	430	180	-	-	430	180
Australian Dollar Term Deposits > 3 months	860	-	167	167	1,027	167
Fixed Bonds and Floating Rate Notes	-	1,540	1,451	2,723	1,451	4,263
Equities at Fair Value	-	1,282	-	-	-	1,282
<b>Total current financial assets</b>	<b>1,290</b>	<b>3,002</b>	<b>1,618</b>	<b>2,890</b>	<b>2,908</b>	<b>5,892</b>
<b>Non-Current</b>						
Equities at Fair Value	7,262	3,257	-	-	7,262	3,257
Fixed Bonds and Floating Rate Notes	4,146	3,947	15,959	14,246	20,105	18,193
<b>Total non-current financial assets</b>	<b>11,408</b>	<b>7,204</b>	<b>15,959</b>	<b>14,246</b>	<b>27,367</b>	<b>21,450</b>
<b>Total other financial assets</b>	<b>12,698</b>	<b>10,206</b>	<b>17,577</b>	<b>17,136</b>	<b>30,275</b>	<b>27,342</b>
Represented by:						
Barwon Health investments (including monies held in trust)	-	-	17,577	17,136	17,577	17,136
Barwon Health Foundation investments	12,698	10,206	-	-	12,698	10,206
<b>Total other financial assets</b>	<b>12,698</b>	<b>10,206</b>	<b>17,577</b>	<b>17,136</b>	<b>30,275</b>	<b>27,342</b>

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

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

Investments held by Barwon Health Foundation do not fall in the scope of the Standing Directions as they are not public entity funds (i.e. not controlled by the government). However, such investments are consolidated into Barwon Health's financial statements as Barwon Health has control of Barwon Health Foundation. Refer to Note 8.7 for further information.

Investments are recognised when Barwon Health enters into a contract to either purchase or sell the investment (i.e. when it becomes a party to the contractual provisions to the investment).

Investments are initially measured at fair value, net of transaction costs.

Barwon Health classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset. Term deposits with original maturity dates of three to twelve months are classified as current, whilst term deposits with original maturity dates in excess of 12 months are classified as non-current.

Barwon Health assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

All financial assets, except for those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

## NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT

## (A) GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION

2021 CONSOLIDATED	AT COST/ VALUATION \$'000	ACCUMULATED DEPRECIATION/ AMORTISATION \$'000	NET ASSETS 2021 \$'000
<b>Land and Buildings at Fair Value</b>			
Land at Valuation	67,522	-	67,522
Buildings at Valuation	625,847	(72,890)	552,957
Buildings - right of use	3,161	(1,329)	1,832
	<b>696,530</b>	<b>(74,219)</b>	<b>622,311</b>
Land - right of use at cost	21,139	(5,049)	16,090
	<b>21,139</b>	<b>(5,049)</b>	<b>16,090</b>
Assets Under Construction at Cost	14,289	-	14,289
	<b>14,289</b>	<b>-</b>	<b>14,289</b>
Leasehold Improvements at Fair Value	4,072	(1,877)	2,195
	<b>4,072</b>	<b>(1,877)</b>	<b>2,195</b>
<b>Plant and Equipment at Fair Value</b>			
Plant	26,001	(11,989)	14,012
Motor Vehicles	6,445	(4,776)	1,669
Other	40,830	(31,430)	9,400
	<b>73,276</b>	<b>(48,195)</b>	<b>25,081</b>
<b>Medical Equipment at Fair Value</b>			
Medical Equipment at Fair Value	99,471	(52,489)	46,982
Medical Equipment - right of use	5,754	(2,351)	3,403
	<b>105,225</b>	<b>(54,840)</b>	<b>50,385</b>
Furniture and Fittings at Fair Value	20,918	(5,390)	15,528
	<b>20,918</b>	<b>(5,390)</b>	<b>15,528</b>
<b>Total Property, Plant and Equipment</b>	<b>935,449</b>	<b>(189,570)</b>	<b>745,879</b>



**(A) GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION (CONTINUED)**

2020 CONSOLIDATED	AT COST/ VALUATION \$'000	ACCUMULATED DEPRECIATION/ AMORTISATION \$'000	NET ASSETS 2020 \$'000
<b>Land and Buildings at Fair Value</b>			
Land at Valuation	48,206	-	48,206
Crown Land at Valuation	6,967	-	6,967
Buildings at Valuation	627,639	(36,290)	591,349
Buildings - right of use	3,021	(824)	2,197
	<b>685,833</b>	<b>(37,114)</b>	<b>648,719</b>
Land - right of use	19,752	(165)	19,587
	<b>19,752</b>	<b>(165)</b>	<b>19,587</b>
Assets Under Construction at Cost	5,647	-	5,647
	<b>5,647</b>	<b>-</b>	<b>5,647</b>
Leasehold Improvements at Fair Value	3,664	(1,312)	2,352
	<b>3,664</b>	<b>(1,312)</b>	<b>2,352</b>
<b>Plant and Equipment at Fair Value</b>			
Plant	21,283	(9,785)	11,498
Motor Vehicles	6,144	(4,641)	1,503
Other	38,646	(28,876)	9,770
	<b>66,073</b>	<b>(43,302)</b>	<b>22,771</b>
<b>Medical Equipment at Fair Value</b>			
Medical Equipment at Fair Value	96,465	(63,144)	33,322
Medical Equipment - right of use	5,633	(1,627)	4,006
	<b>102,098</b>	<b>(64,771)</b>	<b>37,328</b>
Furniture and Fittings at Fair Value	14,435	(3,740)	10,695
	<b>14,435</b>	<b>(3,740)</b>	<b>10,695</b>
<b>Total Property, Plant and Equipment</b>	<b>897,502</b>	<b>(150,404)</b>	<b>747,099</b>

## NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

## (B) RECONCILIATIONS OF THE CARRYING AMOUNTS OF EACH CLASS OF ASSET

2021 CONSOLIDATED	NOTE	BUILDINGS \$'000	BUILDINGS - ROU \$'000	LAND \$'000	LAND - ROU \$'000
Balance at 1 July 2020		591,349	2,197	55,173	19,587
Additions		-	472	-	-
Revaluation surplus		-	-	12,349	-
Transfers		(1,792)	(485)	-	1,331
Disposals		-	(331)	-	-
Depreciation charge	4.4	(36,600)	(21)	-	(4,828)
<b>Balance at 30 June 2021</b>	a)	<b>552,957</b>	<b>1,832</b>	<b>67,522</b>	<b>16,090</b>

2020 CONSOLIDATED	NOTE	BUILDINGS \$'000	BUILDINGS - ROU \$'000	LAND \$'000	LAND - ROU \$'000
Balance at 1 July 2019		600,920	3,021	56,722	19,752
Additions		3,397	-	-	-
Transfers		23,671	-	-	-
Disposals		(349)	-	(1,549)	-
Depreciation charge	4.4	(36,290)	(824)	-	(165)
<b>Balance at 30 June 2020</b>	a)	<b>591,349</b>	<b>2,197</b>	<b>55,173</b>	<b>19,587</b>

LEASEHOLD IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	MEDICAL EQUIPMENT \$'000	MEDICAL EQUIPMENT - ROU \$'000	FURNITURE AND FITTINGS \$'000	ASSETS UNDER CONSTRUCTION \$'000	TOTAL \$'000
2,352	22,771	33,322	4,006	10,695	5,647	747,099
385	6,836	21,728	1,234	6,113	10,195	46,963
-	-	-	-	-	-	12,349
23	904	180	1,011	382	(1,553)	1
-	(86)	(126)	(835)	-	-	(1,378)
(565)	(5,344)	(8,122)	(2,013)	(1,662)	-	(59,155)
2,195	25,081	46,982	3,403	15,528	14,289	745,879

LEASEHOLD IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	MEDICAL EQUIPMENT \$'000	MEDICAL EQUIPMENT - ROU \$'000	FURNITURE AND FITTINGS \$'000	ASSETS UNDER CONSTRUCTION \$'000	TOTAL \$'000
1,595	20,695	31,189	5,633	8,645	28,896	777,068
1,040	5,511	7,550	-	2,969	3,553	24,020
-	1,751	1,033	-	347	(26,802)	-
-	(139)	(27)	-	-	-	(2,064)
(283)	(5,047)	(6,423)	(1,627)	(1,266)	-	(51,925)
2,352	22,771	33,322	4,006	10,695	5,647	747,099



## NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

### (B) RECONCILIATIONS OF THE CARRYING AMOUNTS OF EACH CLASS OF ASSET (CONTINUED)

Property, plant and equipment are tangible items that are used by Barwon Health in the supply of goods or services, for rental to others, or for administration purposes, and are expected to be used during more than one financial year.

#### *Initial recognition*

Items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

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

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 (excluding right-of-use assets) are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

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

Further information regarding fair value measurement is disclosed below.

#### *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, Barwon Health perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

An adjustment is recognised if the assessment concludes that the fair value of land and buildings has changed by 10% or more since the last revaluation (whether that be the most recent independent valuation or managerial valuation). Any estimated change in fair value of less than 10% is deemed immaterial to the financial statements and no adjustment is recorded. Where the assessment indicates there has been an exceptionally material movement in the fair value of land and buildings since the last independent valuation, being equal to or in excess of 40%, Barwon Health would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of Barwon Health's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2021 indicated an overall:

- increase in fair value of land of 22.4% or \$12.4m.

As the cumulative movement was greater than 10% for land since the last revaluation a managerial revaluation adjustment was required as at 30 June 2021.

The cumulative movement of buildings was less than 10% as a result Barwon Health did not perform a managerial revaluation during the year.

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

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

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

The revaluation reserve 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.

#### *Impairment*

At the end of each financial year, Barwon Health assesses if there is any indication that an item of property, plant and equipment may be impaired by considering internal and external sources of information. If an indication exists, Barwon Health estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised. An impairment loss of a revalued asset is treated as a revaluation decrease as noted above.

Barwon Health has concluded that the recoverable amount of property, plant and equipment which are regularly revalued is expected to be materially consistent with the current fair value. As such, there were no indications of property, plant and equipment being impaired at balance date.

#### *How we recognise right-of-use assets*

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

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

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

<b>CLASS OF RIGHT-OF-USE ASSET</b>	<b>LEASE TERM</b>
Leased medical equipment	one to eight years
Leased motor vehicles	one to five years
Leased land	one to 50 years
Leased buildings	one to 15 years

#### *Presentation of right-of-use assets*

Barwon Health presents right-of-use assets as 'property plant equipment' unless they meet the definition of investment property, in which case they are disclosed as 'investment property' in the balance sheet.

#### *Initial recognition*

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

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

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

Barwon Health's lease agreements contain purchase options which the health service is not reasonably certain to exercise at the completion of the lease.

Barwon Health holds lease agreements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. The health service has applied temporary relief and continues to measure those right-of-use asset at cost. Refer to Note 6.1 for further information regarding the nature and terms of the concessional lease, and Barwon Health's dependency on such lease arrangements.

#### *Subsequent measurement*

Right-of-use assets are subsequently measured at cost less accumulated depreciation and accumulated impairment losses where applicable. Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

#### *Impairment*

At the end of each financial year, Barwon Health assesses if there is any indication that a right-of-use asset may be impaired by considering internal and external sources of information. If an indication exists, Barwon Health estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

Barwon Health performed an impairment assessment and noted there were no indications of its right-of-use assets being impaired at balance date.

## NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

## (C) FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS

	CONSOLIDATED CARRYING AMOUNT AS AT 30 JUNE 2021 \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1 <sup>i</sup> \$'000	LEVEL 2 <sup>i</sup> \$'000	LEVEL 3 <sup>i</sup> \$'000
Non-specialised Land	23,690	-	23,690	-
Specialised Land	43,832	-	-	43,832
<b>Total land at fair value</b>	<b>67,522</b>	<b>-</b>	<b>23,690</b>	<b>43,832</b>
Non-specialised buildings	3,229	-	-	3,229
Specialised buildings	549,728	-	-	549,728
Right of use buildings	1,832	-	-	1,832
<b>Total buildings at fair value</b>	<b>554,789</b>	<b>-</b>	<b>-</b>	<b>554,789</b>
Plant and Equipment at Fair Value				
Plant and equipment	25,081	-	-	25,081
Leasehold improvements	2,195	-	-	2,195
Furniture and Fittings at Fair Value	15,528	-	-	15,528
Medical equipment at Fair Value	46,982	-	-	46,982
Medical equipment - right of use	3,403	-	-	3,403
<b>Total Plant and Equipment at Fair Value</b>	<b>93,189</b>	<b>-</b>	<b>-</b>	<b>93,189</b>
	<b>715,500</b>	<b>-</b>	<b>23,690</b>	<b>691,810</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy.

## (C) FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS (CONTINUED)

	CONSOLIDATED CARRYING AMOUNT AS AT 30 JUNE 2020 \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
		LEVEL 1 <sup>i</sup> \$'000	LEVEL 2 <sup>i</sup> \$'000	LEVEL 3 <sup>i</sup> \$'000
Non-specialised Land	18,798	-	18,798	-
Specialised Land	36,375	-	-	36,375
<b>Total land at fair value</b>	<b>55,173</b>	<b>-</b>	<b>18,798</b>	<b>36,375</b>
Non-specialised buildings	3,368	-	-	3,368
Specialised buildings	587,982	-	-	587,982
Right of use buildings	2,197	-	-	2,197
<b>Total buildings at fair value</b>	<b>593,547</b>	<b>-</b>	<b>-</b>	<b>593,547</b>
Plant at Depreciated Replacement Cost	11,498	-	-	11,498
Motor Vehicles at Depreciated Replacement Cost	1,503	-	-	1,503
Other at Depreciated Replacement Cost	9,770	-	-	9,770
Leasehold improvements	2,352	-	-	2,352
Furniture and Fittings at Fair Value	10,695	-	-	10,695
Medical equipment at Fair Value	33,322	-	-	33,322
Medical equipment - right of use	4,006	-	-	4,006
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>73,146</b>	<b>-</b>	<b>-</b>	<b>73,146</b>
<b>Total property, plant and equipment at fair value</b>	<b>721,866</b>	<b>-</b>	<b>18,798</b>	<b>703,068</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy.

## NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

## (D) RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENT

2021 CONSOLIDATED	SPECIALISED LAND \$'000	SPECIALISED BUILDINGS \$'000	NON- SPECIALISED BUILDINGS \$'000
Opening Balance	36,375	587,981	3,368
Additions	-	-	-
Gains or losses recognised in net result			
Disposals	-	-	-
Transfers	-	(1,792)	-
Depreciation	-	(36,460)	(139)
<b>Subtotal</b>	<b>36,375</b>	<b>549,729</b>	<b>3,229</b>
Items recognised in other comprehensive income			
Revaluation	7,456	-	-
<b>Closing Balance</b>	<b>43,831</b>	<b>549,729</b>	<b>3,229</b>

2020 CONSOLIDATED	SPECIALISED LAND \$'000	SPECIALISED BUILDINGS \$'000	NON- SPECIALISED BUILDINGS \$'000
Opening Balance	41,018	597,414	3,507
Adoption of AASB 16	(4,643)	-	-
Additions	-	27,066	-
Gains or losses recognised in net result			
Disposals	-	(376)	-
Depreciation	-	(36,123)	(139)
<b>Subtotal</b>	<b>36,375</b>	<b>587,981</b>	<b>3,368</b>
Items recognised in other comprehensive income			
<b>Closing Balance</b>	<b>36,375</b>	<b>587,981</b>	<b>3,368</b>

Classified in accordance with the fair value hierarchy, refer Note 4.2(c).



RIGHT OF USE BUILDINGS \$'000	LEASEHOLD IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	MEDICAL EQUIPMENT \$'000	MEDICAL EQUIPMENT - ROU \$'000	FURNITURE AND FITTINGS \$'000
2,197	2,352	22,771	33,322	4,006	10,695
472	407	7,804	21,908	1,234	6,495
(331)	-	(86)	(126)	(835)	-
(485)	-	(64)	-	1,011	-
(21)	(565)	(5,344)	(8,122)	(2,013)	(1,662)
1,832	2,194	25,081	46,982	3,403	15,528
-	-	-	-	-	-
1,832	2,194	25,081	46,982	3,403	15,528

RIGHT OF USE BUILDINGS \$'000	LEASEHOLD IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	MEDICAL EQUIPMENT \$'000	MEDICAL EQUIPMENT - ROU \$'000	FURNITURE AND FITTINGS \$'000
-	1,595	20,695	31,189	-	8,645
3,021	-	-	-	5,633	-
-	1,040	7,262	8,583	-	3,316
-	-	(139)	(27)	-	-
(824)	(283)	(5,047)	(6,423)	(1,627)	(1,266)
2,197	2,352	22,771	33,322	4,006	10,695
2,197	2,352	22,771	33,322	4,006	10,695

## NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

## (E) FAIR VALUE DETERMINATION

ASSET CLASS	LIKELY VALUATION APPROACH	SIGNIFICANT INPUTS (LEVEL 3 ONLY)
Specialised land	Market approach	Community Service Obligation (CSO) adjustment, range 10% to 20%
Specialised buildings and non-specialised buildings	Depreciated replacement cost	Direct cost per square metre Useful life of specialised buildings
Plant and equipment at fair value	Depreciated replacement cost	Cost per unit Useful life of PPE
Medical equipment at fair value	Depreciated replacement cost	Useful life of medical equipment
Furniture and fittings at cost	Depreciated replacement cost	Cost per unit Useful life of furniture and fittings
Linen	Depreciated replacement cost	Cost per unit Useful life of linen

The significant unobservable inputs remain unchanged in 2021.

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

For the purpose of fair value disclosures, Barwon Health has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

In addition, Barwon Health determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

There have been no transfers between levels during the period.

The Valuer-General Victoria (VGV) is Barwon Health's independent valuation agency.

The estimates and underlying assumptions are reviewed on an ongoing basis.

#### 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.

#### 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.

#### Consideration of highest and best use (HBU) for non-financial physical assets

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

In accordance with AASB 13 Fair Value Measurement paragraph 29, Barwon Health has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest

that a different use by market participants would maximise the value of the asset.

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

#### *Non-specialised land, non-specialised buildings and cultural assets*

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2019.

#### *Specialised land and specialised buildings*

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset.

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

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

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

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

For Barwon Health, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of Barwon Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The effective date of the valuation is 30 June 2019.

#### *Vehicles*

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

#### *Furniture, fittings, plant and equipment*

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

There were no changes in valuation techniques throughout the period to 30 June 2021.

## NOTE 4.3 INTANGIBLE ASSETS

### (A) INTANGIBLE ASSETS - GROSS CARRYING AMOUNT AND ACCUMULATED AMORTISATION

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Software	21,277	18,873
Less accumulated amortisation	(12,267)	(9,399)
<b>Total intangible assets</b>	<b>9,010</b>	<b>9,474</b>

### (B) INTANGIBLE ASSETS - RECONCILIATION OF THE CARRYING AMOUNT BY CLASS OF ASSET

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Balance at beginning of financial year	9,474	10,193
Additions	2,404	1,792
Amortisation	(2,868)	(2,511)
<b>Balance at end of financial year</b>	<b>9,010</b>	<b>9,474</b>
<b>Total intangible assets</b>	<b>9,010</b>	<b>9,474</b>

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 of the following are demonstrated: 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 of 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. Intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

#### *Impairment*

Intangible assets with indefinite useful lives (and intangible assets not yet available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Intangible assets with finite useful lives are testing for impairment whenever an indication of impairment is identified.

**NOTE 4.4 DEPRECIATION AND AMORTISATION**

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Depreciation</b>		
Buildings	36,600	36,290
Buildings - right-of-use	21	824
Land - right-of-use	4,828	165
Leasehold Improvements	565	283
Plant and Equipment	5,344	5,047
Medical Equipment	8,122	6,424
Medical Equipment - right-of-use	2,013	1,626
Furniture and Fittings	1,662	1,266
<b>Total depreciation</b>	<b>59,155</b>	<b>51,925</b>
<b>Amortisation</b>		
Intangible Assets	2,868	2,511
<b>Total amortisation</b>	<b>2,868</b>	<b>2,511</b>
<b>Total depreciation and amortisation</b>	<b>62,023</b>	<b>54,436</b>

*Depreciation*

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under assets held for sale, land and investment properties) that have finite useful lives are depreciated.

Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life.

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

*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.

	2021	2020
Buildings (including right-of-use assets) and Leasehold Improvements	1 - 50 years	1 - 50 years
Land (right-of-use assets)	15 - 50 years	15 years
Plant and equipment	5 - 10 years	5 - 10 years
Medical Equipment (including right-of-use assets)	1 - 10 years	1 - 10 years
Furniture and Fittings	5 - 10 years	5 - 10 years
Linen	3 - 5 years	3 - 5 years
Intangible Assets	4 - 5 years	4 - 5 years

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

## Note 5: Other assets and liabilities

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

### STRUCTURE

5.1 Receivables and contract assets

5.2 Payables and contract liabilities

5.3 Other liabilities

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

### KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
Estimating the provision for expected credit losses	Barwon Health uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	Where Barwon Health 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.
Measuring contract liabilities	Barwon Health applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.



## NOTE 5.1 RECEIVABLES AND CONTRACT ASSETS

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>CURRENT RECEIVABLES AND CONTRACT ASSETS</b>		
<b>Contractual</b>		
Patient Fees	5,239	5,692
Sundry Debtors	13,467	12,928
Less: Allowance for impairment losses of contractual receivables	(153)	(212)
Accrued Investment Income	159	150
Contract Assets - Other	5,909	5,000
Contract Assets - State Government	1,321	6,466
	<b>25,942</b>	<b>30,024</b>
<b>Statutory</b>		
GST Receivable	2,679	2,188
<b>Total current receivables and contract assets</b>	<b>28,621</b>	<b>32,212</b>
<b>NON-CURRENT</b>		
<b>Contractual</b>		
Long Service Leave - DH	49,562	43,744
<b>Total non-current receivables</b>	<b>49,562</b>	<b>43,744</b>
<b>Total receivables and contract assets</b>	<b>78,183</b>	<b>75,956</b>

*(i) Financial assets classified as receivables and contract assets (Note 7.1)*

Total receivable and contract assets	78,183	75,956
Provision for impairment	153	212
GST receivable	(2,679)	(2,188)
<b>Total financial assets</b>	<b>75,657</b>	<b>73,980</b>

As at 30 June 2021, Barwon Health has contract assets of \$7.2m (2020: \$11.5m) which is net of an allowance for expected credit losses of nil (2020: nil).

**(A) MOVEMENT IN ALLOWANCE FOR IMPAIRMENT LOSSES OF CONTRACTUAL RECEIVABLES:**

Balance at beginning of year	(212)	(222)
Amounts written off during year	1,070	587
(Increase)/decrease in allowance	(1,011)	(577)
<b>Balance at end of the year</b>	<b>(153)</b>	<b>(212)</b>

## NOTE 5.1 RECEIVABLES AND CONTRACT ASSETS (CONTINUED)

### (A) MOVEMENT IN ALLOWANCE FOR IMPAIRMENT LOSSES OF CONTRACTUAL RECEIVABLES: (CONTINUED)

#### Receivables

Receivables consist of:

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

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

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

Barwon Health is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

### (B) CONTRACT ASSETS

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Balance at the beginning of the year	11,466	7,160
Add: Additional costs incurred that are recoverable from the customer	6,509	11,466
Less: Transfer to trade receivable or cash at bank	(10,745)	(7,160)
<b>Balance at end of the year</b>	<b>7,230</b>	<b>11,466</b>

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



## NOTE 5.2 PAYABLES AND CONTRACT LIABILITIES

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>CURRENT PAYABLES AND CONTRACT LIABILITIES</b>		
<b>Contractual</b>		
Trade Creditors	812	6,115
Accrued Expenses	16,572	12,960
Accrued Salaries and Wages	15,321	7,722
Salary Packaging	1,732	2,440
Other	2,409	2,013
Deferred grant income	15,916	7,553
Contract Liabilities	8,786	3,103
Superannuation	43	1,017
	<b>61,591</b>	<b>42,923</b>
<b>Statutory</b>		
Australian Tax Office	21	4,058
	<b>21</b>	<b>4,058</b>
<b>Total payables and contract liabilities</b>	<b>61,612</b>	<b>46,981</b>
<b>Total payables and contract liabilities</b>		
Total payables and contract liabilities	61,612	46,981
Deferred grant income	(15,916)	(7,553)
Contract liabilities	(8,786)	(3,103)
Superannuation	(43)	(1,017)
Australian Tax Office	(21)	(4,058)
<b>Total financial liabilities</b>	<b>36,846</b>	<b>31,250</b>

*Payables Recognition*

Payables consist of:

- **contractual payables**, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to the Barwon Health prior to the end of the financial year that are unpaid.
- **statutory payables**, which mostly includes amount payable to the Victorian Government and 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 45-60 days.

## NOTE 5.2 PAYABLES AND CONTRACT LIABILITIES (CONTINUED)

## (A) DEFERRED GRANT INCOME

	2021 \$'000	2020 \$'000
Opening balance of deferred grant income	7,553	-
Grant consideration for capital works/purchases of assets recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year	-	3,448
Grant consideration for capital works/purchases of assets received during the year	21,611	6,410
Grant revenue for capital works recognised consistent with the capital works undertaken/assets acquired during the year	(13,248)	(2,305)
<b>Closing balance of deferred grant income</b>	<b>15,916</b>	<b>7,553</b>

Grant consideration was received from the State Government to support the construction of capital projects and the purchase of plant & equipment. Capital grant revenue is recognised progressively as the asset is constructed/assets acquired, since this is the time when Barwon Health satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, Barwon Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Barwon Health expects to recognise all of the remaining deferred capital grant revenue for capital works by 30 June 2022.

## (B) CONTRACT LIABILITIES

	2021 \$'000	2020 \$'000
Opening balance of contract liabilities	3,103	1,179
Add: Payments received for performance obligations yet to be completed during the period	8,786	3,103
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(3,103)	(1,179)
<b>Total contract liabilities</b>	<b>8,786</b>	<b>3,103</b>
<b>Represented by:</b>		
Current contract liabilities	8,786	3,103
Non-current contract liabilities	-	-
<b>Total contract liabilities</b>	<b>8,786</b>	<b>3,103</b>

Contract liabilities include consideration received in advance from the Department of Health and other grant funders. Grant income is recognised as performance obligations are met. Contract liabilities are derecognised and recorded as revenue when promised goods and services are transferred to the customer. Refer to Note 2.1.

*Maturity analysis of payables*

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

## NOTE 5.3 OTHER LIABILITIES

	NOTES	CONSOLIDATED	
		2021 \$'000	2020 \$'000
<b>CURRENT</b>			
<b>Contractual</b>			
Refundable Accommodation Deposits		24,112	23,443
Residential Patient Monies held in Trust		1,090	1,010
<b>Total Monies held in Trust</b>		<b>25,202</b>	<b>24,453</b>
<b>Represented by the following assets:</b>			
Cash held - monies held in trust	6.2	7,791	7,484
Investments and other financial assets		17,411	16,969
<b>Total Monies held in Trust</b>		<b>25,202</b>	<b>24,453</b>

*Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities*

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to Barwon Health upon admission. These deposits are liabilities which fall due and payable when the resident leaves the home. As there is no unconditional right to defer payment for 12 months, these liabilities are recorded as current liabilities.

RAD/accommodation bond liabilities are recorded at an amount equal to the proceeds received, net of retention and any other amounts deducted from the RAD/accommodation bond in accordance with the *Aged Care Act 1997*.



## Note 6: Funding of operations

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

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

## STRUCTURE

- 6.1 Borrowings
- 6.2 Cash and cash equivalents
- 6.3 Commitments for expenditure

Our finance and borrowing arrangements were not materially impacted by the COVID-19 coronavirus pandemic because the health service's response was funded by Government.

## KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

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

## NOTE 6.1 BORROWINGS

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Lease liabilities <sup>i</sup>	2,627	2,196
Government loan <sup>ii</sup>	114	114
<b>Total current borrowings</b>	<b>2,741</b>	<b>2,310</b>
Lease liabilities <sup>i</sup>	6,190	7,645
Government loan <sup>ii</sup>	228	330
<b>Total non current borrowings</b>	<b>6,418</b>	<b>7,975</b>
<b>Total borrowings</b>	<b>9,159</b>	<b>10,285</b>

<sup>i</sup> Secured by the assets leased

<sup>ii</sup> These are secured loans which bear no interest

#### Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Barwon Health has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

#### Subsequent measurement

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

#### Maturity analysis

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

#### Defaults and breaches

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



## NOTE 6.1 BORROWINGS (CONTINUED)

## (A) LEASE LIABILITIES

Barwon Health's lease liabilities are summarised below:

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Total undiscounted lease liabilities	9,498	10,707
Less future finance charges	(681)	(866)
<b>Net lease liabilities</b>	<b>8,817</b>	<b>9,841</b>
Not later than one year	2,810	2,417
Later than one year and not later than five years	5,015	6,072
Later than five years	1,673	2,218
<b>Minimum future lease liability</b>	<b>9,498</b>	<b>10,707</b>
Less future finance charges	(681)	(866)
<b>Present value of lease liability</b>	<b>8,817</b>	<b>9,841</b>
Represented by:		
Current liabilities	2,627	2,196
Non-current liabilities	6,190	7,645
<b>Total</b>	<b>8,817</b>	<b>9,841</b>

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

To apply this definition, Barwon Health ensures the contract meets the following criteria:

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Barwon Health and for which the supplier does not have substantive substitution rights
- Barwon Health has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract and Barwon Health has the right to direct the use of the identified asset throughout the period of use and
- Barwon Health has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Barwon Health's lease arrangements consist of the following:

TYPE OF ASSET LEASED	LEASE TERM (INCLUDING OPTIONS)
Leased land	one to 50 years
Leased buildings	one to 15 years
Leased plant, equipment, furniture, fittings and vehicles	one to eight 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. The following low value, short term and variable lease payments are recognised in profit or loss:

TYPE OF PAYMENT	DESCRIPTION OF PAYMENT	TYPES OF LEASES CAPTURED
Low value lease payments	Leases where the underlying asset's fair value, when new, is no more than \$10,000	Equipment with low value - i.e. printer
Short-term lease payments	Leases with a term less than 12 months	Rental leases - buildings

#### *Separation of lease and non-lease components*

At inception or on reassessment of a contract that contains a lease component, the lessee is required to separate out and account separately for non-lease components within a lease contract and exclude these amounts when determining the lease liability and right-of-use asset amount.

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 Barwon Health incremental borrowing rate. Our lease liability has been discounted by rates of between 2.08% to 3.02%.

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:

- Equipment Leases
- Rental property leases

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).

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.

#### *Subsequent measurement*

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.

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

#### *Leases with significantly below market terms and conditions*

Barwon Health holds lease arrangements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. These are commonly referred to as a peppercorn or concessionary lease arrangement.

Barwon Health holds peppercorn leases relating to land and buildings.

## NOTE 6.2 CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Cash on Hand (excluding monies held in trust)	29	29
Cash at Bank (excluding monies held in trust)	13,636	17,472
Cash at Bank - CBS (excluding monies held in trust)	33,784	19,248
<b>Total cash held for operations</b>	<b>47,449</b>	<b>36,749</b>
Cash at Bank - CBS (monies held in trust)	7,791	7,484
<b>Total cash held as monies in trust</b>	<b>7,791</b>	<b>7,484</b>
<b>Total cash and cash equivalents</b>	<b>55,240</b>	<b>44,233</b>

*Cash and Cash Equivalents*

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

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





## NOTE 6.3 COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
<b>Capital expenditure commitments</b>		
Not later than one year	16,868	18,539
Later than one year but not later than five years	6,120	6,419
<b>Total</b>	<b>22,988</b>	<b>24,958</b>
<b>Operating expenditure commitments</b>		
Not later than one year	11,036	9,859
Later than one year but not later than five years	17,396	20,008
Five years or more	2,350	1,392
<b>Total</b>	<b>30,782</b>	<b>31,259</b>
<b>Non-cancellable short term and low value lease commitments</b>		
Not later than one year	829	976
Later than one year but not later than five years	2,463	3,086
Five years or more	5	422
<b>Total</b>	<b>3,297</b>	<b>4,484</b>
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>56,957</b>	<b>60,701</b>
Less GST recoverable from the Australian Taxation Office	5,178	5,518
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>51,779</b>	<b>55,183</b>

Future lease payments are recognised on the balance sheet, refer to Note 6.1 Borrowings.

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 by way of a note 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 individual 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**

Barwon Health discloses short term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 for further information.

## Note 7: Risk, contingencies and valuation uncertainties

Barwon Health is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the hospital is related mainly to fair value determination.

### STRUCTURE

- 7.1 Financial instruments
- 7.2 Financial risk management objectives and policies
- 7.3 Contingent assets and contingent liabilities

### NOTE 7.1 FINANCIAL INSTRUMENTS

#### *Financial instruments*

Financial instruments arise out of the contractual agreements that give rise to financial assets, financial liabilities or equity instruments of Barwon Health. Due to the nature of Barwon Health's activities, certain financial assets and financial liabilities, such as taxes, arise under statute rather than a contract and therefore do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentation*.

#### (A) CATEGORISATION OF FINANCIAL INSTRUMENTS

CONSOLIDATED 2021	FINANCIAL ASSETS AT AMORTISED COST \$'000	FINANCIAL ASSETS THROUGH OCI \$'000	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST \$'000	TOTAL \$'000
<b>Financial assets</b>				
Cash and Cash Equivalents	55,240	-	-	55,240
Receivables	75,657	-	-	75,657
Investments and other financial assets	1,457	28,818	-	30,275
<b>Total financial assets<sup>i</sup></b>	<b>132,354</b>	<b>28,818</b>	<b>-</b>	<b>161,172</b>
<b>Financial liabilities</b>				
Payables	-	-	36,846	36,846
Refundable Accommodation Deposits	-	-	24,112	24,112
Residential Patient Monies held in Trust	-	-	1,090	1,090
Borrowings	-	-	9,159	9,159
<b>Total financial liabilities<sup>i</sup></b>	<b>-</b>	<b>-</b>	<b>71,207</b>	<b>71,207</b>

<sup>i</sup> The carrying amount excludes statutory receivables (i.e. GST receivable) and statutory payables (i.e. Revenue in Advance and DH payable).

**(A) CATEGORISATION OF FINANCIAL INSTRUMENTS (CONTINUED)**

CONSOLIDATED 2020	FINANCIAL ASSETS AT AMORTISED COST \$'000	FINANCIAL ASSETS THROUGH OCI \$'000	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST \$'000	TOTAL \$'000
<b>Financial assets</b>				
Cash and Cash Equivalents	44,233	-	-	44,233
Receivables	73,980	-	-	73,980
Investments and other financial assets	167	27,175	-	27,342
<b>Total financial assets<sup>i</sup></b>	<b>118,380</b>	<b>27,175</b>	<b>-</b>	<b>145,555</b>
<b>Financial liabilities</b>				
Payables	-	-	31,250	31,250
Refundable Accommodation Deposits	-	-	23,443	23,443
Residential Patient Monies held in Trust	-	-	1,010	1,010
Borrowings	-	-	10,285	10,285
<b>Total financial liabilities<sup>i</sup></b>	<b>-</b>	<b>-</b>	<b>65,988</b>	<b>65,988</b>

<sup>i</sup> The carrying amount excludes statutory receivables (i.e. GST receivable) and statutory payables (i.e. Revenue in Advance and DH payable).

**Categories of financial assets**

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

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

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

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

**FINANCIAL ASSETS AT AMORTISED COST**

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

- the assets are held by Barwon Health solely to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests on the principal amount outstanding on specific dates.

These assets are initially recognised at fair value plus any directly attributable transaction costs and are subsequently measured at amortised cost using the effective interest method less any impairment.

Barwon Health recognises the following assets in this category:

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

## NOTE 7.1 FINANCIAL INSTRUMENTS

### (A) CATEGORISATION OF FINANCIAL INSTRUMENTS (CONTINUED)

#### FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

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

- the assets are held by Barwon Health to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests

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

Barwon Health recognises the following assets in this category:

- investments in equity instruments.

#### *Categories of financial liabilities*

Financial liabilities are recognised when Barwon Health becomes a party to the contractual provisions to the instrument. Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified at fair value through profit or loss, in which case transaction costs are expensed to profit or loss immediately.

#### FINANCIAL LIABILITIES AT 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.

Barwon Health recognises the following liabilities in this category:

- payables (excluding statutory payables and contract liabilities)
- borrowings and
- other liabilities (including monies held in trust).

#### *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
- Barwon Health retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement or
- Barwon Health has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset or
  - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Where Barwon Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Barwon Health's continuing involvement in the asset.

#### *Derecognition of financial liabilities*

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

#### *Reclassification of financial instruments*

A financial asset is required to be reclassified between fair value between amortised cost, fair value through net result and fair value through other comprehensive income when, and only when, Barwon Health's business model for managing its financial assets has changed such that its previous model would no longer apply.

A financial liability reclassification is not permitted.

## NOTE 7.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

As a whole, Barwon Health's financial risk management program seeks to manage the risks and the associated volatility of its financial performance.

Details of the significant accounting policies and methods adopted, included the criteria for recognition, the basis of measurement, and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument above are disclosed throughout the financial statements.

Barwon Health's main financial risks include credit risk, liquidity risk and market risk. Barwon Health manages these financial risks in accordance with its financial risk management policy.

Barwon Health uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Accountable Officer.

### (A) CREDIT RISK

Credit risk refers to the possibility that a borrower will default on its financial obligations as and when they fall due. Barwon Health's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Barwon Health. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with Barwon Health's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, the health service is exposed to credit risk associated with patient and other debtors.

There has been no material change to Barwon Health's credit risk profile in 2020-21.

### (B) LIQUIDITY RISK

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

Barwon Health is exposed to liquidity risk mainly through the financial liabilities as disclosed in the face of the balance sheet and the amounts related to financial guarantees. The health service manages its liquidity risk by:

- close monitoring of its short-term and long-term borrowings by senior management, including monthly reviews on current and future borrowing levels and requirements
- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short-term obligations
- holding investments and other contractual financial assets that are readily tradeable in the financial markets and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

Barwon Health's exposure to liquidity risk is deemed insignificant based on prior periods' data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of investments and other financial assets.

The following table discloses the contractual maturity analysis for Barwon Health's financial liabilities. For interest rates applicable to each class of liability refer to individual notes to the financial statements.



## NOTE 7.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTINUED)

## (B) LIQUIDITY RISK (CONTINUED)

CONSOLIDATED	CARRYING AMOUNT \$'000	NOMINAL AMOUNT \$'000	MATURITY DATES				
			LESS THAN 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS - 1 YEAR \$'000	1-5 YEARS \$'000	OVER 5 YEARS \$'000
2021							
<b>Financial Liabilities</b>							
Trade Creditors and Other Payables	36,846	36,846	30,136	3,456	3,254	-	-
Refundable Accommodation Deposits	24,112	24,112	122	-	23,990	-	-
Residential Patient Monies held in Trust	1,090	1,090	216	226	648	-	-
Borrowings	9,159	9,159	219	438	2,084	4,911	1,507
<b>Total financial liabilities</b>	<b>71,207</b>	<b>71,207</b>	<b>30,693</b>	<b>4,120</b>	<b>29,976</b>	<b>4,911</b>	<b>1,507</b>

CONSOLIDATED	CARRYING AMOUNT \$'000	NOMINAL AMOUNT \$'000	MATURITY DATES				
			LESS THAN 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS - 1 YEAR \$'000	1-5 YEARS \$'000	OVER 5 YEARS \$'000
2020							
<b>Financial Liabilities</b>							
Trade Creditors and Other Payables	31,250	31,250	25,923	1,460	3,867	-	-
Refundable Accommodation Deposits	23,443	23,443	349	-	23,094	-	-
Residential Patient Monies held in Trust	1,010	1,010	188	285	537	-	-
Borrowings	10,285	10,285	192	384	1,841	5,864	2,004
<b>Total financial liabilities</b>	<b>65,988</b>	<b>65,988</b>	<b>26,652</b>	<b>2,129</b>	<b>29,339</b>	<b>5,864</b>	<b>2,004</b>

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

## (C) MARKET RISK

Barwon Health's exposures to market risk are primarily through interest rate risk, foreign currency risk and equity price risk, which are considered to have minimal impact.

## NOTE 7.3 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

## Note 8: Other disclosures

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

### STRUCTURE

- 8.1 Reconciliation of net result for the year to net cash from operating activities
- 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 sheet date
- 8.7 Controlled entities
- 8.8 Jointly controlled operation
- 8.9 Equity
- 8.10 Economic dependency

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic.

### NOTE 8.1 RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH FROM OPERATING ACTIVITIES

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Loss for the period	(11,759)	(31,730)
<b>Non-cash movements</b>		
Depreciation and amortisation	62,023	54,436
Loss allowance for receivables	(59)	(10)
Assets received free of charge	(9,053)	-
Gain on sale of Available-for-Sale Shares	(96)	174
Gain on sale of Property, Plant & Equipment	271	10
<b>Movements in assets and liabilities</b>		
Increase in employee benefits	8,746	5,946
(Decrease)/increase in trade creditors	(5,358)	(11,877)
Decrease/(increase) in patient fees receivable	(3,806)	594
Increase in inventories	(529)	(692)
Increase in Monies held in Trust	748	1,659
Increase in other payables	19,914	1,253
Decrease/(increase) in other receivables	(3,255)	9,110
<b>Net cash inflow from operating activities</b>	<b>57,787</b>	<b>28,873</b>

## NOTE 8.2 RESPONSIBLE PERSONS DISCLOSURES

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

RESPONSIBLE MINISTERS	PERIOD
<b>The Honourable Martin Foley:</b>	
Minister for Mental Health	1 July 2020 - 29 September 2020
Minister for Health	26 September 2020 - 30 June 2021
Minister for Ambulance Services	26 September 2020 - 30 June 2021
Minister for the Coordination of Health and Human Services: COVID-19	26 September 2020 - 9 November 2020
<b>The Honourable Jenny Mikakos:</b>	
Minister for Health	1 July 2020 - 26 September 2020
Minister for Ambulance Services	1 July 2020 - 26 September 2020
Minister for the Coordination of Health and Human Services: COVID-19	1 July 2020 - 26 September 2020
<b>The Honourable Luke Donnellan:</b>	
Minister for Child Protection	1 July 2020 - 30 June 2021
Minister for Disability, Ageing and Carers	1 July 2020 - 30 June 2021
<b>The Honourable James Merlino:</b>	
Minister for Mental Health	29 September 2020 - 30 June 2021

GOVERNING BOARD	PERIOD
Mr Brian Cook (Chair of the Board)	1 July 2020 - 30 June 2021
Mr Michael Feehan	1 July 2020 - 30 June 2021
Ms Jennifer Williams	1 July 2020 - 30 June 2021
Ms Robyn Davis	1 July 2020 - 30 June 2021
Ms Virginia Todd	1 July 2020 - 30 June 2021
Mr Jason Trethowan	1 July 2020 - 30 June 2021
Prof Brendan Crotty	1 July 2020 - 30 June 2021
Prof Edward Janus	1 July 2020 - 30 June 2021
Mr Stephen Elder	1 July 2020 - 30 June 2021

ACCOUNTABLE OFFICERS	PERIOD
Ms Frances Diver	1 July 2020 - 30 June 2021





*Dr Praveen Mayavel.*

#### *Remuneration of Responsible Persons*

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

	2021 NO.	2020 NO.
\$20,000 - \$29,999	-	1
\$40,000 - \$49,999	8	8
\$80,000 - \$89,999	1	1
\$440,000 - \$449,999	-	1
\$470,000 - \$479,999	1	-
<b>Total number of responsible persons</b>	<b>10</b>	<b>11</b>

	\$'000	\$'000
Total remuneration received, or due and receivable by Responsible Persons from Barwon Health for the year:	893	899

Amounts relating to the Governing Board Members and Accountable Officer of Barwon Health's controlled entities are disclosed in their own financial statements. Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

### NOTE 8.3 REMUNERATION OF EXECUTIVES

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

	2021 \$'000	2020 \$'000
Short-term employee benefits	2,337	2,180
Post-employment benefits	183	179
Termination benefits	91	115
<b>Total remuneration<sup>i</sup></b>	<b>2,611</b>	<b>2,474</b>
<b>Total number of executives</b>	<b>11</b>	<b>15</b>
<b>Total annualised employee equivalent<sup>ii</sup></b>	<b>8.9</b>	<b>8.4</b>

<sup>i</sup> The total number of executive officers include persons who meet the definition of Key Management Personnel (KMP) of Barwon Health under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

<sup>ii</sup> Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories:

#### Short-term employee benefits

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

#### Post-employment benefits

Pensions and other retirement benefits (such as superannuation guarantee contributions) paid or payable on a discrete basis when employment has ceased.

#### Other long-term benefits

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

#### Termination benefits

Termination of employment payments, such as severance packages.

### NOTE 8.4 RELATED PARTIES

Barwon Health is a wholly owned and controlled entity of the State of Victoria. Related parties of Barwon Health include:

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

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

#### Key Management Personnel

The Board of Directors and the Executive Directors of Barwon Health are deemed to be KMPs. Refer to Note 8.2 for Board of Directors and Accountable Officer. Executives are as follows:

Ms Amanda Cameron	Chief Operating Officer
Mr Cobus Lothringen	Chief Financial Officer
Mr Andrew Macfarlane	Chief Information Officer
Ms Bernadine McNamara	Legal Counsel
Dr Simon Woods	Chief Medical Officer
Ms Kate Gillan	Chief of Nursing & Midwifery (to 22 April 2021)
Ms Anna Burgess	Executive Director, Strategy & Planning
Ms Lee Jeffery	Chief of Workforce & Culture
Ms Alison Patrick	Interim Chief Nursing and Midwifery Officer (from 23 April 2021)

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

COMPENSATION - KMPS	2021 \$'000	2020 \$'000
Short-term employee benefits	3,172	3,019
Post-employment benefits	241	239
Termination benefits	91	115
<b>Total<sup>i</sup></b>	<b>3,504</b>	<b>3,373</b>

<sup>i</sup> KMPS are also reported in Note 8.2 Responsible Persons and Note 8.3 Remuneration of Executives.

#### *Significant transactions with government related entities*

Barwon Health received funding from the DH of \$725.9m (2020: \$645.3m) and indirect contributions of \$6.8m (2020: \$10.9m). Balances outstanding as at 30 June 2021 are \$0.9m (2020: \$6.6m).

Expenses incurred by Barwon Health in delivering services and outputs are in accordance with HealthShare Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from the Victorian Managed Insurance Authority.

The Standing Directions of the Assistant Treasurer require Barwon Health 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 Victorian 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 the HealthShare Victoria and Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Barwon Health, there were no related party transactions that involved key management personnel, their close family members or their personal business interests, except for the transactions detailed below:

- Revenue for services provided to Colac Area Health; of which Ms Frances Diver's partner is Interim Director - Planning & Resources - \$2.7m (2020: \$3.1m)
- Services have been provided by Colac Area Health; of which Ms Frances Diver's partner is Interim Director - Planning & Resources - \$0.7m (2020: \$0.4m)
- Revenue for services (software expenses) provided to Northern Health; of which Jennifer Williams is a Director - \$19,000 (2020: \$19,000).

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 2021 (2020: none).

Except for the transactions listed below, there were no other related party transactions required to be disclosed for the Barwon Health Foundation Board of Directors in 2021 (2020: none).

**NOTE 8.4 RELATED PARTIES (CONTINUED)***Controlled entities related party transactions***BARWON HEALTH FOUNDATION**

The transactions between the two entities relate to reimbursements made by the Barwon Health Foundation to the Barwon Health for goods and services and the transfer of funds by way of distributions made to the health service. All dealings are in the normal course of business and are on normal commercial terms and conditions.

	2021 \$'000	2020 \$'000
Services provided to Barwon Health Foundation	604	2,102
Distributions/grants received from Barwon Health Foundation	3,429	511
Intercompany receivable/ (payable) from Barwon Health Foundation	1,906	(95)

**NOTE 8.5 REMUNERATION OF AUDITORS**

	CONSOLIDATED	
	2021 \$'000	2020 \$'000
Victorian Auditor-General's Office		
Audit of the financial statements	149	238
<b>Total remuneration of auditors</b>	<b>149</b>	<b>238</b>

**NOTE 8.6 EVENTS OCCURRING AFTER BALANCE SHEET DATE**

There were no events occurring after the balance sheet date.

**NOTE 8.7 CONTROLLED ENTITIES**

Barwon Health's interest in controlled operations are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

NAME OF ENTITY	COUNTRY OF INCORPORATION	EQUITY HOLDING
Barwon Health Foundation	Australia	n/a
Barwon Health Foundation Limited	Australia	n/a

The above controlled entities are consolidated in to the Barwon Health Financial Statements in line with AASB 10 Consolidated Financial Statements as it is deemed that Barwon Health retains control over the Foundation.

CONTROLLED ENTITIES CONTRIBUTION TO THE CONSOLIDATED NET RESULT FOR THE YEAR (NET OF DISTRIBUTIONS)	2021 \$'000	2020 \$'000
Barwon Health Foundation	63	5,209
Barwon Health Foundation Limited	-	-
	<b>63</b>	<b>5,209</b>

*Contingent Liabilities and Capital Commitments*

There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.



## NOTE 8.8 JOINTLY CONTROLLED OPERATION

NAME OF ENTITY	PRINCIPAL ACTIVITIES	OWNERSHIP INTEREST 2021 %	OWNERSHIP INTEREST 2020 %
South West Alliance of Rural Health (Vic)	Information Systems	48	49

Barwon Health interest in assets and liabilities of the above joint arrangements are detailed below. The amounts are included in the consolidated financial statements:

	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Cash and cash equivalents	4,946	4,229
Inventories	7	23
Receivables	1,807	3,396
<b>Total current assets</b>	<b>6,760</b>	<b>7,648</b>
<b>Non-current assets</b>		
Property, plant and equipment	3,973	2,792
Intangible assets	9	12
Other receivables	238	278
<b>Non-current assets</b>	<b>4,220</b>	<b>3,082</b>
<b>Total assets</b>	<b>10,980</b>	<b>10,730</b>
<b>Current liabilities</b>		
Other current liabilities	1,022	2,311
Payables	4,710	4,586
Lease liabilities	572	474
Employee benefits and related on-cost provisions	840	831
<b>Total current liabilities</b>	<b>7,144</b>	<b>8,202</b>
<b>Non-current liabilities</b>		
Employee benefits and related on-cost provisions	164	157
Lease liabilities	1,022	627
<b>Total non-current liabilities</b>	<b>1,186</b>	<b>784</b>
<b>Total liabilities</b>	<b>8,330</b>	<b>8,986</b>
<b>Net assets</b>	<b>2,650</b>	<b>1,744</b>
<b>Equity</b>		
Accumulated Surplus	2,650	1,744
<b>Total equity</b>	<b>2,650</b>	<b>1,744</b>

**NOTE 8.8 JOINTLY CONTROLLED OPERATION (CONTINUED)**

Barwon Health's interest in revenues and expenses resulting from joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2021 \$'000	2020 \$'000
<b>Revenue and income from transactions</b>		
Operating activities	7,213	5,440
Non-operating activities	23	1,354
<b>Total revenue and income from transactions</b>	<b>7,236</b>	<b>6,794</b>
<b>Expenses from transactions</b>		
Operating Expenses	(9,008)	(9,290)
<b>Total expenses from transactions</b>	<b>(9,008)</b>	<b>(9,290)</b>
<b>Net Result from transactions - Net Operating Balances</b>	<b>(1,772)</b>	<b>(2,496)</b>
<b>Other economic flows included in the Net result</b>		
Revaluation of Long Service Leave	44	(79)
<b>Total Other Economic Flows included in Net Result</b>	<b>44</b>	<b>(79)</b>
<b>Comprehensive result for the year</b>	<b>(1,728)</b>	<b>(2,575)</b>

\* Figures obtained from the unaudited South West Alliance of Rural Health annual report.

**Contingent Liabilities and Capital Commitments**

There are no known contingent liabilities held by the jointly controlled operations at balance date. There are nil capital commitments as at balance date (100% share) (2020: \$672,000).

**NOTE 8.9 EQUITY****Contributed capital**

Contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the Barwon Health.

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

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

**Financial assets at fair value through comprehensive income revaluation reserve**

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

**Specific restricted purpose reserves**

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

**NOTE 8.10 ECONOMIC DEPENDENCY**

Barwon Health is dependent on the DH for the majority of its revenue used to operate the entity. The DH has provided confirmation that it will continue to provide Barwon Health adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2022. On that basis, the financial statements have been prepared on a going concern basis.

# DISCLOSURE INDEX

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

LEGISLATION	REQUIREMENT	PAGE REF.
<b>MINISTERIAL DIRECTIONS</b>		
<i>Report of Operations</i>		
<b>Charter and purpose</b>		
FRD 22I	Manner of establishment and the relevant Ministers	1
FRD 22I	Purpose, functions, powers and duties	1
FRD 22I	Nature and range of services provided	14
FRD 22I	Activities, programs and achievements for the reporting period	7
FRD 22I	Significant changes in key initiatives and expectations for the future	2
<b>Management and structure</b>		
FRD 22I	Organisational structure	
FRD 22I	Workforce data/ employment and conduct principles	
FRD 22I	Occupational Health and Safety	
<b>Financial information</b>		
FRD 22I	Summary of the financial results for the year	
FRD 22I	Significant changes in financial position during the year	
FRD 22I	Operational and budgetary objectives and performance against objectives	
FRD 22I	Subsequent events	
FRD 22I	Details of consultancies under \$10,000	
FRD 22I	Details of consultancies over \$10,000	
FRD 22I	Disclosure of ICT expenditure	
<b>Legislation</b>		
FRD 22I	Application and operation of <i>Freedom of Information Act 1982</i>	
FRD 22I	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	
FRD 22I	Application and operation of <i>Public Interest Disclosure Act</i> (Updated 2020-2021)	
FRD 22I	Statement on National Competition Policy	
FRD 22I	Application and operation of <i>Carers Recognition Act 2012</i>	
FRD 22I	Summary of the entity's environmental performance	
FRD 22I	Additional information available on request	
<b>Other relevant reporting directives</b>		
FRD 25D	Local Jobs First Act disclosures	
SD 5.1.4	Financial Management Compliance attestation	
SD 5.2.3	Declaration in report of operations	
<b>Attestations</b>		
	Attestation on Data Integrity	
	Attestation on managing Conflicts of Interest	
	Attestation on Integrity, fraud and corruption	
<b>Other reporting requirements</b>		
	Reporting of outcomes from Statement of Priorities 2020-2021	
	Occupational Violence reporting	
	Gender Equality Act	
	Asset Management Accountability Framework	
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	
	Reporting of compliance regarding Car Parking Fees	



## Independent Auditor's Report

### To the Board of Barwon Health

<b>Opinion</b>	<p>I have audited the consolidated financial report of Barwon Health (the health service) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> <li>• consolidated entity and health service balance sheets as at 30 June 2021</li> <li>• consolidated entity and health service comprehensive operating statements for the year then ended</li> <li>• consolidated entity and health service statements of changes in equity for the year then ended</li> <li>• consolidated entity and health service cash flow statements for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• board members, accountable officer's and chief financial officer declaration.</li> </ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>



**Auditor's responsibilities for the audit of the financial report**

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

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

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

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  
29 September 2021



Dominika Ryan  
*as delegate for the Auditor-General of Victoria*



Olivia  
Clinical Nurse  
Specialist



Barwon  
Health





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