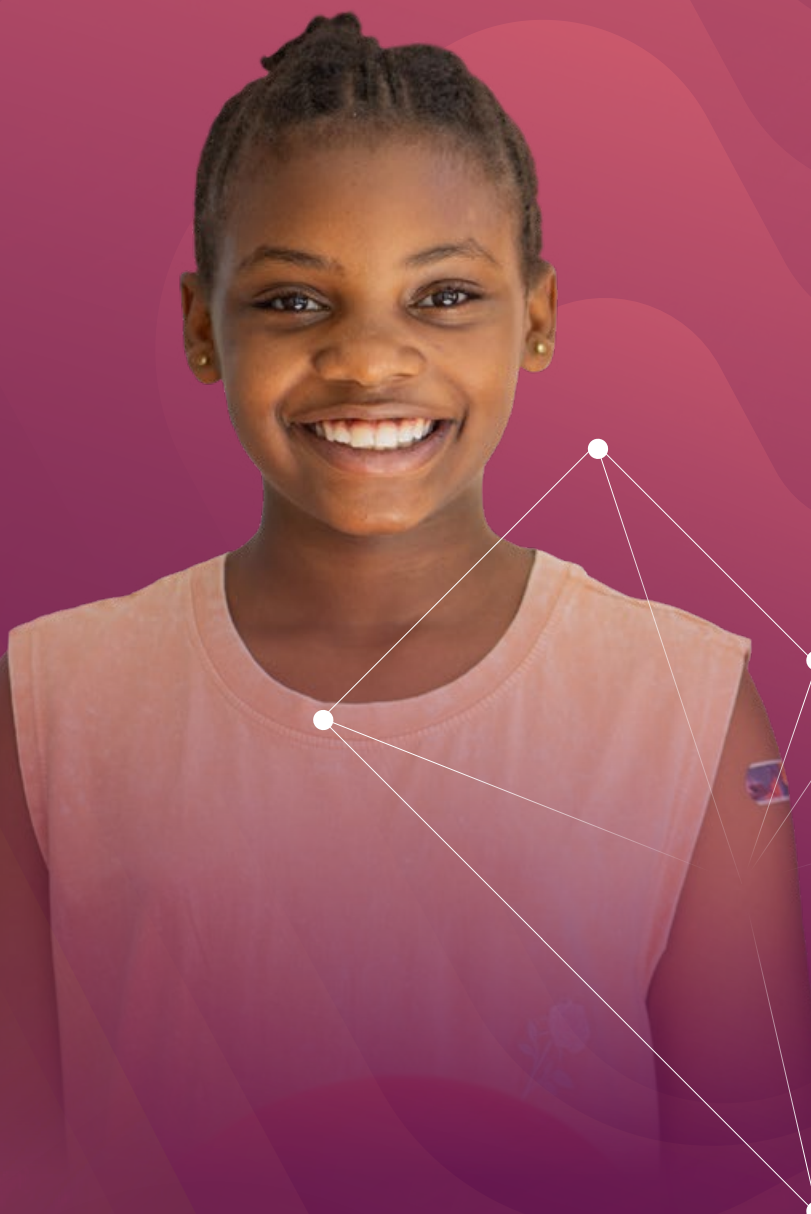


ANNUAL REPORT
2021-22



Barwon
Health

DELIVERING THE
BEST POSSIBLE CARE

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 Elders past, present and emerging.

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.

Be Proud

Barwon Health is committed to LGBTIQ+ inclusion



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.

Barwon Health is charged with delivering public healthcare to the 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 the Health Services Act 1988 (the Act).

THE RESPONSIBLE MINISTERS

From 1 July 2021 to 27 June 2022

The Hon Martin Foley MP

Minister for Health
Minister for Ambulance Services
Minister for Equality

From 27 June 2022 to 30 June 2022

The Hon Mary-Anne Thomas MP

Minister for Health
Minister for Ambulance Services

1 July 2021 to 27 June 2022

The Hon James Merlino MP

Minister for Mental Health

27 June 2022 to 30 June 2022

The Hon Gabrielle Williams MP

Minister for Mental Health

1 July 2021 to 11 October 2021

The Hon Luke Donnellan MP

Minister for Disability, Ageing and Carers

11 October 2021 to 6 December 2021

The Hon James Merlino MP

Minister for Disability, Ageing and Carers

6 December 2021 to 27 June 2022

The Hon Anthony Carbines MP

Minister for Disability, Ageing and Carers

27 June 2022 to 30 June 2022

The Hon Colin Brooks MP

Minister for Disability, Ageing and Carers

CONTENTS

MESSAGE FROM THE BOARD CHAIR AND CHIEF EXECUTIVE	2
REPORT OF OPERATIONS	4
Barwon Health at a glance	5
Barwon Women's and Children's	6
YEAR IN REVIEW	8
Highlights	9
Vision becomes a reality for McKellar Kids' Rehab	13
ABOUT BARWON HEALTH	15
Strategic plan summary	16
Nature and range of services	18
Administrative Structure of Barwon Health	21
Executive Team	22
Organisational structure	23
Workforce Data	25
Occupational Health and Safety	26
Occupational Violence	27
FINANCIAL INFORMATION	28
Report from the Chief Financial Officer	29
Consultancies information	32
Information and communication technology (ICT) expenditure	33
GENERAL INFORMATION, DISCLOSURES AND ATTESTATIONS	34
Disclosures required under legislation	35
Attestations and declarations	39
REPORTING OUTCOMES FROM STATEMENT OF PRIORITIES 2021-2022	40
Key health service performance priorities	44
State Funding	47
FINANCIAL REPORT	48

On the cover: Deborah, 10 (pictured with her grandma, Ntumba) received her COVID-19 vaccination at the Barwon Health Community Vaccination Hub in January 2022. Photographer: Hadeel Al-badran, Cultura.

MESSAGE FROM THE BOARD CHAIR AND CHIEF EXECUTIVE

There is much to celebrate at Barwon Health as we reflect on the achievements and health outcomes for our community in the 2021-22 financial year. While managing the impacts of the COVID-19 pandemic have been a core focus for the organisation we have made significant progress in restoring our services and providing 'catch up care'.

We have all enjoyed the lifting of restrictive public health measures, made possible by the high rates of vaccination and access to treatments for COVID-19. However, the ongoing transmission of COVID-19 in the community has created workforce challenges for us and we have needed to maintain some special measures for visitors in order to protect our staff, patients and residents.

We are now in year two of our five-year strategic plan, and we're pleased to see continued progress towards our long-term vision. We have released a new Clinical Services Plan together with our first Research Strategy and work is underway on a refreshed Digital Strategy and Workforce Plan. All of this work sets us up to provide better services and outcomes in the future.

There are numerous infrastructure projects in progress across Barwon Health however the major story of the year was the State Government's full funding commitment to build Barwon Women's and Children's, with more than \$500 million confirmed in the May 2022 State Budget. A great deal of work has gone into the planning for this new facility and this significant funding commitment is a recognition of the needs of our rapidly growing community.

We have now secured a site for the new Torquay Community Hospital (Barwon Health Surf Coast) development which is part of the Community Hospital Program. This facility will be situated on the corner of the Surf Coast Highway and South Beach Road near complementary community services, including local council offices, schools and childcare facilities.

Our elective surgery capacity has been improved as a result of a refurbishment of the operating theatres, wards and other support areas within Building B (the former Geelong Private Hospital).

In the past year, we've seen various initiatives evolve the McKellar Centre with new infrastructure, each project improving the services we offer the community. Bendigo Bank House is the new \$3.6 million state-of-the-art facility that is home to our paediatric rehabilitation service and was officially opened in April. This facility was funded by the Barwon Health Foundation Kid's Appeal through community donations. The new McKellar Mental Health and Wellbeing Centre is also on track for completion, adding 16 acute mental health beds in 2022, and early works have commenced on our Early Parenting Centre, also at the McKellar Centre.

There are multiple initiatives underway to improve mental health care delivery in the community. The five-storey central Geelong Mental Health and Wellbeing Hub (working title) is on track for completion next year. At University Hospital Geelong our Emergency Department's Mental Health Alcohol and Other Drugs Hub was completed earlier this year and the Swanston Centre Acute refurbishment has wrapped up, providing consumers a more comfortable setting for crisis mental health treatment and care.

We've also now had a full year of Mental Health Hospital in the Home offered to consumers, with very pleasing outcomes, and we've been able to see our Change to Improve Mental Health (CHIME) translational research partnership with Deakin University further developed, exploring evidence-based therapies to improve mental health outcomes.

It is part of our role as a regional health service in the Barwon South West (BSW) to deliver improved health outcomes to the whole community, the past year has seen Barwon Health taking steps to better support our rural partners. In particular, we have extended our partnership with Colac Area Health by successfully tendering to provide better access to medical imaging and youth mental health services.

The BSW Public Health Unit (BSWPHU) has been established for more than one year and this team's role has evolved through different phases of the pandemic, from work to prevent COVID-19 outbreaks to supporting people with COVID-19 in the community, through monitoring and providing access to anti-viral treatments. Planning is underway to consider the expanded role for the BSW PHU in other public health and prevention initiatives and we were pleased to welcome staff from the three Primary Care Partnerships (PCP) who have joined Barwon Health as part of the transition to integrate the PCP work with the BSWPHU.

In the context of the ongoing demands of the pandemic and the healthcare workforce shortages it's important to acknowledge the work of our staff. There has been a focus on recognition towards their commitment and resilience over the past years, with numerous well-being initiatives underway.

We have finished the financial year in a positive position with a net surplus of \$281k reflecting the additional funding support from Government to support unexpected costs associated with the pandemic as well as the careful financial management by the senior leadership group.

We'd also like to thank our consumer advisors and volunteers for their work and patience while working through another challenging year.

The Board Directors and senior leadership group, and all staff are to be congratulated for their commitment to the community over the past twelve months.

As we make steady progress towards living with COVID-19 we know there are more challenges ahead and we are confident our staff will continue to deliver the best possible care. It's been heartening to experience another year of support from our community partners, including the Barwon Health Foundation, and take stock of the progress we have made together to build a safer and healthier community.



Brian Cook
Chair



Frances Diver
Chief Executive



REPORT OF OPERATIONS

Barwon
Health

*Alannah Katzer,
Nurse Unit Manager*

BARWON HEALTH AT A GLANCE



75,174

EMERGENCY
DEPARTMENT
PRESENTATIONS



79,716

INPATIENT
ADMISSIONS



19,554

OPERATIONS



2,772

BABIES BORN



230,397

OUTPATIENT
APPOINTMENTS



8,377

STAFF
(HEAD COUNT)*



104,069

TELEHEALTH
CONSULTATIONS



215,073

COVID-19 TESTS



379,002

COVID-19 VACCINATION
DOSES (DOSE 1 & 2)

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 2022.

Brian Cook, Barwon Health Board Chair
Geelong 2 September 2022

* Staff head count includes staff on unpaid leave, parental leave and other extended leave. It also includes employees who have not accepted shifts in the month of June but remain active in our system.

BARWON WOMEN'S AND CHILDREN'S

Barwon Health's facilities for women's and children's services, including maternity, will be transformed with funding of more than \$500 million announced in the May 2022 State Budget.

Barwon Women's and Children's will be built within the University Hospital Geelong precinct, near the existing Bellerine Centre, the current home of Barwon Health's maternity services and specialist (outpatient) clinics.

The project will include some new construction and some refurbishment, with the detail of this to be worked through over the next 12 months.

Barwon Women's and Children's is the largest single infrastructure project in Barwon Health's history and will support the delivery of integrated healthcare that is family friendly, culturally safe, best practice, safe, high quality and accessible.

The project will create additional capacity to meet demand with the following improvements:

- Additional maternity inpatient beds.
- Additional paediatric multi-day/same day inpatient beds.
- Additional special care nursery cots.
- Additional birth suites.
- Additional operating theatres.
- Expanded paediatric and maternity specialist clinic facilities.
- Expanded maternity assessment unit.

This announcement includes a \$100 million State Government election commitment in 2018, and a \$50 million Commonwealth Government contribution.

The Hon Daniel Andrew MP, Premier of Victoria and University Hospital Geelong Children's Ward Nurse Unit Manager Sandra Van Roon





YEAR IN REVIEW
- HIGHLIGHTS

JULY 2021

CONSTRUCTION COMMENCES ON MCKELLAR MENTAL HEALTH AND WELLBEING UNIT

The facility will provide 16 acute mental health beds and community-based care from a contemporary, safe and high-quality hospital setting.

EMERGENCY DEPARTMENT REDEVELOPMENT

The first stage in the redevelopment opens with a new triage and waiting area.

ROOM 64 PODCAST ACKNOWLEDGES NAIDOC WEEK

An episode of Room 64 - A Palliative Care Podcast acknowledges NAIDOC Week with Deeanna's story about her mum Mary, both proud Indigenous women, and their experience in the Palliative Care Unit at Barwon Health.

PUBLICATION OF 'YOU CAN ASK THAT' VIDEO

As part of Reconciliation Week, a video was published across social media channels that focussed on what it means to be an Indigenous Australian in 2021.

COMMUNITY AMBASSADORS UNITE TO SPREAD VACCINATION MESSAGE

Barwon Health Community Hero campaign, supported by the Geelong Advertiser, spread a 'call to arms' message to get everyone across Geelong and the Surf Coast vaccinated.

COVID-19 OUTBREAK RESPONSE POP UP IN BARWON HEADS

A pop up COVID-19 testing site was established in response to an outbreak at Barwon Heads Primary School. The drive-through testing site was set up in 24 hours to meet the needs of the community.

DRY JULY FUNDRAISING

The Barwon Health Foundation Dry July fundraising campaign achieved a record result, raising \$165,000 to support patients undergoing treatment for cancer.

MCKELLAR CENTRE PALLIATIVE CARE UNIT GARDEN REFURBISHMENT OPENED BY THE HON. RICHARD MARLES MP, MEMBER FOR CORIO

A project made possible by the hard work of the Geelong Corio Bay Lions Club with grants from both the Commonwealth Government Stronger Communities Programme and the support of the Awesome Foundation Geelong resulted in a new tranquil space for palliative care patients and their loved ones.

AUGUST 2021

COLLABORATION WITH LOCAL MULTICULTURAL COMMUNITIES

Our partnership with Diversitat (now known as Cultura) commenced to help ensure people from multicultural communities living in Geelong receive important information about the COVID-19 vaccination in their own language.

To improve support for Geelong's culturally and linguistically diverse (CALD) communities, Barwon Health and Diversitat collaborated to develop tools aimed at encouraging people to get the COVID-19 vaccine.

VACCINATION OUTREACH TO THE VULNERABLE

The Barwon South West Public Health Unit and The Geelong Salvos outreach team took the COVID-19 Vaccination Program to the streets, offering rough sleepers and those requiring food relief the opportunity to receive a vaccination at their mobile outreach van.

BARWON HEALTH WINS THE VICTORIAN HEALTH SERVICES BLOOD DRIVE

Barwon Health staff generously rolled up their sleeves almost 200 times to win the Victorian Health Services Blood Drive for the sixth year in a row!

From 1 April to 30 June Barwon Health took part in the annual drive, giving 197 donations. Collectively, health services across the state gave 2602 donations, saving 7806 lives.

POP UP TESTING SITE ESTABLISHED AT THE GEELONG SHOWGROUNDS

A partnership with Australian Clinical Labs (ACL) saw the rapid establishment of a community COVID-19 testing site in response to community demand.

SEPTEMBER 2021

SELFCARE SEPTEMBER – AN INITIATIVE OF THE BARWON HEALTH FOUNDATION COMMENCES

Over the month of September the Barwon Health Foundation provided support for our staff with care packages and coffee across our many sites.

OCTOBER 2021

300,000 REASONS TO CELEBRATE AS VACCINATION TARGETS MET

300,000th vaccination doses administered across the Barwon South West Region.

KEEP GEELONG STRONG LAUNCHED

Community mental health social media campaign launched and delivered over 12 weeks covering relevant topics, this collaborative, multi-agency campaign was designed to support the mental health and wellbeing of the Geelong community.

NEW EMERGENCY DEPARTMENT DIRECTOR APPOINTED

Dr Belinda Hibble becomes the first woman appointed as Director of the University Hospital Geelong Emergency Department.

FRANCES DIVER RECEIVES TOP AWARD

Frances Diver, Barwon Health Chief Executive, named as Business Leader of the Year at the annual Geelong Business Excellence Awards run by the Geelong Chamber of Commerce.

NOVEMBER 2021

TORQUAY COVID-19 TESTING RELOCATED

The Surf Coast's major COVID-19 testing site is relocated to Spring Creek Reserve, Torquay, allowing the resumption of normal services at Torquay Community Health Centre.

ADDRESSING FAMILY VIOLENCE IN THE WORKPLACE

As part of the 16 Days of Activism Against Gender-Based Violence, and part of the Keep Geelong Strong social media campaign, Barwon Health hosted an online panel to discuss how family violence is addressed in the workplace.

DECEMBER 2021

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.

COMMITTEE FOR GEELONG INAUGURAL FRANK COSTA LEADERSHIP AWARD

The Committee for Geelong announced Barwon Health's Chief Executive Frances Diver as the 2021 recipient of the Inaugural Frank Costa Leadership Award.

STUDENT NURSES BOOSTING THE COVID-19 RESPONSE

A total of 95 Registered Undergraduate Students of Nursing (RUSONs) commenced working across a number of pandemic response roles. RUSONs were able to gain valuable experience, including caring for COVID-19 patients on the wards.

JANUARY 2022

NEW CLINICAL DIRECTORATE

Public Health and Health Service Partnerships clinical directorate created. The creation of this new directorate is an important step forward in caring for the broader community in a co-ordinated way on matters of public health, such as the COVID-19 response.

CHILDREN'S VACCINATION ROLLOUT COMMENCES

A forest of protection was created as part of the COVID-19 vaccination rollout for children aged 5-11. Located at the Community Vaccination Hub on the former Ford Factory site, this service was well received by the community.

Opposite: Aaliya placing her leaf on the tree of protection at the Community Vaccination Hub at the former Ford Factory in Norlane





Jessica Rhook - Registered nurse

FEBRUARY 2022

VACCINATION ANNIVERSARY CELEBRATED

Twelve months on since the first COVID-19 vaccination was administered, the roll out has gone from strength to strength.

In partnership with rural health services, GPs and pharmacies across the Barwon South West, more than one million doses of vaccine have been administered to help keep communities protected against COVID-19.

The vaccination program has been a very successful journey for our local communities, with the region achieving high vaccination rates.

MARCH 2022

'THIS ONE'S FOR YOU' LAUNCHED

Staff wellbeing initiative launched to spark joy and show gratitude towards our dedicated workforce.

MENTAL HEALTH HOSPITAL IN THE HOME PROGRAM ACHIEVES FULL IMPLEMENTATION

This innovative program, a key recommendation of the Royal Commission into Mental Health Services is the first in the State to be fully operational, with all nine beds in use.

APRIL 2022

TENDER AWARDED FOR MEDICAL IMAGING IN COLAC

Barwon Health's medical imaging department, Barwon Medical Imaging (BMI), was announced as the successful tender applicant for imaging services at Colac Area Health.

RAPID ACCESS HUB FUNDING ANNOUNCED

\$5m funding announced for a new specialist procedural hub to help reduce waiting times for elective surgery.

BENDIGO BANK HOUSE OFFICIAL OPENING

Bendigo Bank House, home to McKellar Kids' Rehab, was officially opened.

MAY 2022

BARWON WOMEN'S AND CHILDREN'S PROJECT FUNDED

\$500+ million announced for Barwon Women's and Children's in the 2022-23 State Budget. Premier Daniel Andrews visited University Hospital Geelong to meet with Chief Executive Frances Diver and view the site before works commence later in 2022.

JUNE 2022

STAFF RECOGNISED VIA QUEEN'S BIRTHDAY HONOURS LIST

Dr Deb Friedman, Infectious Diseases Consultant, recognised with a Public Service Medal in Queen's Birthday Honours List.

CONSTRUCTION COMMENCES ON EARLY PARENTING CENTRE

Work commences on the Early Parenting Centre at the McKellar Centre. The Geelong Early Parenting Centre is being delivered by the Victorian Health Building Authority in partnership with Barwon Health. Once completed this service will be delivered by Barwon Health, modelled on the Tweddle Child and Family Health service model.

ANNOUNCEMENT OF LOCAL PARTNERSHIP TO CLOSE MENTAL HEALTH GAPS

A consortia made up of four organisations (Wathaurong Aboriginal Cooperative, Wellways, erma365 and Barwon Health) was awarded the tender to deliver the new Greater Geelong and Borough of Queenscliff local mental health and wellbeing service.

This service will improve access and tailored delivery of mental health care for adults aged 26 years and over in the Geelong and Queenscliff region.



Images of the new Bendigo Bank House interior and exterior features, together with (left to right) Sandra McLaglen and her grandson Braxton, and Therese Clark, McKellar Kids' Rehab Co-ordinator at the opening event.

VISION BECOMES A REALITY FOR MCKELLAR KIDS' REHAB

The \$3.6 million state-of-the-art Bendigo Bank House, home to McKellar Kids' Rehab was officially opened in April 2022.

Bendigo Bank House, home to McKellar Kids' Rehab, was funded entirely by the Barwon Health Foundation Kids Appeal through community donations.

In 2016, the team from McKellar Kids' Rehab approached local community fundraising group Our Women Our Children Volunteers with a project designed to support local kids recovering from injury or learning to live with a disability. This initial idea of a therapy garden developed into a much bigger project, with thanks to naming rights partner, Bendigo Bank joining with Our Women Our

Children Volunteers, and more than 2000 donors who collectively have made the dream for a new home for the McKellar Kids' Rehab service a reality.

The McKellar Kids' rehab team, now located in the new Bendigo Bank House, provide State Government funded specialist rehabilitation services for young people aged 0-25 who have sustained a traumatic brain injury, spinal injury, stroke or who require treatment after cancer or for other conditions such as cerebral palsy.



ABOUT BARWON HEALTH

STRATEGIC PLAN

We are now two years into the Strategic Plan for 2020 to 2025 and we are making inroads towards achieving our goals.

Once again our work and achievements have been against the backdrop of the pandemic; although it remains a constant element in our day-by-day activities it is the input from our staff, community, partners and supporters that needs to be commended for engaging with us on this ambitious 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 are 'future-ready' and prepared to maximise opportunities and address challenges as they present to us.

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.

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 8,377 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 regional health service, we provide leadership and tertiary referral services across the Barwon South West 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 the University Hospital Geelong Precinct in central Geelong, the McKellar Centre Precinct 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 on the former Ford Factory site in Norlane which was moved to be co-located with the Belmont Community Health Centre in May 2022.

Mental health, drugs and alcohol 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 provide residential aged care beds across two sites: Alan David Lodge in Charlemont, and three lodges within the McKellar Centre precinct in North Geelong, these include Percy Baxter Lodge, Wallace Lodge and Blakiston Lodge.

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.

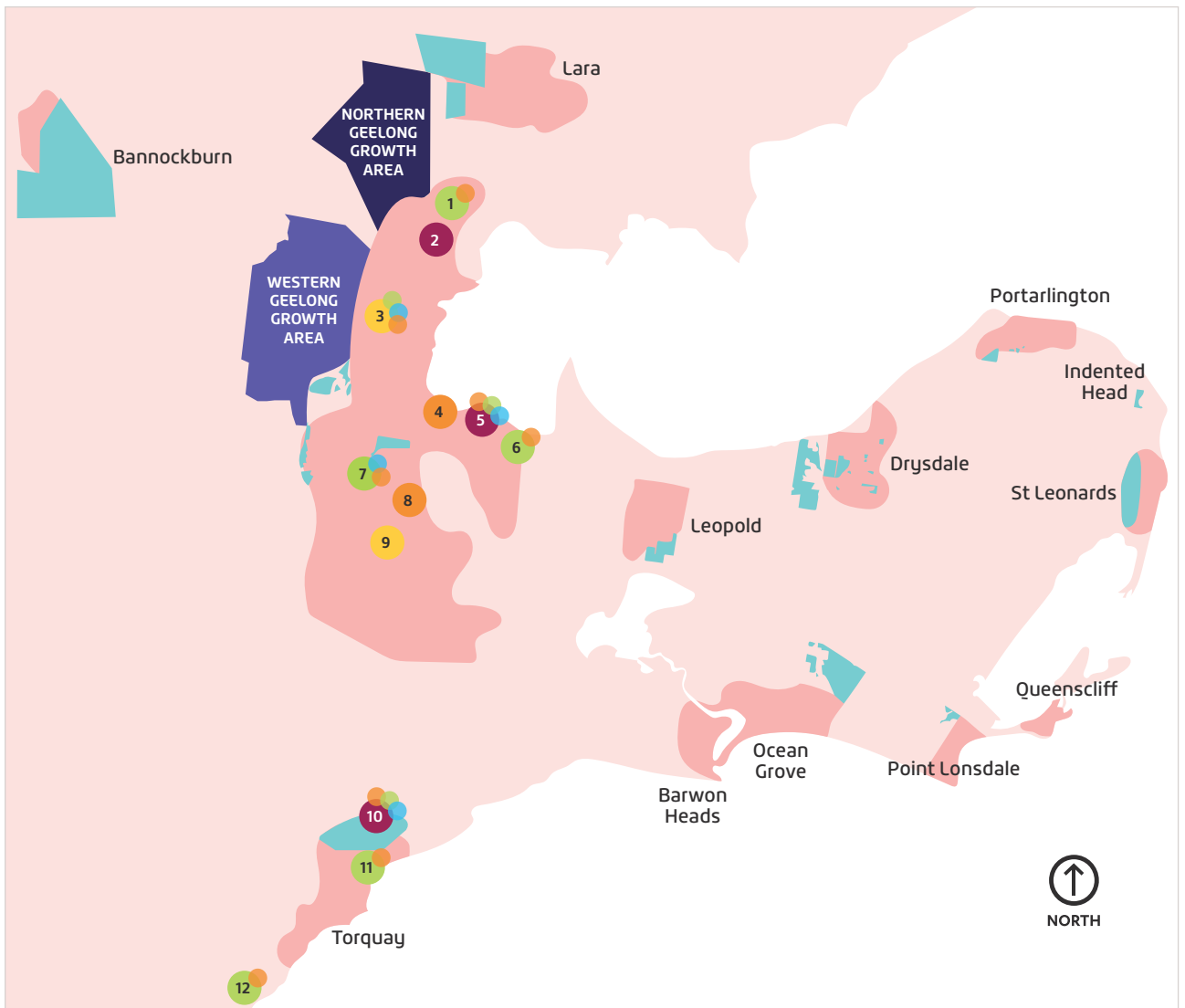
We have a public/private partnership with Epworth Health Care to deliver surgery, renal dialysis and day oncology services at Epworth Geelong. We provide health promotion programs that aim to improve the health and wellbeing of the population and address priorities in the Victorian Public Health and 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 health professionals across all disciplines, at all career stages. We are committed to the concept of 'grow our own'; resulting in a range of initiatives that 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



Hiro Sekine - Physiotherapist

ADMINISTRATIVE STRUCTURE OF BARWON HEALTH

BOARD OF DIRECTORS

Brian Cook (Chair)
 Michael Feehan (Deputy Chair)
 Clare Amies
 Brendan Crotty
 Stephen Elder
 Susan Sdrinis
 Virginia Todd
 Jason Trethowan
 Jennifer Williams

COMMITTEES

FINANCE COMMITTEE MEMBERS

Michael Feehan (Committee Chair)
 Brian Cook
 Brendan Crotty
 Jennifer Williams

AUDIT & RISK MANAGEMENT COMMITTEE MEMBERS

Jennifer Williams (Committee Chair)
 Clare Amies
 Stephen Elder
 Tony Brain (Independent Member)

PRIMARY CARE & POPULATION HEALTH COMMITTEE MEMBERS

Virginia Todd (Committee Chair)
 Clare Amies
 Brendan Crotty
 Stephen Elder
 Zoe Barnett
 Colin Bell
 Nic Brayshaw
 Rowena Clift
 Simon Flagg
 Julie Scheuber
 Elaine Williams

GOVERNANCE & REMUNERATION COMMITTEE MEMBERS

Brian Cook (Committee Chair)
 Michael Feehan
 Jennifer Williams

COMMUNITY ADVISORY COMMITTEE MEMBERS

Jason Trethowan (Committee Chair)
 Susan Sdrinis
 Virginia Todd
 Skye McGrath (Co-Chair)
 James Bell
 Wendy Bourke
 Bruce Butler
 Kim Edgar
 Carolyn Flett
 Piper Knox
 Alison Lewis-Nicholson
 Sharelle McQuirk
 Mutheinchri Ra

QUALITY, SAFETY & CLINICAL GOVERNANCE COMMITTEE MEMBERS

Brendan Crotty (Committee Chair)
 Jason Trethowan
 Susan Sdrinis

EXECUTIVE TEAM

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 Lothering
CA, B.Com, B.Compt (Hons)

CHIEF MEDICAL OFFICER

Simon Woods
MB BS FRACS MBA FCSHK AFACHSM

INTERIM CHIEF NURSING AND MIDWIFERY OFFICER

Alison Patrick
RN, RM, MBA

Interim Appointment 1 July 2021
to 12 September 2021

Ange Erwin
RN

Interim Appointment 27 September 2021
to 16 February 2022

CHIEF NURSING AND MIDWIFERY OFFICER

Ange Erwin
RN

17 February 2022 to present

CHIEF INFORMATION OFFICER

Andrew Macfarlane

CHIEF PEOPLE AND CULTURE OFFICER

Lee Jeffrey
B.Ed

CHIEF STRATEGY AND PLANNING OFFICER

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

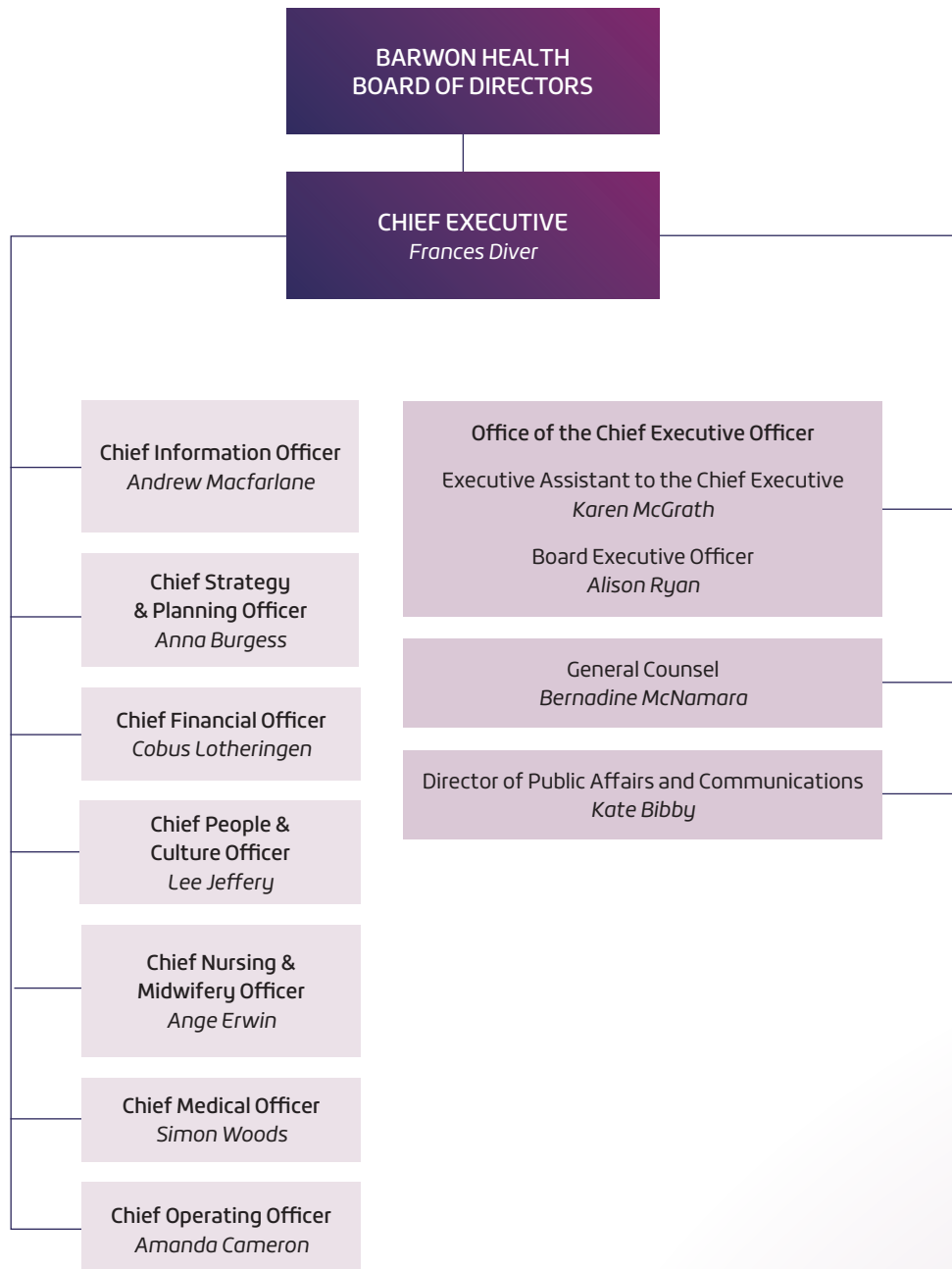
GENERAL COUNSEL

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

DIRECTOR PUBLIC AFFAIRS AND COMMUNICATIONS

Kate Bibby

ORGANISATIONAL STRUCTURE



Swans

Centre

EM

NO SMOKING

100% SMOKEFREE

Matt
Nurse
Barwon
Health

WE EMPLOYED
2,418 NURSES
(FTE) IN 2022 COMPARED
TO 2,176 IN 2021

WORKFORCE DATA

HOSPITAL LABOUR CATEGORY	JUNE CURRENT MONTH FTE		AVERAGE MONTHLY FTE	
	2021	2022	2021	2022
Administration & Clerical	853.28	885.74	801.27	925.56
Ancillary Support Services	441.69	514.65	428.75	497.61
Hospital Medical Officers	424.97	433.48	397.29	450.95
Hotel & Allied Services	578.38	599.00	571.61	635.11
Medical Officers	85.7	86.56	82.13	88.54
Medical Support Services	449.37	449.41	437.29	481.94
Nursing Services	2176.49	2418.52	2102.55	2338.44
Sessional Medical Officers	130.19	159.53	123.05	159.33

Note: The FTE figures required in the table are those excluding overtime. These do not include contracted staff (eg agency nurses, fee-for-service visiting medical officers) who are not regarded as employees for this purpose. The data is consistent with 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

Barwon Health complies with the Occupational Health and Safety Act 2004, and continues to implement measures designed to reduce safety incidents in the workplace, including occupational violence & aggression, manual handling and fatigue; whilst also actively promoting employee health and wellbeing in the workplace.

New initiatives for the year include:

- The successful development and implementation of several new Work Health and Safety (WHS) training programs such as: a manual handling training program for non-clinical staff; an online WHS training module for managers, focussing on a manager’s role in promoting and maintaining a positive safety culture in their department; and an online training module relating to the prevention and management of fatigue.
- The roll-out of a Critical Incident Response pilot at the Swanston Centre, to trial a new and evidence-based approach for supporting staff who have been affected by a traumatic workplace incident.
- The successful implementation of the Healthcare Worker Wellbeing grant to improve the mental health of healthcare workers, including training several staff as Mental Health First Aid (MHFA) instructors and scheduling monthly MHFA training courses for all staff.
- Implementation of the 'Be Well. Be Safe - Healthcare Worker Wellbeing Program' including values based competitions, team recognition events, a manager led rewards program and workplace infrastructure upgrades.
- Successfully implementing a third-party Employee Assistance Program (EAP).

OCCUPATIONAL HEALTH AND SAFETY DATA

OCCUPATIONAL HEALTH AND SAFETY STATISTICS	2021-2022	2020-2021	2019-2020
The number of reported hazards/incidents for the year per 100 FTE	51.37	52.56	49.48
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.73	0.76	0.34
The average cost per WorkCover claim for the ('000)	\$91,543	\$89,700	\$51,029

OCCUPATIONAL VIOLENCE

OCCUPATIONAL VIOLENCE STATISTICS

OCCUPATIONAL VIOLENCE STATISTICS	2021-2022
WorkCover accepted claims with an occupational violence cause per 100FTE	0.099
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.45
Number of occupational violence incidents reported	1,014
Number of occupational violence incidents reported per 100 FTE	20.1
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	38%

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 2021-2022.

LOST TIME

Defined as greater than one day.

INJURY, ILLNESS OR CONDITION

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



FINANCIAL INFORMATION

Dr Aarani Vithushen

REPORT FROM THE CHIEF FINANCIAL OFFICER

Barwon Health continued to overcome some major challenges in 2021-2022 including managing through the impacts of the COVID-19 pandemic and addressing deferred patient care in the context of significant workforce constraints. We were able to increase provision and extend the service base and successfully operated at a net surplus of \$281k for the financial year ended 30 June 2022.

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

- Bendigo Bank House, home to the McKellar Kids' Rehab service, supporting local kids recovering from injury or learning to live with a disability.
- McKellar Mental Health & Wellbeing Centre – a new sixteen bed acute mental health inpatient unit.
- Swanston Centre Mental Health Acute Unit refurbishment works.
- Emergency Department, completion of a refurbished triage area and waiting room, together with a Mental Health, Alcohol and Other Drugs Hub.
- Investment in the da Vinci robotic surgical system.
- Continued works on Building B (former Geelong Private Hospital), which includes an additional four theatres, 40 inpatient beds and specialist consulting rooms. Work is ongoing to expand the sterilising services, update patient amenities and refurbishment of staff spaces.

Another busy construction period is planned for 2022-2023 with planning and construction ongoing for a number of major capital funded projects including early works for Barwon Women's & Children's, Early Parenting Centre at the McKellar site, a separate Paediatric Emergency Department, Torquay Community Hospital (Barwon Health Surf Coast) and the central Geelong Mental Health and Wellbeing Hub (working title).

Barwon Health has maintained a healthy balance sheet throughout the financial year with solvency and liquidity ratios in excess of target levels and debtors and creditors days were well managed and within the required target levels.

Operationally, staff labour costs increased to \$723 million for the year mainly due to additional FTE required as part of the COVID-19 response and the expansion of surgical services in Building B and the establishment of more home-based sub-acute programs. There was also a significant increase in Mental Health, Alcohol and Other Drug staff to support new programs. Overall, labour costs grew by 11.8 per cent from 2021/2022, while non-labour costs increased by 7.5 per cent (mainly driven by COVID-19 related costs).

Consistent with 2020-21 high costs were incurred for pathology testing whilst third party revenue has been depressed due to the pandemic. Most cost impacts that were related to the COVID-19 pandemic have been additionally funded by the Department of Health.

The Barwon Health Foundation delivered net income from fundraising and investments (excluding revaluations) of \$2.6 million with a number of fundraising events and major donations received to assist Barwon Health.

The cash rate increased by 60 basis points since June 2021, which was seen particularly in Q4, resulting in slightly improved returns on interest earned on cash and investment fund accounts. This is expected to continue in 2022-23.



Cobus Lotheringen
Chief Financial Officer

FINANCIAL INFORMATION

	2022 \$'000	2021 \$'000	2020 \$'000	2019 \$'000	2018 \$'000
OPERATING RESULT*	281	283	212	270	2,435
Total revenue	1,053,122	908,292	840,557	811,106	743,704
Total expenses	(1,030,911)	(929,179)	(869,391)	(817,214)	(755,672)
Net result from transactions	22,211	(20,887)	(28,833)	(6,108)	(11,968)
Total other economic flows	(932)	9,128	(2,897)	(5,300)	(454)
Net result	21,279	(11,759)	(31,730)	(11,408)	(12,422)
Total assets	1,127,186	947,711	922,184	923,093	728,244
Total liabilities	345,584	277,324	253,973	227,086	206,569
Net assets/Total equity	781,602	670,387	668,211	696,007	521,675

*The operating result is the result for which Barwon Health is monitored in the Statement of Priorities.

RECONCILIATION BETWEEN THE NET RESULT FROM TRANSACTIONS TO THE STATEMENT OF PRIORITIES OPERATING RESULT

	2022 \$'000
Net operating result	281
Capital purpose income	84,798
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	9,266
State supply items consumed up to 30 June 2022	368
Assets received free of charge	117
Expenditure for capital purpose	(11,164)
Depreciation and amortisation	(61,455)
Net result from transactions	22,211



Mercy, 7 years old,
Karen Community

CONSULTANCIES INFORMATION

DETAILS OF CONSULTANCIES (UNDER \$10,000)

In 2021-2022, there were 20 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2021-2022 in relation to these consultancies is \$ 111,751 (excl. GST).

DETAILS OF CONSULTANCIES (VALUED AT \$10,000 OR GREATER)

In 2021-2022, there were 11 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2021-2022 in relation to these consultancies is \$614,206 (excl GST). Details of individual consultancies are available upon request and are subject to Freedom of Information Legislation.

CONSULTANCIES OVER \$10,000

CONSULTANT	PURPOSE OF CONSULTANCY	TOTAL APPROVED PROJECT FEE	EXPENDITURE 2021-2022	FUTURE EXPENDITURE
		(EXCL. GST)	(EXCL. GST)	(EXCL. GST)
Deloitte	Pathology service consultation	238,513	210,000	28,513
JB Were	Investment Portfolio Advice and Management	69,015	69,015	-
Open Advisory Pty Ltd	Strategic Clinical Services Plan 2020-30	66,497	66,497	-
Barwon Water	Renewable Energy project	46,291	46,291	-
Nous Group	Deakin & Barwon Health - Innovation Precincts joint collaboration	45,565	45,565	-
PharmConsult Pty Ltd	RFP for a preferred pharmaceutical wholesaler to Barwon Health Project	38,690	38,690	-
Ernst & Young	Business case to incorporate the updated car park design and costings	30,300	30,300	-
Organisations By Design Pty Ltd	Workforce and Org Readiness Review and Report	25,800	25,800	-
Power Solutions DTD Pty Ltd	Power Health Implementation Planning Study	25,000	25,000	-
Acumentity Australia Pty Ltd	Central Resource Unit review	24,300	24,300	-
ByMany Pty Ltd	Workshop Facilitation consultant	20,350	20,350	-



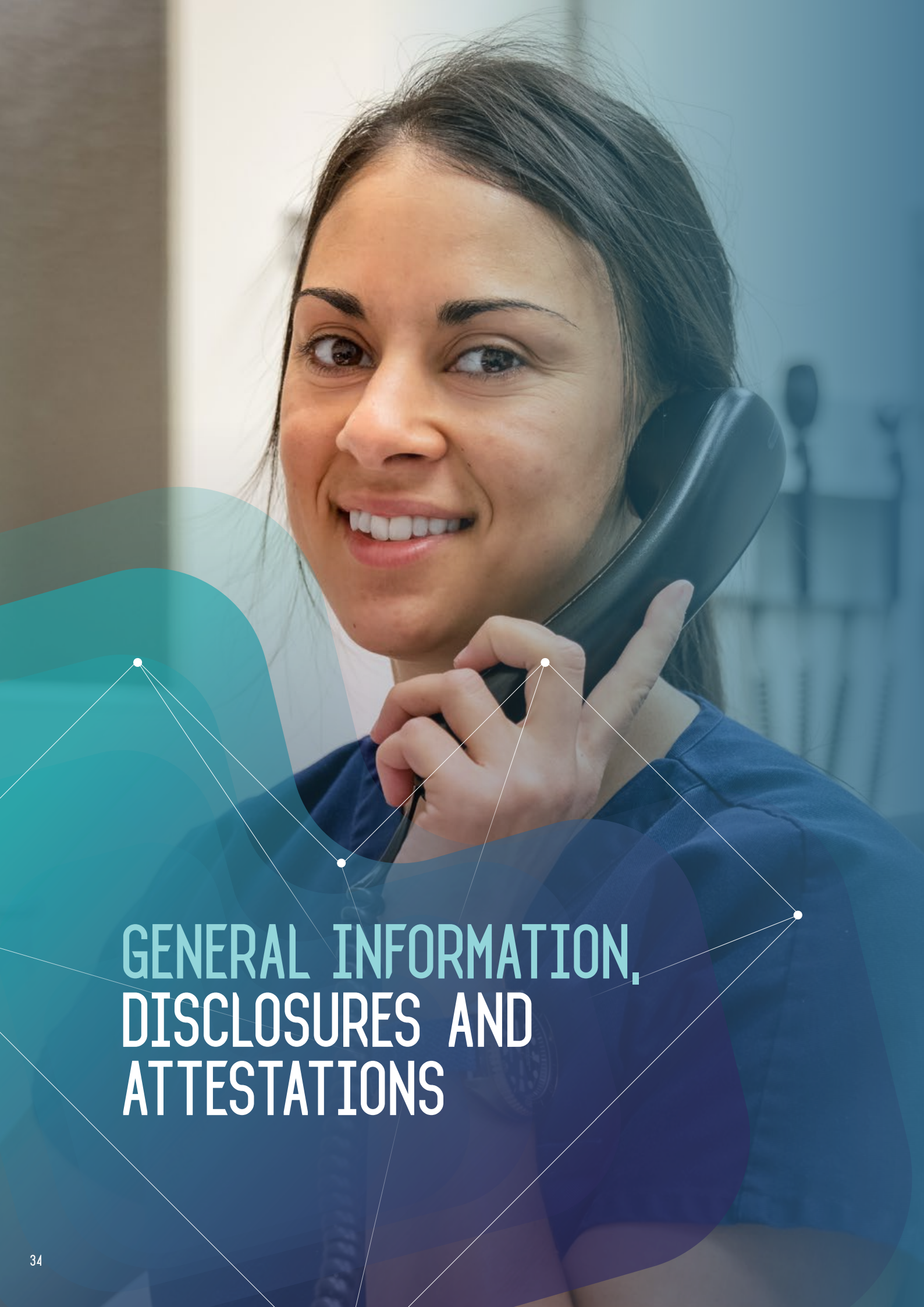
Laura Morrison, Senior Speech Pathologist Residential Aged Care

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2021-2022 is \$27.2 million (excluding gst) with the details shown below.

ICT EXPENDITURE

BUSINESS AS USUAL (BAU) ICT EXPENDITURE	NON-BUSINESS AS USUAL (NON BAU) ICT EXPENDITURE		
	Total (Excluding GST)	Total Operational Expenditure and Capital Expenditure (excluding GST)	Operational Expenditure (excluding GST)
\$26.7 million	\$0.5 million	\$0.2 million	\$0.3 million



GENERAL INFORMATION, DISCLOSURES AND ATTESTATIONS

DISCLOSURES REQUIRED UNDER LEGISLATION

FREEDOM OF INFORMATION ACT 1982

The Freedom of Information Act 1982 (Vic) 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 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 \$30.60 is waived for applicants who demonstrate impecuniousness, hardship or hold a pension/health care card. The total production cost varies according to the number and types of documents required and method of production.

In the 2021-2022 financial year 1040 requests were received; the majority of which came from solicitors on behalf of patients, TAC, insurance companies and patients themselves. Barwon Health provides an annual report on all request to the Office of the Victorian Information Commissioner.

BUILDING ACT 1993

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 trade 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.

PUBLIC INTEREST DISCLOSURE ACT 2012

Under the Public Disclosures Act Barwon Health cannot accept protected disclosures. Barwon Health has a written procedure informing staff of this and providing contact details for IBAC.

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.

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 engaged in the following green initiatives during the year:

- Barwon Health entered into a Power Purchasing Agreement with the Mt Gellibrand Windfarm in collaboration with Geelong Port and Barwon Water. The agreement will provide Barwon Health with 15 gigawatt hours of clean electricity annually for the next decade. This will allow Barwon Health to reduce its total greenhouse gas emissions by around 70% or 14,700 tonnes per year. The agreement will commence in December 2022.
- Barwon Health signed up to join the Global Green and Health Hospitals (GGHH) movement. The GGHH is an international platform that assists members to reduce their environmental impact in order to improve public health.

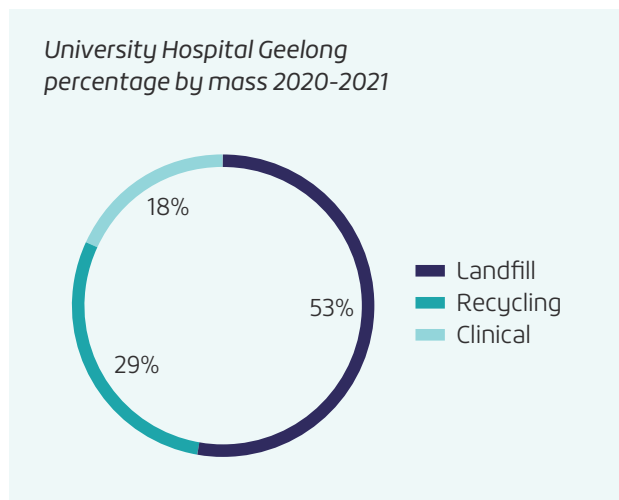
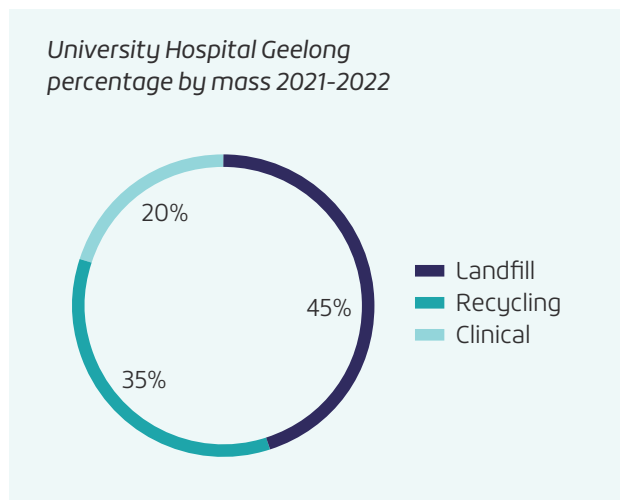
- Barwon Health is developing an Environmental Management Plan that sets targets and direction for the organisation to move forward with environmental leadership, sustainable buildings, green procurement, sustainable travel and transport, waste management and recycling, water and energy efficiency, greenhouse gas emissions and climate adaptation.
- The appointment of a Regional Environmental Sustainability Manager to collaboratively work with the twelve public health services in the Barwon South West Region on environmental programs.

WASTE REDUCTION

Barwon Health has made a commitment to corporate social responsibility. All staff are encouraged to participate, identify and investigate innovative recycling projects.

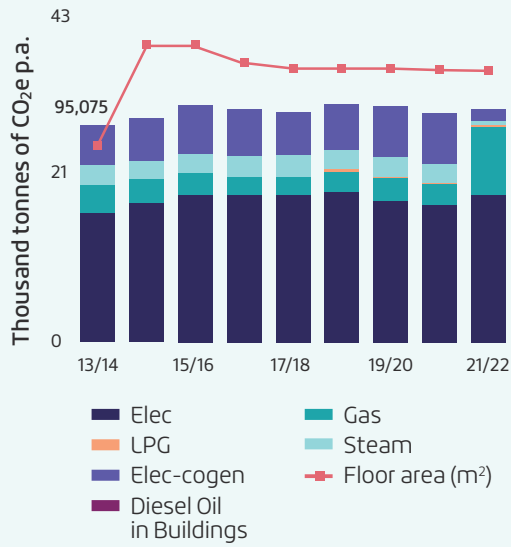
Each department is encouraged to set-up their own focus group to develop a structured waste reduction plan suitable to their needs.

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.

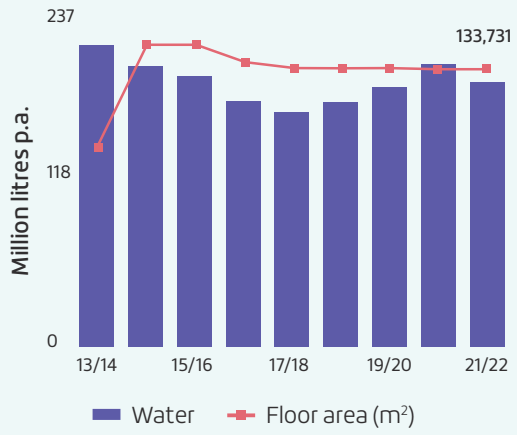


Environmental impacts

CARBON EMISSIONS



WATER USE



Brendan and Michaela - Falls Awareness Month



ADDITIONAL INFORMATION AVAILABLE ON REQUEST

Details in response to the items listed below have been retained by Barwon Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to Freedom of Information requirements, if applicable).

- A statement of declarations of pecuniary interest have been duly completed by all relevant officers.
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Of publications produced by the entity about itself, and how these can be obtained.
- Details of changes in prices, fees, charged, rates and levies charged by the entity.
- Details of any major external reviews carried out on the entity.
- Details of major research and development activities undertaken by the entity.
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- A general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes.
- A list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved.
- Details of all consultancies and contractors including:
 - Consultants / contractors engaged.
 - Services provided.
 - Expenditure committed to 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 2021-2022, Barwon Health commenced four Local Jobs First Standard projects. These projects were to Australian companies with 100% Australian based operations and servicing from Victorian based infrastructure.

Barwon Health also registered a further two projects with ICN where the value was less than \$1 million but a LIDP was completed as part of the project. One of these projects was awarded to an Australian company with 100% Australian based operations and servicing from Victorian based infrastructure and the other to an Australian and New Zealand company servicing from Victorian based operations.

Barwon Health did not conclude any Local Jobs First standard projects in 2021-2022.

GENDER EQUALITY ACT 2020 – 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 2022 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 2022-2025 GEAP includes short and longer term strategies and measures to make positive organisational change towards gender equality, based on the results of our workplace gender audit.

ATTESTATIONS AND DECLARATIONS

FINANCIAL MANAGEMENT COMPLIANCE

I, Brian Cook, on behalf of the Responsible Body, certify that Barwon Health 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
2 September 2022

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
2 September 2022

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. No reportable fraud was identified in the 2021-2022 financial year.



Frances Diver
Chief Executive, Barwon Health
2 September 2022

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 committees.



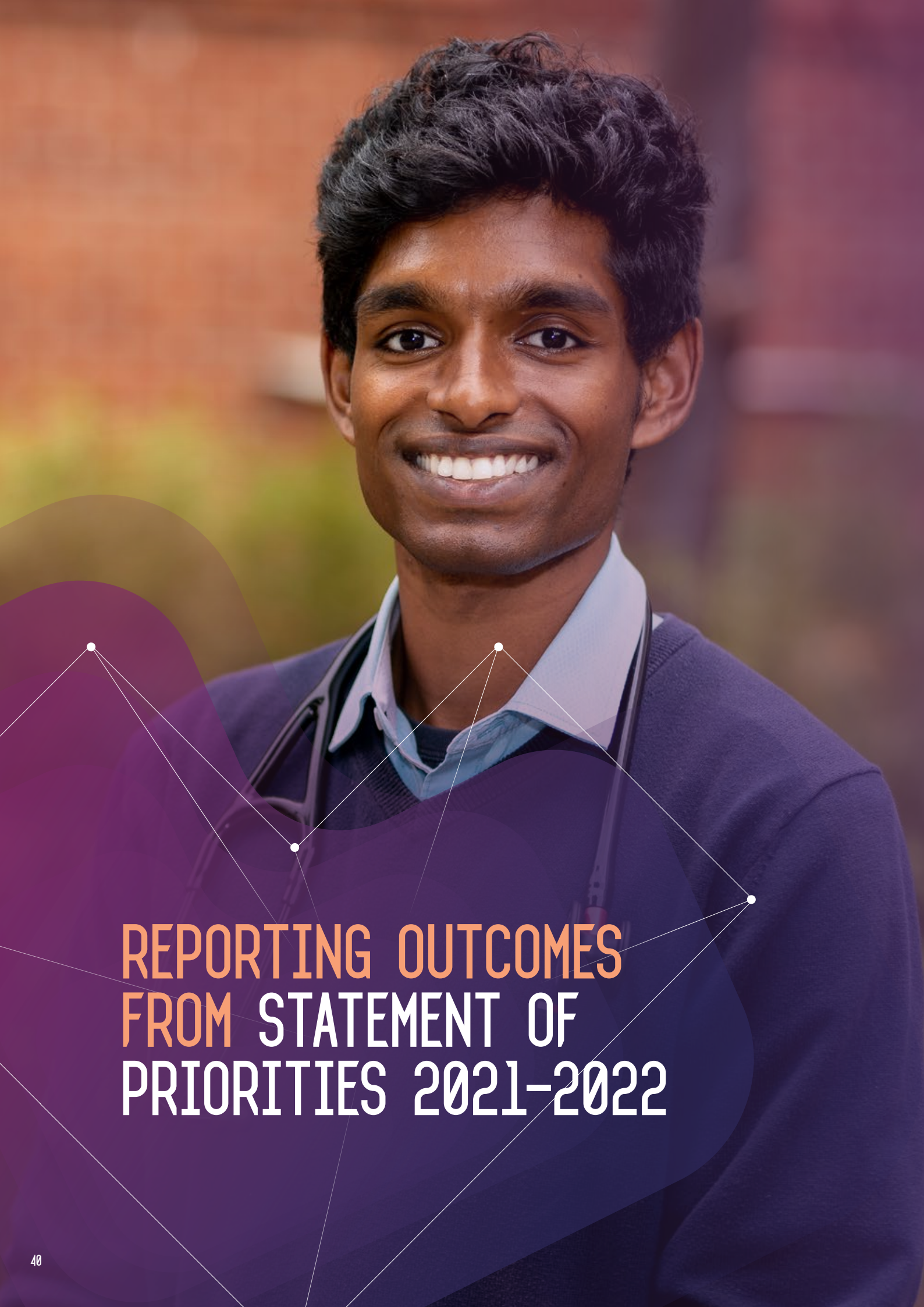
Frances Diver
Chief Executive, Barwon Health
2 September 2022

SAFE PATIENT CARE ACT 2015

Barwon Health rosters in accordance with 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 barwonhealth.org.au.



**REPORTING OUTCOMES
FROM STATEMENT OF
PRIORITIES 2021-2022**

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 and agreed with health services. This Statement outlines the goals for the year.

For financial year 2021-2022 there have been no individual deliverables that constitutes Statement of Priorities Part A due to the COVID-19 pandemic.

STRATEGIC PRIORITIES 2021-2022

COVID-19 PREPAREDNESS

A combined effort across the organisation saw Barwon Health lead an integrated COVID-19 response across the Barwon South West Region.

This collaborative approach saw the seamless delivery of care for COVID-19 patients with streaming to University Hospital Geelong for more complex patients whilst less acute patients were managed locally with support from Barwon Health Specialist teams. By working with the local private hospitals we were able to maintain a level of activity throughout the pandemic to meet the elective surgery needs.

Outbreak response across the region was in partnership with local health services and aged care providers and also resulted in closer working relationships with relevant local government agencies.

The following list provides a snapshot of activities undertaken by Barwon Health.

- 119,370 cumulative COVID 19 cases July 1 2021 - May 31 2022.
- 324,047 PCR tests performed by Barwon Health since July 2021. This includes in reach testing for vulnerable groups such as people living homeless and also people living in aged care.
- Provision of Rapid Antigen tests to vulnerable people.
- Managed more than 700 outbreaks across multiple settings; with a focus on Aged Care, Disability and Supported Residential Services.

- Supported people in the community who were positive with COVID-19 via a home monitoring service.
- Achieved vaccination rates above state average
 - 98% of 70+ received 3 doses (State wide - 90%)
 - 77% of eligible 16+ received 3 doses (State wide - 68%)
 - 64% of 5-11 received 1st dose (State wide - 60%); 44% received 2nd dose (State wide - 44%)
- Coordinated provision of vaccinations for private residential aged care centres.
- Established a new community vaccination centre in Belmont and decommissioned the former Ford Factory in Norlane as a mass vaccination centre.
- The Victorian Specialist Immunisation Service was established early in the pandemic to provide specialised immunisation advice and support for clinicians and patients with complex medical conditions.
 - Established a partnership with Pediatricians and Surgical Services to ensure access and equity.
- Commenced an antiviral roll out across region from February 2022 that saw us also lead a Health Care Workers initiative treatment pilot program
- Clinics were set up for the provision of Evusheld for pre-exposure prophylaxis for those at highest risk of disease progression.
- Development and implementation of COVAX App to support all steps in vaccination which was subsequently awarded Best Health Project in the 2022 iTnews Benchmark Awards.

119,370

CUMULATIVE COVID-19 CASES
JULY 1 2021 - MAY 31 2022



Smoking ceremony at Bendigo Bank House opening, home to McKellar Kids' Rehab

WORKING WITH OUR PARTNERS

Health Service Partnerships (HSP) were established in July 2021 and include the 12 public health services in the Barwon South West Region.

This collaboration model now has the HSP working together with other health services and consumers on a small number of strategic system priorities.

The 2021-22 strategic priorities for the Barwon South West region included:

- Improving elective surgery access by supporting the delivery of the state wide \$300 million Elective Surgery blitz and \$22 million Elective Surgery improvement program
- Implementation of the \$120.9 million Better at Home initiative
- Support for the Telehealth strategy.

The Better@Home program supports health services in treating more patients at home or closer to home.

This collaboration across the Barwon South West region has built upon the range of services delivered at home and via virtual care (telehealth) – video and remote patient monitoring.

At Barwon Health, the Better@Home program of work has supported the implementation of:

- New Hospital in the Home (HITH) services, including maternity, neonatal phototherapy and eating disorders service.
- Rehab@Home, including care enabled by video and remote patient monitoring, as well as care in the home.
- An ambulatory EEG (electroencephalography) service called EEG@Home, featuring mobile EEG and care enabled by video.
- Barwon Health has also worked with Colac Area Health to extend a GEM (Geriatric Evaluation and Management) service to patients in Colac via GEM@Home, with local staff providing care and Barwon Health clinicians providing both at-home care and virtual support.

CARING FOR OUR COMMUNITY AND CARING FOR THE VULNERABLE

Offering our community timely access to care is a constant focus at Barwon Health, and during times of high demand, this has required an innovative approach to treating patients. Barwon Health has recently created additional surgical capacity with new wards in Building B (the former Geelong Private), which in turn has improved flow throughout the hospital and improved the waiting times for patients of our Emergency Department. At times over the past year, we have partnered with private hospitals to manage some patients due to various factors, including the rolling back of elective surgeries during COVID-19 restrictions and workforce shortages due to the pandemic. These partnerships have been essential to managing the demand for elective surgery, particularly with pauses on elective surgery that have limited our capacity to work through the growing waiting list

RESPONDING TO THE MENTAL HEALTH ROYAL COMMISSION

Barwon Health's response to recommendations from the Mental Health Royal Commission has encompassed improvements to existing services, as well as investment in new facilities and new programs to deliver more tailored and targeted care to consumers. As the region's leading service provider, Barwon Health has also played a central role in supporting local mental health agencies to adapt services in response to the recommendations.

In September, we will open new mental health inpatient beds at the McKellar Mental Health and Wellbeing Inpatient Centre. These 16 additional beds, using a contemporary model of care, are a direct response to recommendations from the Royal Commission, and the unit has notably been designed without seclusion – a key step on the path to achieving the goal of eliminating seclusion across Victoria.

Barwon Health this year became the first service to fully implement the innovative Hospital in the Home program in Victoria, offering nine Mental Health at Home beds to more than 250 people so far. This State Government funded program provides consumers and their carers the opportunity to receive care in the comfort of home, without being separated from loved ones and familiar routines.

This year, Barwon Health was also chosen to lead the implementation of the new Local Mental Health and Wellbeing Service for Greater Geelong and Borough of Queenscliff, with partners Wathaurong Aboriginal Co-operative, Wellways, and ehma365. These new services are a key pillar of the Royal Commission reforms, and once established, will provide our community expanded new services. The service will eventually find its main home in our new Central Community Mental Health and Wellbeing Centre.

This five-storey, co-designed facility located in Moorabool Street will be ready in late 2023 and will serve as a beacon to the importance of providing our community with exemplary mental health services.

In addition to these initiatives, Barwon Health's workforce has significantly expanded with additional nurses, doctors, allied health and people of lived experience, the establishment of Our Lived Experience Network, the redesign of our community mental health services model of care, and continued delivery of vital specialist services.

Barwon Health remains on the leading edge of delivering transformational reform to the Mental Health, Drugs and Alcohol services provided to our communities. With an ongoing goal to realise the vision of the Royal Commission, Barwon Health is committed to ensuring the community experiences a system that supports all Victorians to experience their best mental health, now and into the future.

DELIVERING CULTURALLY SAFE CARE

Much work has been undertaken to reinforce the connections with Wathaurong Co-Operative and this has resulted in the signing of a new partnership agreement. This agreement sets out a clear path for the two organisations to work together with Traditional Owners and the broader community to achieve the best possible health and wellbeing outcomes for Aboriginal and Torres Strait Islander people in our region.

We are committed to championing cultural safety and learning from the past to shape a better future through a number of projects that are aligned with the National Closing the Gap Agenda.

With improved recording and reporting we have seen a growth in the number of employees who identify as Aboriginal or Torres Strait Islander.

We are also working hard with the new Aboriginal Employment Taskforce, co-chaired by Member for Geelong Christine Couzens MP and Senior Policy Advisor, Victorian Department of Families, Fairness and Housing, Sharelle McGuirk to address Aboriginal and Torres Strait Islander workforce issues across our region in partnership with a number of local businesses.

COVID-19 impacted our ability to deliver face-to-face Cultural Awareness Training for Barwon Health staff. The Department of Health issued online Cultural Awareness training package has been rolled out with work underway to contextualise with local content into modules three and four; these will include the Barwon Health online learning management system, 'GROW'.

STATEMENT OF PRIORITIES: KEY HEALTH SERVICE PERFORMANCE PRIORITIES

HIGH QUALITY AND SAFE CARE

KEY PERFORMANCE MEASURE	TARGET	RESULT
Infection prevention and control		
Hand hygiene	85%	88.4%
Healthcare worker immunisation (Influenza)	92%	95%*
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	92.4%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	80%	91.6%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	90%	93.4%
Potentially preventable infections		
Healthcare-associated surgical site infections - selected procedures	No Outliers	No Outliers
Healthcare-associated adult intensive care unit (ICU) infections, per 1,000 central line days	0.0	0.0
Healthcare-associated staphylococcus bacteraemia infections, per 10,000 bed days	1.0%	1.3%
Unplanned readmissions		
Unplanned readmissions for hip replacement, per 100 separations	6%	8.2%
Mental Health Care		
CAMHS - Percentage of closed community cases where the consumer had a new community case re-opened within six months	25%	8%
Adult - Percentage of closed community cases where the consumer had a new community case re-opened within six months	25%	21%
Aged - Percentage of closed community cases where the consumer had a new community case re-opened within six months	25%	12%
Seclusion events - adult acute admissions	10%	11%
Seclusion events - aged acute admissions	5%	1%
Post discharge follow up - child and adolescent acute admissions	88%	86%
Post discharge follow up - adult acute admissions	88%	80%
Post discharge follow up - aged acute admissions	88%	87%
Adult mental health 28-day readmissions	14%	14%
Aged mental health 28-day readmissions	14%	13%

HIGH QUALITY AND SAFE CARE (CONTINUED)

KEY PERFORMANCE MEASURE	TARGET	RESULT
Maternity and Newborn		
Baby's wellbeing at birth (Apgar score)	1.4%	1.2%
Severe fetal growth restriction born at 40 or more weeks gestation (FGR rate)	28.6%	22.9%
Urgent maternity patients referred for obstetric care within 30 days	100%	100%
Continuing Care		
FIM efficiency for Rehab	0.645	0.873

* as at 25 August 2022

** Note: Data is based on preliminary annual data and is subject to minor adjustments.

STRONG GOVERNANCE, LEADERSHIP AND CULTURE

KEY PERFORMANCE MEASURE	TARGET	RESULT
Organisational culture		
Safety culture among healthcare workers	62%	66%

TIMELY ACCESS TO CARE

KEY PERFORMANCE MEASURE	TARGET	RESULT
Emergency care		
Patients transferred from ambulance to emergency department within 40 minutes	90%	65%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	52%
Patients with a length of stay in the emergency department of less than four hours	81%	49%
Patients with a length of stay in the emergency department greater than 24 hours	0	0
Mental Health		
Percentage of urgent (category 'C') mental health triage episodes with a face-to-face contact received within 8 hours	80%	62%
Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours	81%	42%
Elective surgery		
Number of patients on the elective surgery waiting list as at 30 June 2022	2,500	2,482
Number of patients admitted from the elective surgery waiting list	8,260	8,243
Category 1 patients admitted within 30 days	100%	100%
Patients admitted within clinically recommended time	94%	85%
Reduce long waiting elective surgery patients	5%	17.1%
Hospital-initiated postponements per 100 scheduled admissions	7	5.0
Specialist clinics		
Urgent patients who attended a first appointment in the waiting period	100%	77.3%
Routine patients who attended a first appointment in the waiting period	90%	91%

EFFECTIVE FINANCIAL MANAGEMENT

KEY PERFORMANCE MEASURE	TARGET	RESULT
Budget Management		
Operating result (\$m)	0.00	0.28
Net result from transactions variance	+/- 0.25	35.60
Cash Management		
Trade creditors	60	33
Patient fee debtors	60	38
Adjusted current asset ratio	0.70	0.84
Current days of available cash	14.0	18.6

STATEMENT OF PRIORITIES: STATE FUNDING

FUNDING TYPE	ACHIEVEMENT
Consolidated Activity Funding	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	98,628
Acute Admitted	
National Bowel Cancer Screening Program NWAU	37
Acute admitted DVA	264
Acute admitted TAC	572
Acute Non-Admitted	
Home enteral nutrition NWAU	78
Home renal dialysis NWAU	650
Radiotherapy WAUs DVA	170
Radiotherapy WAUs Public	40,195
Specialist Clinics	45,926*
Subacute / Non-Acute, Admitted and Non-admitted	
Subacute admitted - DVA	52.65
Transition Care - Bed days	14,457
Transition Care - Home days	5,570
Aged Care	
Residential Aged Care	110,044
HACC	17,415
Mental Health and Drug Services**	
Mental Health Ambulatory	66,920
Mental Health Inpatient - Available bed days	11,145
Mental Health Residential	16,197
Mental Health Subacute	7,300
Drug Services	Not available
Primary Health	
Community health / Primary Care Programs	30,503
Community Health Other	1,183

Note: * The number reflects the total number of service events. ** Mental Health data is affected by industrial action.



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FINANCIAL REPORT



CONTENTS

BARWON HEALTH FINANCIAL REPORT 30 JUNE 2022

Barwon Health presents its audited general purpose financial statements for the financial year ended 30 June 2022 in the following structure to provide users with the information about Barwon Health's stewardship of the resources entrusted to it.

BOARD MEMBERS, ACCOUNTABLE OFFICER'S AND CHIEF FINANCIAL OFFICER DECLARATION	50	5 OTHER ASSETS AND LIABILITIES	90
		5.1 Receivables and contract assets	91
		5.2 Payables and contract liabilities	93
		5.3 Other liabilities	95
FINANCIAL STATEMENTS		6 FUNDING OF OPERATIONS	96
Comprehensive Operating Statement	52	6.1 Borrowings	97
Balance sheet	54	6.2 Cash and cash equivalents	99
Statement of changes in equity	56	6.3 Commitments for expenditure	100
Cash flow Statement	58	6.4 Non-cash financing and investing activities	100
NOTES TO THE FINANCIAL STATEMENTS		7 RISK, CONTINGENCIES AND VALUATION UNCERTAINTIES	101
1 BASIS OF PREPARATION	60	7.1 Financial Instruments	102
2 FUNDING DELIVERY OF OUR SERVICE	63	7.2 Financial risk management objectives and policies	104
2.1 Revenue and income from transactions	64	7.3 Fair value determination	108
2.2 Fair Value of assets and services received free of charge or for nominal consideration	67	7.4 Contingent assets and contingent liabilities	116
3 THE COST OF DELIVERING OUR SERVICES	68	8 OTHER DISCLOSURES	117
3.1 Expenses from transactions	69	8.1 Reconciliation of net result for the year to net cash from operating activities	117
3.2 Other economic flows	71	8.2 Responsible persons disclosures	118
3.3 Employee benefits in the balance sheet	72	8.3 Remuneration of executives	119
3.4 Superannuation	75	8.4 Related parties	120
4 KEY ASSETS TO SUPPORT SERVICE DELIVERY	77	8.5 Remuneration of auditors	122
4.1 Investments and other financial assets	78	8.6 Events occurring after Balance sheet date	122
4.2 Property, plant and equipment	80	8.7 Controlled entities	122
4.3 Right-of-use assets	86	8.8 Jointly controlled operation	123
4.4 Revaluation surplus	88	8.9 Equity	124
4.5 Intangible assets	88	8.10 Economic dependency	124
4.6 Depreciation and Amortisation	89		
4.7 Impairment of assets	90		

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 2022 and the financial position of Barwon Health and the consolidated entity at 30 June 2022.

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 2 September 2022.



Brian Cook
Chair



Frances Diver
Chief Executive



Cobus Lothringen
Chief Financial Officer

Geelong
2 September 2022



COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Revenue and income from transactions					
Operating Activities	2.1	1,043,489	899,101	1,044,103	899,857
Non-Operating Activities	2.1	773	774	1,508	1,199
Share of Revenue from Joint Operation	8.8	7,511	7,236	7,511	7,236
Total revenue and income from transactions		1,051,773	907,111	1,053,122	908,292
Expenses from transactions					
Employee expenses	3.1	(730,291)	(652,880)	(730,970)	(653,236)
Depreciation and Amortisation	4.6	(61,453)	(62,023)	(61,455)	(62,023)
Supplies and consumables	3.1	(153,259)	(138,781)	(153,266)	(138,787)
Share of Expenditure from Joint Operation	8.8	(10,536)	(9,008)	(10,536)	(9,008)
Other Administrative Expenses	3.1	(41,822)	(33,415)	(42,305)	(34,265)
Other operating expenses	3.1	(32,082)	(31,480)	(32,085)	(31,480)
Finance Costs	3.1	(291)	(378)	(294)	(380)
Total expenses from transactions		(1,029,734)	(927,965)	(1,030,911)	(929,179)
Net result from transactions - net operating balance		22,039	(20,854)	22,211	(20,887)
Other Economic Flows included in Net Result					
Net gain/(loss) on disposal of property plant and equipment		570	(39)	570	(39)
Net gain on disposal of financial instruments		-	-	176	96
Bad Debts written off		(733)	(1,070)	(733)	(1,070)
Loss on revaluation of land		(1,186)	-	(1,186)	-
Net gain on revaluation of long service leave		282	10,097	282	10,097
Share of other economic flows from joint operation	8.8	(41)	44	(41)	44
Total Other Economic Flows included in Net Result	3.2	(1,108)	9,032	(932)	9,128
Net result for year		20,931	(11,822)	21,279	(11,759)

COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
OTHER COMPREHENSIVE INCOME					
Items that will not be reclassified to Net Result					
Changes in property, plant and equipment revaluation surplus		91,339	12,349	91,339	12,349
Changes in the fair value of equity investments at fair value through other comprehensive income		-	-	(929)	1,271
Items that may be reclassified subsequently to Net Result					
Changes in the fair value of available-for-sale financial assets		(442)	438	(442)	438
Total Other Comprehensive Income		90,897	12,787	89,968	14,058
Comprehensive result for the year		111,828	965	111,247	2,299

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

BALANCE SHEET

FOR THE YEAR ENDED 30 JUNE 2022

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
ASSETS					
Current assets					
Cash and Cash Equivalents	6.2	95,886	52,587	97,343	55,240
Investments and Other Financial Assets	4.1	4,434	1,618	4,834	2,908
Receivables and contract assets	5.1	47,689	31,479	45,978	29,626
Inventories		5,868	4,293	5,868	4,293
Share of Assets in Joint Operation	8.8	14,600	6,760	14,600	6,760
Prepaid expenses		1,594	12,846	1,594	12,846
Total current assets		170,071	109,583	170,217	111,673
Non-current assets					
Investments and Other Financial Assets	4.1	17,966	15,959	28,769	27,367
Receivables and contract assets	5.1	55,882	49,562	55,882	49,562
Property, Plant and Equipment	4.2	861,551	745,867	861,561	745,879
Share of Assets in Joint Operation	8.8	4,414	4,220	4,414	4,220
Intangible Assets	4.5	6,343	9,010	6,343	9,010
Total non-current assets		946,156	824,618	956,969	836,038
Total assets		1,116,227	934,201	1,127,186	947,711

BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
LIABILITIES					
Current liabilities					
Payables and contract liabilities	5.2	109,942	62,979	107,585	62,617
Other liabilities (monies held in trust)	5.3	25,799	25,202	25,799	25,202
Share of Liabilities in Joint Operation	8.8	14,201	7,144	14,201	7,144
Employee benefits	3.3	163,434	145,747	163,546	145,838
Borrowings	6.1	2,588	2,741	2,588	2,741
Total current liabilities		315,964	243,813	313,719	243,542
Non-current liabilities					
Employee benefits	3.3	24,892	26,178	24,892	26,178
Share of Liabilities in Joint Operation	8.8	1,301	1,186	1,301	1,186
Borrowings	6.1	5,672	6,418	5,672	6,418
Total non-current liabilities		31,865	33,782	31,865	33,782
Total liabilities		347,829	277,595	345,584	277,324
Net assets		768,398	656,606	781,602	670,387
EQUITY					
Land revaluation surplus		69,243	66,118	69,243	66,118
Buildings revaluation surplus		503,617	415,402	503,617	415,402
Financial Assets at Fair Value through Other Comprehensive Income		(25)	417	-	1,371
Restricted Specific Purpose Reserve		5,714	4,951	5,714	4,951
Contributed Capital		245,115	245,115	245,115	245,115
Accumulated deficit		(55,266)	(75,397)	(42,087)	(62,570)
Total equity		768,398	656,606	781,602	670,387

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2022

	LAND REVALUATION RESERVE	BUILDING REVALUATION RESERVE	FINANCIAL ASSETS THROUGH OCI REVALUATION SURPLUS	RESTRICTED SPECIAL PURPOSE RESERVE	CONTRIBUTED CAPITAL	ACCUMULATED SURPLUSES/ (DEFICITS)	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
PARENT							
Balance at 1 July 2021	66,118	415,402	417	4,951	245,115	(75,397)	656,606
Net result for the year	-	-	-	-	-	20,931	20,931
Transfer to Reserves	-	-	-	763	-	(763)	-
Movement in Reserves	-	-	(442)	-	-	-	(442)
Buildings Revaluation Surplus	-	88,215	-	-	-	-	88,215
Land Revaluation Surplus	3,125	-	-	-	-	-	3,125
Prior Year Corrections	-	-	-	-	-	(37)	(37)
Balance at 30 June 2022	69,243	503,617	(25)	5,714	245,115	(55,266)	768,398
Balance at 1 July 2020	53,769	415,402	(21)	8,305	245,115	(66,807)	655,763
Net result for the year	-	-	-	-	-	(11,822)	(11,822)
Land Revaluation Surplus	-	-	-	-	-	-	12,349
Transfer to Reserves	12,349	-	-	(3,238)	-	3,238	-
Movement in Reserves	-	-	438	(116)	-	-	322
Prior Year Corrections	-	-	-	-	-	(6)	(6)
Balance at 30 June 2021	66,118	415,402	417	4,951	245,115	(75,397)	656,606

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

	LAND REVALUATION RESERVE	BUILDING REVALUATION RESERVE	FINANCIAL ASSETS THROUGH OCI REVALUATION SURPLUS	RESTRICTED SPECIAL PURPOSE RESERVE	CONTRIBUTED CAPITAL	ACCUMULATED SURPLUSES/ (DEFICITS)	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated							
Balance at 1 July 2021	66,118	415,402	1,371	4,951	245,115	(62,570)	670,387
Net result for the year	-	-	-	-	-	21,279	21,279
Transfer to Reserves	-	-	-	763	-	(763)	-
Movement in Reserves	-	-	(1,371)	-	-	-	(1,371)
Buildings Revaluation Surplus	-	88,215	-	-	-	-	88,215
Land Revaluation Surplus	3,125	-	-	-	-	-	3,125
Prior Year Corrections	-	-	-	-	-	(33)	(33)
Balance at 30 June 2022	69,243	503,617	-	5,714	245,115	(42,087)	781,602
Balance at 1 July 2020	53,769	415,402	(338)	8,305	245,115	(54,042)	668,211
Net result for the year	-	-	-	-	-	(11,759)	(11,759)
Land Revaluation Surplus	12,349	-	-	-	-	-	12,349
Transfer to Reserves	-	-	-	(3,238)	-	3,238	-
Movement in Reserves	-	-	1,709	(116)	-	-	1,593
Prior Year Corrections	-	-	-	-	-	(7)	(7)
Balance at 30 June 2021	66,118	415,402	1,371	4,951	245,115	(62,570)	670,387

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2022

31,233	NOTES	PARENT ENTITY		CONSOLIDATED	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash flows from operating activities					
		759,339	700,127	759,339	700,127
		29,152	20,500	29,152	20,500
		31,877	32,609	31,877	32,609
		8,951	3,622	8,951	3,622
		57,896	51,247	57,896	51,247
		1,952	2,120	4,817	5,412
		17,836	16,413	17,841	16,410
		20,350	16,863	20,350	16,863
		154	384	154	384
		41,123	38,582	41,123	38,582
		2,302	2,023	2,302	2,023
		773	837	1,384	1,189
		37,480	30,756	38,252	31,233
		1,009,185	916,083	1,013,438	920,201
Cash flows from operating activities					
		(695,343)	(627,488)	(695,934)	(627,746)
		(195,636)	(197,643)	(200,642)	(199,455)
		(40,243)	(35,653)	(40,271)	(35,963)
		(931,222)	(860,784)	(936,847)	(863,164)
		77,963	55,299	76,591	57,037

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2022 (CONTINUED)

31,233	NOTES	PARENT ENTITY		CONSOLIDATED	
		2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Cash flows from investing activities					
		(34,636)	(42,755)	(34,636)	(42,768)
		132	157	308	157
		(7)	(1,156)	(7)	(2,281)
		(34,511)	(43,754)	(34,335)	(44,892)
Cash flows from financing activities					
		(801)	(2,066)	(801)	(1,785)
		(109)	(102)	(109)	(102)
		6,574	7,075	6,574	7,075
		(5,817)	(6,325)	(5,817)	(6,325)
		(153)	(1,418)	(153)	(1,137)
		43,299	10,127	42,103	11,008
		52,587	42,460	55,240	44,232
		95,886	52,587	97,343	55,240

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 BASIS OF PREPARATION

Structure

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

These financial statements represent the audited general purpose financial statements for Barwon Health and its controlled entities for the year ending 30 June 2022. 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 2 September 2022.

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. On 2 August 2020 a state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 and the state of emergency concluded on 15 December 2021.

The COVID-19 pandemic has created economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by the health service at the reporting date. Management recognises that it is difficult to reliably estimate with certainty, the potential impact of the pandemic after the reporting date on the health service, its operations, its future results and financial position.

In response to the ongoing COVID-19 pandemic, Barwon Health has:

- introduced restrictions on non-essential visitors
- greater utilisation of Telehealth services
- implemented reduced visitor hours
- deferred elective surgery and non-urgent services
- transferred inpatients to private health facilities
- performed COVID-19 testing
- established and operated vaccination clinics
- changed infection control practices
- implemented work from home arrangements where appropriate.

Where financial impacts of the pandemic are material to Barwon Health, they are disclosed in the explanatory notes. For Barwon Health, this includes:

- 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
ATO	Australian Taxation Office
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
NWAW	National Weighted Activity Unit
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

Barwon Health has assessed the potential impacts of the accounting standards and interpretations issued by the AASB but are not yet effective to have no material impact on reporting.

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 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.



Dr Andrew Owen, Interventional Radiologist and Melanie Bourke, Nurse Unit Manager, Medical Imaging.

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

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

Activity based funding decreased as the level of activity agreed in the Statement of Priorities couldn't be delivered due to reductions in the number of patients being treated at various times throughout the financial year.

This was offset by additional funding provided by the Department of Health to compensate for reductions in revenue and to cover certain direct and indirect COVID-19 related costs, including:

- increased staffing costs to service the vaccination hubs and the in-house contact tracing unit
- pathology testing costs due to COVID-19 tests
- increased personal protective equipment costs
- costs related to the expansion of emergency services

Funding provided included:

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

For the year ended 30 June 2022, the COVID-19 pandemic has impacted Barwon Health's ability to satisfy its performance obligations contained within its contracts with customers. Barwon Health received confirmation there would be no obligation to return funds to each relevant funding body where performance obligations had not been met.

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 judgement when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this 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

	NOTES	CONSOLIDATED	
		2022 \$'000	2021 \$'000
OPERATING ACTIVITIES			
Revenue from contracts with customers			
Government grants (State) - Operating		772,852	680,330
Government grants (Commonwealth) - Operating		74,696	72,326
Patient and Resident Fees		48,154	49,989
Private Practice Fees		1,860	1,743
Commercial Activities ¹		35,321	30,975
Total revenue from contracts with customers	2.1a)	932,883	835,363
Other sources of income			
Government grants (State) - Capital		68,162	23,685
Government grants (Commonwealth) - Capital		3,865	3,353
Other Revenue from Operating Activities (including non-capital donations)		29,441	23,003
Assets received free of charge under State supply arrangements	2.2	9,752	14,453
Total other sources of income		111,220	64,494
Total revenue and income from operating activities		1,044,103	899,857
NON-OPERATING ACTIVITIES			
Income from other sources			
Dividends		682	375
Interest income		826	824
Total revenue and income from non-operating activities		1,508	1,199
Total revenue and income from transactions		1,045,611	901,056

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

NOTE 2.1(A) TIMING OF REVENUE FROM CONTRACTS WITH CUSTOMERS

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Goods and services transferred to customers		
At a point in time	897,562	804,388
Over time	35,321	30,975
Total	932,883	835,363

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.

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

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

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
- recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058.

In contracts with customers, the 'customer' is typically a funding body, who is the party that promises funding in exchange for Barwon Health's goods or services. Barwon Health's funding bodies often direct that goods or services are to be provided to third party beneficiaries, including individuals or the community at large. In such instances, the customer remains the funding body that has funded the program or activity, however the delivery of goods or services to third party beneficiaries is a characteristic of the promised good or service being transferred to the funding body.

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

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. WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.
Other 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. The individual grant will also depend on whether revenue is recognised at a point in time or over time.

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.

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. Barwon Health does not recognise dividends received or receivable from its associates in joint ventures as income. Instead, dividends from associates and joint ventures are adjusted directly against the carrying amount of the investments using the equity method.

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

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Plant and equipment received	486	9,053
Personal protective equipment received	9,266	5,400
Total fair value of assets and services received free of charge or for nominal consideration	9,752	14,453

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

Barwon Health receives volunteer services from members of the community in the following areas:

- patient transport
- patient support
- administrative duties, and
- concierge services supporting patients and visitors when accessing the hospital

Barwon Health recognises contributions by volunteers in its financial statements, if the fair value can be reliably measured and the services would have been purchased had they not been donated.

Barwon Health greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services.

Non-cash contributions from the Department of Health

The Department of Health make 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 with the Department of Health.

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 Other economic flows

3.3 Employee benefits in the balance sheet

3.4 Superannuation

Expenses incurred to deliver our services increased during the financial year which was attributable to the COVID-19 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, COVID-19 testing, 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.
- establish COVID-19 testing facilities for staff and the community, resulting in an increase in employee costs and consumables
- implement work from home arrangements resulting in increased ICT infrastructure costs and additional equipment purchases

KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
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.
Measuring employee benefit liabilities	Barwon Health applies significant judgment when measuring its employee benefit liabilities. The health service applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees. Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period. All other entitlements are measured at their nominal value.

NOTE 3.1 EXPENSES FROM TRANSACTIONS

	NOTES	CONSOLIDATED	
		2022 \$'000	2021 \$'000
Employee Expenses			
Salaries and Wages		585,008	523,591
On-Costs		131,340	118,462
Workcover Premium		5,072	5,922
Agency Expenses		3,550	1,494
Fee for service		6,000	3,767
Total employee expenses		730,970	653,236
Supplies and Consumables			
Drug Supplies		64,070	59,022
Medical and Surgical Supplies (including Prostheses)		47,282	41,981
Diagnostic and Radiology Supplies		9,512	8,259
Other Supplies and Consumables		32,402	29,525
Total supplies and consumables		153,266	138,787
Finance			
Finance costs		294	380
Total finance costs		294	380
Other			
Other Administrative Expenses		42,305	34,265
Total other administrative expenses		42,305	34,265
Other operating			
Fuel, Light, Power and Water		7,030	6,696
Repairs and Maintenance		7,346	6,838
Maintenance Contracts		8,260	7,516
Medical Indemnity Insurance		8,472	8,693
Expenditure for Capital Purpose		977	1,737
Total other operating expenses		32,085	31,480
Total operating expenses		958,920	858,148
Depreciation and amortisation	4.6	61,455	62,023
Total depreciation and amortisation		61,455	62,023
Total non-operating expense		61,455	62,023
Total expenses from transactions		1,020,375	920,171

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 or for IT related expenditure \$5,000).

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 OTHER ECONOMIC FLOWS

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Allowance for impairment losses of contractual receivables	(733)	(1,070)
Net gain on disposal of financial instruments	176	96
Total net gain/(loss) on financial instruments	(557)	(974)
Net gain/(loss) on disposal of property plant and equipment	570	(39)
Net loss on devaluation of land	(1,186)	-
Total net gain/(loss) on non-financial assets	(616)	(39)
Share of net (loss)/profit of joint arrangement	(41)	44
Total share of other economic flows from joint arrangements	(41)	44
Net gain arising from revaluation of long service liability	282	10,097
Total other gains from other economic flows	282	10,097
Total (losses)/gains from other economic flows	(932)	9,128

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 (Refer to Note 7.1 Financial instruments) and
- disposals of financial assets and derecognition of financial liabilities.

NOTE 3.3 EMPLOYEE BENEFITS IN THE BALANCE SHEET

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Accrued days off		
Unconditional and expected to be settled wholly within 12 months ⁱ	1,232	1,055
	1,232	1,055
Annual leave		
Unconditional and expected to be settled within 12 months ⁱ	51,513	45,973
Unconditional and expected to be settled after 12 months ⁱⁱ	8,286	7,790
	59,799	53,763
Long service leave		
Unconditional and expected to be settled within 12 months ⁱ	11,980	11,179
Unconditional and expected to be settled after 12 months ⁱⁱ	73,485	65,949
	85,465	77,128
Provisions related to employee benefit on-costs		
Unconditional and expected to be settled within 12 months ⁱ	6,913	6,063
Unconditional and expected to be settled after 12 months ⁱⁱ	10,137	7,829
	17,050	13,892
Total current employee benefits	163,546	145,838
NON-CURRENT PROVISIONS		
Conditional long service leave	22,080	23,663
Provisions related to employee benefit on-costs	2,812	2,515
Total non-current provisions	24,892	26,178
Total employee benefits	188,438	172,016

ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

(A) CONSOLIDATED EMPLOYEE BENEFITS AND RELATED ON-COSTS

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Unconditional annual leave entitlements	66,121	59,351
Unconditional long service leave entitlements	96,061	85,321
Unconditional accrued days off	1,364	1,166
Total current employee benefits and related on-costs	163,546	145,838
NON-CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Conditional Long Service Leave	24,892	26,178
Total non-current employee benefits and related on-costs	24,892	26,178
Total Employee Benefits and Related On-Costs	188,438	172,016

Attributable to:

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Employee Benefits	168,576	155,609
Provision for related on-costs	19,862	16,407
Total employee benefits and related on-costs	188,438	172,016

(B) PROVISION FOR EMPLOYEE ENTITLEMENTS MOVEMENT SCHEDULE

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Carrying amount at start of year	172,016	163,268
Additional provisions recognised	79,038	63,835
Amounts utilised during the year	(62,616)	(55,087)
Carrying amount at end of year	188,438	172,016

Employee benefit recognition

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

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

Annual leave and accrued days off

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because 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.

Provision for 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 3.4 SUPERANNUATION

	PAID CONTRIBUTION FOR THE YEAR CONSOLIDATED		CONTRIBUTION OUTSTANDING AT YEAR END CONSOLIDATED	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Defined benefit plansⁱ				
Aware Super	679	440	-	-
ESS Super	155	179	-	-
Defined contribution plans				
Aware Super	28,166	25,690	-	14
Hesta	23,304	19,217	-	9
Other compliant superannuation funds as selected by employee	6,134	4,418	-	18
Total	58,438	49,944	-	41

i 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.



UREKA
LINEN

Barwon Health
Doctor
Tony Ma
Phon No. 282774

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 Right-of-use assets
- 4.4 Revaluation surplus
- 4.5 Intangible assets
- 4.6 Depreciation and amortisation
- 4.7 Impairment of assets

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

KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
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. 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"> – If an asset's value has declined more than expected based on normal use – If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset – If an asset is obsolete or damaged – If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life – If the performance of the asset is or will be worse than initially expected. <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

	CONSOLIDATED					
	OPERATING FUND		CAPITAL FUND		TOTAL	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Current						
Australian Dollar Term Deposits < 3 months	-	430	-	-	-	430
Australian Dollar Term Deposits > 3 months	400	860	167	167	567	1,027
Fixed Bonds and Floating Rate Notes	-	-	3,337	1,451	3,337	1,451
Derivative Financial Instrument	-	-	930	-	930	-
Total current financial assets	400	1,290	4,434	1,618	4,834	2,908
Non-current						
Equities at Fair Value	7,258	7,262	-	-	7,258	7,262
Fixed Bonds and Floating Rate Notes	3,545	4,146	13,652	15,959	17,197	20,105
Derivative Financial Instrument	-	-	4,314	-	4,314	-
Total non-current financial assets	10,803	11,408	17,966	15,959	28,769	27,367
Total other financial assets	11,203	12,698	22,400	17,577	33,603	30,275

Represented by:

	CONSOLIDATED					
	OPERATING FUND		CAPITAL FUND		TOTAL	
	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000	2022 \$'000	2021 \$'000
Barwon Health investments (including monies held in trust)	-	-	22,401	17,577	22,401	17,577
Barwon Health Foundation investments	11,203	12,698	-	-	11,203	12,698
Total other financial assets	11,203	12,698	22,401	17,577	33,604	30,275

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.

On 16 June 2022, Barwon Health entered into a 10 Year Power Purchasing Agreement (PPA) with a wind farm energy generator.

The PPA contains a contract for difference (CfD) payment mechanism in respect of the electricity generated by the facility.

Refer to Note 7.3(a) for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.

Remote Patient Monitoring group



NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT
(A) GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION

	AT COST/ VALUATION \$'000	ACCUMULATED DEPRECIATION/ AMORTISATION \$'000	NET ASSETS 2022 \$'000
2022 CONSOLIDATED			
Land and Buildings at Fair Value			
Land at Valuation	69,460	-	69,460
Buildings at Valuation	621,866	-	621,866
Buildings - right of use	3,484	(2,198)	1,286
	694,810	(2,198)	692,612
Land - right of use at cost	21,139	(7,571)	13,568
	21,139	(7,571)	13,568
Assets Under Construction at Cost	67,531	-	67,531
	67,531	-	67,531
Leasehold Improvements at Fair Value	4,639	(2,429)	2,210
	4,639	(2,429)	2,210
Plant and Equipment at Fair Value			
Plant	27,813	(14,245)	13,568
Motor Vehicles	7,003	(4,475)	2,529
Other	38,600	(30,451)	8,148
	73,416	(49,171)	24,245
Medical Equipment at Fair Value			
Medical Equipment at Fair Value	105,874	(61,415)	44,459
Medical Equipment - right of use	4,736	(2,514)	2,222
	110,610	(63,929)	46,681
Furniture and Fittings at Fair Value	22,309	(7,595)	14,714
	22,309	(7,595)	14,714
Total Property, Plant and Equipment	994,454	(132,893)	861,561

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

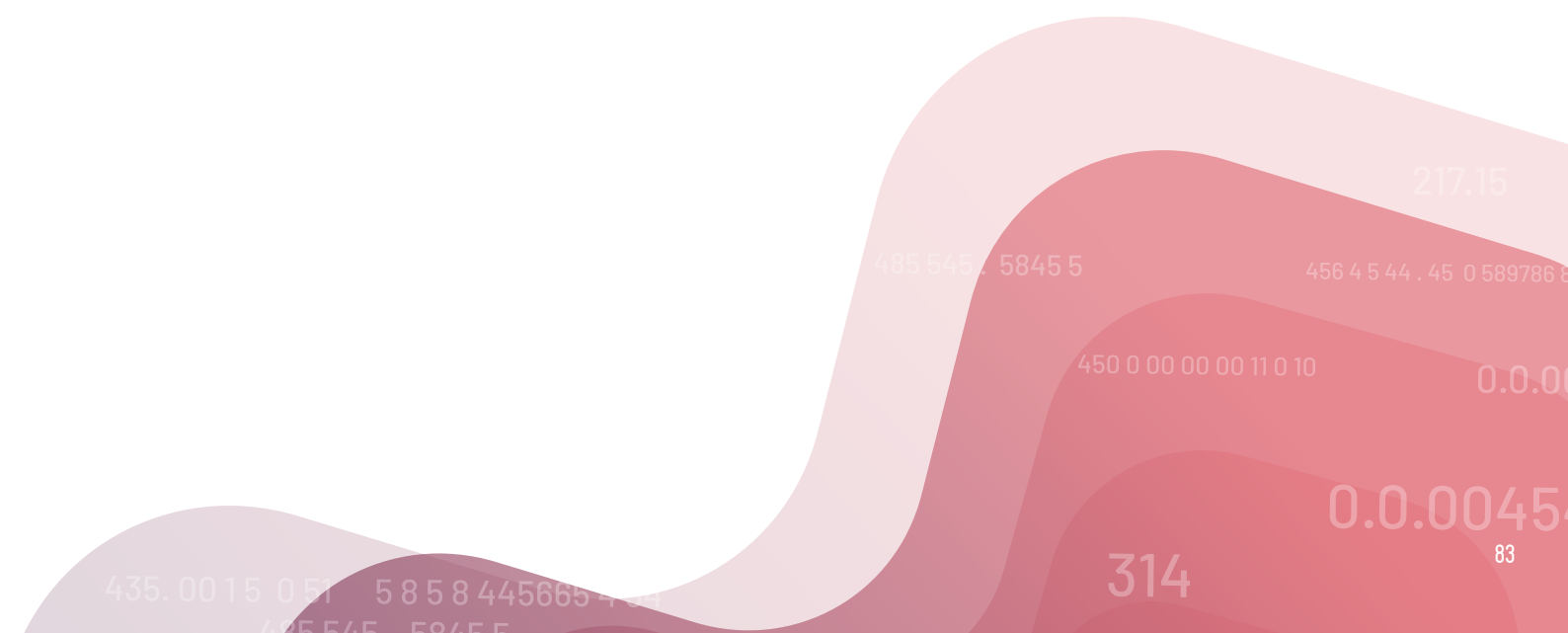
	AT COST/ VALUATION \$'000	ACCUMULATED DEPRECIATION/ AMORTISATION \$'000	NET ASSETS 2021 \$'000
2021 CONSOLIDATED			
Land and Buildings at Fair Value			
Land at Valuation	67,522	-	67,522
Buildings at Valuation	625,847	(72,890)	552,957
Buildings - right of use	3,161	(1,329)	1,832
	696,530	(74,219)	622,311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

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

	NOTE	BUILDINGS \$'000	BUILDINGS - ROU \$'000	LAND \$'000	LAND - ROU \$'000
2022 CONSOLIDATED					
Balance at 1 July 2021		552,957	1,832	67,522	16,090
Additions		9,541	323	-	-
Revaluation surplus		88,215	-	1,938	-
Transfers		7,557	-	-	-
Disposals		-	-	-	-
Depreciation charge	4.6	(36,405)	(869)	-	(2,522)
Balance at 30 June 2022	4.2a)	621,865	1,286	69,460	13,568
2021 CONSOLIDATED					
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	4.6	(36,600)	(21)	-	(4,828)
Balance at 30 June 2021	4.2a)	552,957	1,832	67,522	16,090

LEASEHOLD IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	MEDICAL EQUIPMENT \$'000	MEDICAL EQUIPMENT - ROU \$'000	FURNITURE AND FITTINGS \$'000	ASSETS UNDER CONSTRUCTION \$'000	TOTAL \$'000
2,195	25,081	46,982	3,403	15,528	14,289	745,879
508	4,593	5,773	-	885	62,311	83,934
-	-	-	-	-	-	90,153
60	303	645	-	504	(9,069)	-
-	(191)	(2)	(34)	-	-	(227)
(552)	(5,540)	(8,939)	(1,148)	(2,203)	-	(58,178)
2,211	24,246	44,459	2,221	14,714	67,531	861,561

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



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 was performed at 30 June 2022 on both land and buildings.

As the cumulative movement was greater than 40% for land since the last independent revaluation, an interim valuation was required as at 30 June 2022. The recorded revaluation adjustment was a surplus of \$3.1m and a loss on valuation of \$1.2m per the independent valuations provided by VGV.

The cumulative movement of buildings was greater than 10% but less than 40% since the last valuation, a managerial revaluation was required and adjusted for as at 30 June 2022. The increase in fair value was 16.5% or \$88.2m per the VGV indices.

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.

Armstrong Creek resident Debbie Martin with Disability Liaison Officer Emma McKie



NOTE 4.3 RIGHT-OF-USE ASSETS

(I) GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Land	21,139	21,139
Less accumulated depreciation	(7,571)	(5,049)
Total right of use land at fair value	13,568	16,090
Buildings	3,484	3,161
Less accumulated depreciation	(2,198)	(1,329)
Total right of use buildings at fair value	1,286	1,832
Total right of use land and buildings	14,854	17,922
Medical Equipment	4,736	5,754
Less accumulated depreciation	(2,514)	(2,351)
Total right of use plant, equipment, furniture, fittings and vehicles at fair value	2,222	3,403
Total right of use assets	17,076	21,325

(II) RECONCILIATIONS OF CARRYING AMOUNT BY CLASS OF ASSET

	NOTE	BUILDINGS - ROU \$'000	LAND - ROU \$'000	MEDICAL EQUIPMENT -ROU \$'000	TOTAL \$'000
2022 CONSOLIDATED					
Balance at 1 July 2021		1,832	16,090	3,403	21,325
Additions		323	-	-	323
Disposals		-	-	(34)	(34)
Depreciation charge	4.6	(869)	(2,522)	(1,148)	(4,539)
Balance at 30 June 2022		1,286	13,568	2,221	17,075
2021 CONSOLIDATED					
Balance at 1 July 2020		2,197	19,587	4,006	25,791
Additions		472	-	1,234	1,706
Transfers from property plant and equipment		(485)	1,331	1,011	1,857
Disposals		(331)	-	(835)	(1,166)
Depreciation charge	4.6	(21)	(4,828)	(2,013)	(6,862)
Balance at 30 June 2021		1,832	16,090	3,403	21,326

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:

CLASS OF RIGHT-OF-USE ASSET	LEASE TERM
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

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.

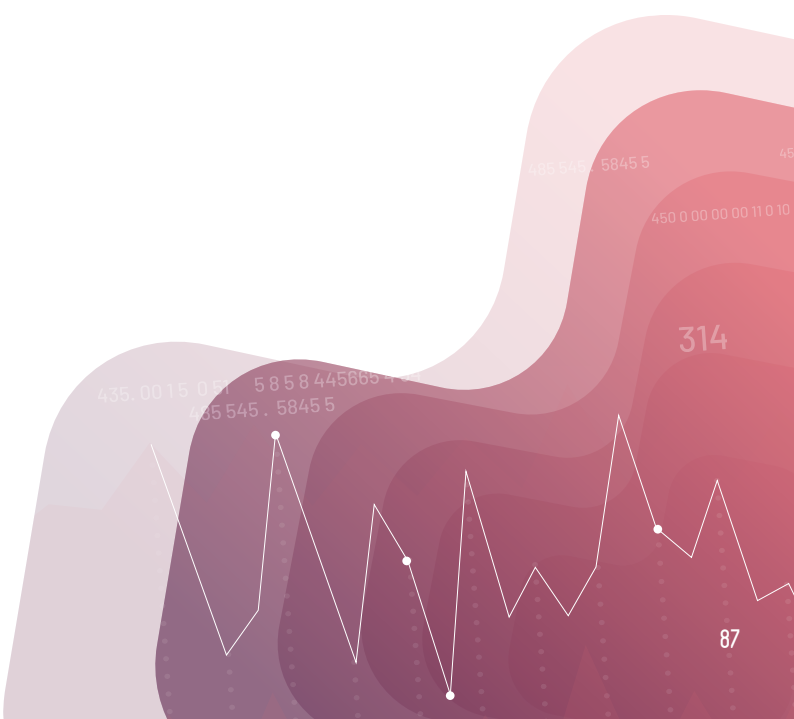
Barwon Health holds lease agreements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. Refer to Note 6.1 for further information regarding the nature and terms of the concessional lease, and Barwon Health’s dependency on such lease arrangements.

Subsequent measurement

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable.

Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Further information regarding fair value measurement is disclosed in Note 7.3.



NOTE 4.4 REVALUATION SURPLUS

		CONSOLIDATED	
	NOTE	2022 \$'000	2021 \$'000
Revaluation increment			
Land	4.2	3,125	12,349
Buildings	4.2	88,215	-
Total		91,340	12,349
Represented by			
Land		69,243	66,118
Buildings		503,617	415,402
Total		572,860	481,520

NOTE 4.5 INTANGIBLE ASSETS

(A) GROSS CARRYING AMOUNT AND ACCUMULATED AMORTISATION

		CONSOLIDATED	
	NOTE	2022 \$'000	2021 \$'000
Software		21,887	21,277
Less accumulated amortisation	4.6	(15,544)	(12,267)
Total intangible assets		6,343	9,010

(B) RECONCILIATION OF THE CARRYING AMOUNT - SOFTWARE

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Balance at beginning of financial year	9,010	9,474
Additions	610	2,404
Amortisation	(3,277)	(2,868)
Balance at end of financial year	6,343	9,010
Total intangible assets	6,343	9,010

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:

- 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.

NOTE 4.6 DEPRECIATION AND AMORTISATION

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Depreciation		
Buildings	36,405	36,600
Leasehold Improvements	552	565
Plant and Equipment	5,540	5,344
Medical Equipment	8,938	8,122
Furniture and Fittings	2,204	1,662
Total depreciation - property, plant and equipment	53,639	52,293
Right-of-use assets		
Land - right-of-use	870	21
Buildings - right-of-use	2,522	4,828
Medical Equipment - right-of-use	1,147	2,013
Total depreciation - right-of-use assets	4,539	6,862
Total depreciation	58,178	59,155
Amortisation		
Intangible assets - software	3,277	2,868
Total amortisation	3,277	2,868
Total depreciation and amortisation	61,455	62,023

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.

	2022	2021
Buildings (including right-of-use assets) and Leasehold Improvements	1-50 years	1-50 years
Land (right-of-use assets)	15-50 years	15-50 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
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 4.7 IMPAIRMENT OF ASSETS

At the end of each reporting period, Barwon Health reviews the carrying amount of its tangible and intangible assets that have a finite useful life, to determine whether there is any indication that an asset may be impaired.

The assessment will include consideration of external sources of information and internal sources of information.

External sources of information include but are not limited to observable indications that an asset's value has declined during the period by significantly more than would be expected as a result of the passage of time or normal use. Internal sources of information include but are not limited to evidence of obsolescence or physical damage of an asset and significant changes with an adverse effect on Barwon Health which changes the way in which an asset is used or expected to be used.

If such an indication exists, an impairment test is carried out. Assets with indefinite useful lives (and assets not yet available for use) are tested annually for impairment, in addition to where there is an indication that the asset may be impaired.

When performing an impairment test, Barwon Health compares the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, to the asset's carrying amount. Any excess of the asset's carrying amount over its recoverable amount is recognised immediately in net result, unless the asset is carried at a revalued amount.

Where an impairment loss on a revalued asset is identified, this is recognised against the asset revaluation surplus in respect of the same class of asset to the extent that the impairment loss does not exceed the cumulative balance recorded in the asset revaluation surplus for that class of asset.

Where it is not possible to estimate the recoverable amount of an individual asset, Barwon Health estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Barwon Health did not record any impairment losses for the year ended 30 June 2022.

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 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

	NOTE	CONSOLIDATED	
		2022 \$'000	2021 \$'000
CURRENT RECEIVABLES AND CONTRACT ASSETS			
Contractual			
Patient Fees		5,274	5,239
Sundry Debtors		32,182	13,467
Less: Allowance for impairment losses of contractual receivables	5.1a)	(203)	(153)
Accrued Investment Income		282	159
Contract Assets - Other	5.1b)	5,654	5,909
Contract Assets - State Government	5.1b)	937	2,326
		44,126	26,947
Statutory			
GST Receivable		1,852	2,679
Total current receivables and contract assets		45,978	29,626
NON-CURRENT			
Contractual			
Long Service Leave - DH		55,882	49,562
Total non-current receivables		55,882	49,562
Total receivables and contract assets		101,860	79,188

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

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Total receivable and contract assets	101,860	79,188
Allowance for impairment losses of contractual receivables	203	153
GST receivable	(1,852)	(2,679)
Total financial assets	100,211	76,662

As at 30 June 2022, Barwon Health has contract assets of \$6.6m (2021: \$8.2m) which is net of an allowance for expected credit losses of nil (2021: nil).

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

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Balance at beginning of year	(153)	(212)
Amounts written off during year	733	1,070
Increase in allowance	(783)	(1,011)
Balance at end of the year	(203)	(153)

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.

Impairment losses of contractual receivables

Refer to Note 7.2(a) for Barwon Health's contractual impairment losses.

(B) CONTRACT ASSETS

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Balance at the beginning of the year	8,235	12,224
Add: Additional costs incurred that are recoverable from the customer	6,591	7,514
Less: Transfer to trade receivable or cash at bank	(8,235)	(11,503)
Balance at end of the year	6,591	8,235

Represented by:

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Current assets	6,591	8,235
Non-current assets	-	-
	6,591	8,235

Contract assets relate to 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

	NOTES	CONSOLIDATED	
		2022 \$'000	2021 \$'000
CURRENT PAYABLES AND CONTRACT LIABILITIES			
Contractual			
Trade Creditors		285	812
Accrued Expenses		29,088	16,572
Accrued Salaries and Wages		24,019	15,321
Salary Packaging		1,784	1,732
Other		2,815	3,414
Deferred grant income	5.2a)	32,761	15,916
Contract Liabilities	5.2b)	16,701	8,786
Superannuation		93	43
		107,546	62,596
Statutory			
GST Payable		39	21
		39	21
Total payables and contract liabilities		107,585	62,617

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

	NOTES	CONSOLIDATED	
		2022 \$'000	2021 \$'000
Total payables and contract liabilities		107,498	62,617
Deferred grant income		(32,761)	(15,916)
Contract liabilities		(16,701)	(8,786)
Superannuation		(93)	(43)
ATO		(39)	(21)
Total financial liabilities	7.1a)	57,904	37,851

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.

(A) DEFERRED GRANT INCOME

	2022 \$'000	2021 \$'000
Opening balance of deferred grant income	15,916	7,553
Grant consideration for capital works/ purchases of assets received during the year	29,140	21,611
Grant revenue for capital works recognised consistent with the capital works undertaken/assets acquired during the year	(12,295)	(13,248)
Closing balance of deferred grant income	32,761	15,916

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 2023.

(B) CONTRACT LIABILITIES

	2022 \$'000	2021 \$'000
Opening balance of contract liabilities	8,786	3,103
Add: Payments received for performance obligations yet to be completed during the period	15,837	8,786
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(7,922)	(3,103)
Total contract liabilities	16,701	8,786

Represented by:

	2022 \$'000	2021 \$'000
Current contract liabilities	16,701	8,786
Non-current contract liabilities	-	-
Total contract liabilities	16,701	8,786

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.

Financial guarantees

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

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

Maturity analysis of payables

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

NOTE 5.3 OTHER LIABILITIES

	NOTES	CONSOLIDATED	
		2022 \$'000	2021 \$'000
Current contractual			
Refundable Accommodation Deposits		24,784	24,112
Residential Patient Monies held in Trust		1,015	1,090
Total Monies held in Trust		25,799	25,202

Represented by the following assets:

	NOTES	CONSOLIDATED	
		2022 \$'000	2021 \$'000
Cash held - monies held in trust	6.2	8,809	7,791
Investments and other financial assets		16,990	17,411
Total Monies held in Trust		25,799	25,202

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.

Refurbished Building B (former Geelong Private) recovery area



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

6.4 Non-cash financing and investing activities

Our finance and borrowing arrangements were not materially impacted by the COVID-19 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"> – has the right-to-use an identified asset – has the right to obtain substantially all economic benefits from the use of the leased asset and – can decide how and for what purpose the asset is used throughout the lease.
Determining if a lease meets the short-term or low value asset lease exemption	<p>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"> – If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease. – If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease. – The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

NOTE 6.1 BORROWINGS

	NOTES	CONSOLIDATED	
		2022 \$'000	2021 \$'000
Current borrowings			
Lease liabilities ⁱ	6.1a)	2,474	2,627
Government loan ⁱⁱ		114	114
Total current borrowings		2,588	2,741
Non-current borrowings			
Lease liabilities ⁱ	6.1a)	5,553	6,190
Government loan ⁱⁱ		119	228
Total non-current borrowings		5,672	6,418
Total borrowings		8,260	9,159

ⁱ Secured by the assets leased

ⁱⁱ These are secured loans which bear no interest

Borrowings refer to interesting bearing liabilities mainly raised from advances from the Treasury Corporation of Victoria (TCV) and other funds raised through lease liabilities.

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.

(A) LEASE LIABILITIES

Barwon Health's lease liabilities are summarised below:

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Total undiscounted lease liabilities	8,569	9,498
Less future finance charges	(542)	(681)
Net lease liabilities	8,027	8,817
Not later than one year	2,624	2,810
Later than one year and not later than five years	4,641	5,015
Later than five years	1,304	1,673
Minimum future lease liability	8,569	9,498
Less unexpired finance expenses	(542)	(681)
Present value of lease liability	8,027	8,817

Represented by:

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Current liabilities	2,474	2,627
Non-current liabilities	5,553	6,190
	8,027	8,817

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 AND 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 - such as photocopier printers
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.

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or 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 (medical equipment and vehicles)
- 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.

The nature and terms of such lease arrangements, including Barwon Health’s dependency on such lease arrangements is described below:

OUR DEPENDENCE ON LEASE	NATURE AND TERMS OF LEASE
Barwon Health North (Land)	
The leased land is used for community based service provision. Barwon Health’s dependence on this lease is considered high as essential health services are provided from this site.	Lease payments of \$104 are required per annum. The lease commenced in 2019 and has a lease term of 50 years.

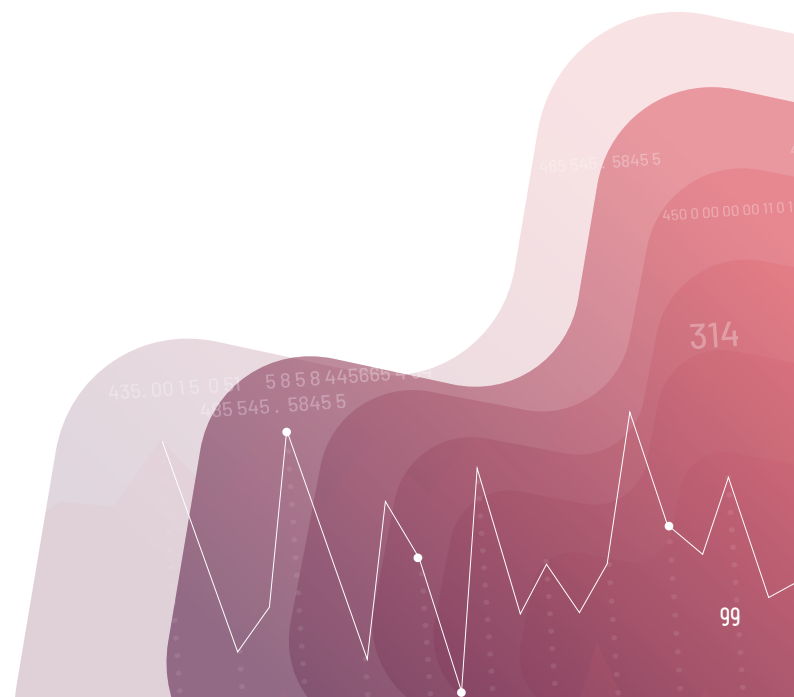
NOTE 6.2 CASH AND CASH EQUIVALENTS

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Cash on Hand (excluding monies held in trust)	28	29
Cash at Bank (excluding monies held in trust)	1,478	13,636
Cash at Bank - CBS (excluding monies held in trust)	87,027	33,784
Total cash held for operations	88,533	47,449
Cash at Bank - CBS (monies held in trust)	8,810	7,791
Total cash held as monies in trust	8,810	7,791
Total cash and cash equivalents	97,343	55,240

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, the cash flow statement includes monies held in trust



NOTE 6.3 COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Capital expenditure commitments		
Not later than one year	2,409	16,868
Later than one year but not later than five years	-	6,120
Total	2,409	22,988
Operating expenditure commitments		
Not later than one year	14,177	11,036
Later than one year but not later than five years	20,936	17,396
Five years or more	851	2,350
Total	35,964	30,782
Non-cancellable short term and low value lease commitments		
Not later than one year	2,294	829
Later than one year but not later than five years	-	2,463
Five years or more	-	5
Total	2,294	3,297
Total commitments for expenditure (inclusive of GST)	40,667	56,957
Less GST recoverable from the Australian Taxation Office	3,697	5,178
Total commitments for expenditure (exclusive of GST)	36,970	51,779

Our commitments relate to operating expenditure, 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 6.4 NON-CASH FINANCING AND INVESTING ACTIVITIES

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Acquisition of plant and equipment by means of Leases	323	1,706
Total non-cash financing and investing activities	323	1,706

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 Fair value determination
- 7.4 Contingent assets and contingent liabilities

KEY JUDGEMENTS AND ESTIMATES

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Barwon Health has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p> <p>Barwon Health uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> – Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Barwon Health's specialised land, non-specialised land and non-specialised buildings are measured using this approach. – Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Barwon Health's specialised buildings, furniture, fittings, plant, equipment and vehicles are measured using this approach. – Income approach, which converts future cash flows or income and expenses to a single undiscounted amount. Barwon Health does not use this approach to measure fair value. <p>The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> – Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Barwon Health does not categorise any fair values within this level. – Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Barwon Health categorises non-specialised land and right-of-use land in this level. – Level 3, where inputs are unobservable. Barwon Health categorises specialised land, non-specialised buildings, specialised buildings, plant, equipment, furniture, fittings, vehicles, right-of-use buildings and right-of-use plant, equipment, furniture and fittings in this level.

NOTE 7.1 FINANCIAL INSTRUMENTS

Financial Instruments

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

	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH NET RESULT	FINANCIAL ASSETS THROUGH OCI	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
Consolidated 2022					
Financial assets					
Cash and Cash Equivalents	97,332	-	-	-	97,332
Receivables	100,211	-	-	-	100,211
Investments and other financial assets	567	5,244	27,792	-	33,603
Total financial assets¹	198,110	5,244	27,792	-	231,146
Financial liabilities					
Payables	-	-	-	57,904	57,904
Refundable Accommodation Deposits	-	-	-	24,784	24,784
Residential Patient Monies held in Trust	-	-	-	1,015	1,015
Borrowings	-	-	-	8,260	8,260
Total financial liabilities¹	-	-	-	91,963	91,963
Consolidated 2021					
Financial assets					
Cash and Cash Equivalents	55,240	-	-	-	55,240
Receivables	76,662	-	-	-	76,662
Investments and other financial assets	1,457	-	28,818	-	30,275
Total financial assets¹	133,359	-	28,818	-	162,177
Financial liabilities					
Payables	-	-	-	37,851	37,851
Refundable Accommodation Deposits	-	-	-	24,112	24,112
Residential Patient Monies held in Trust	-	-	-	1,090	1,090
Borrowings	-	-	-	9,159	9,159
Total financial liabilities¹	-	-	-	72,212	72,212

¹The carrying amount excludes statutory receivables (i.e. GST receivable) and statutory payables (i.e. Revenue in Advance and Department of Health 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

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

Financial assets at fair value through net result

Barwon Health initially designates a financial instrument as measured at fair value through net result if:

- it eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or recognising the gains and losses on them, on a different basis
- it is in accordance with the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial asset can be managed and evaluated consistently on a fair value basis or
- it is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through net result is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

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.

In addition, Barwon Health does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and deposits, which are mainly cash at bank. As with the policy for debtors, Barwon Health's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Barwon Health will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debtors that are more than 60 days overdue, and changes in debtor credit ratings.

Contract financial assets are written off against the carrying amount when there is no reasonable expectation of recovery. Bad debt written off by mutual consent is classified as a transaction expense. Bad debt written off following a unilateral decision is recognised as other economic flows in the net result.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Barwon Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Barwon Health's credit risk profile in the year ending 30 June 2022.

Impairment of financial assets under AASB 9

Barwon Health records the allowance for expected credit loss for the relevant financial instruments applying AASB 9's Expected Credit Loss approach. Subject to AASB 9, impairment assessment includes the health service's contractual receivables and its investment in debt instruments.

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

Credit loss allowance is classified as other economic flows in the net result. Contractual receivables are written off when there is no reasonable expectation of recovery and impairment losses are classified as a transaction expense. Subsequent recoveries of amounts previously written off are credited against the same line item.

Contractual receivables at amortised cost

Barwon Health applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Barwon Health has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Barwon Health's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

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

	MATURITY DATES				
	LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	1 - 5 YEARS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
2022 CONSOLIDATED					
Expected loss rate	0.0%	0.4%	0.8%	99.8%	1.0%
Gross carrying amount of contractual receivables	16,479	2,513	1,183	179	20,355
Loss Allowance	5	9	9	179	203
2021 CONSOLIDATED					
Expected loss rate	0.4%	0.8%	1.2%	98.9%	1.0%
Gross carrying amount of contractual receivables	6,063	5,122	3,485	48	14,719
Loss Allowance	21	42	42	48	153

Statutory receivables and debt investments at amortised cost

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

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

(B) LIQUIDITY RISK

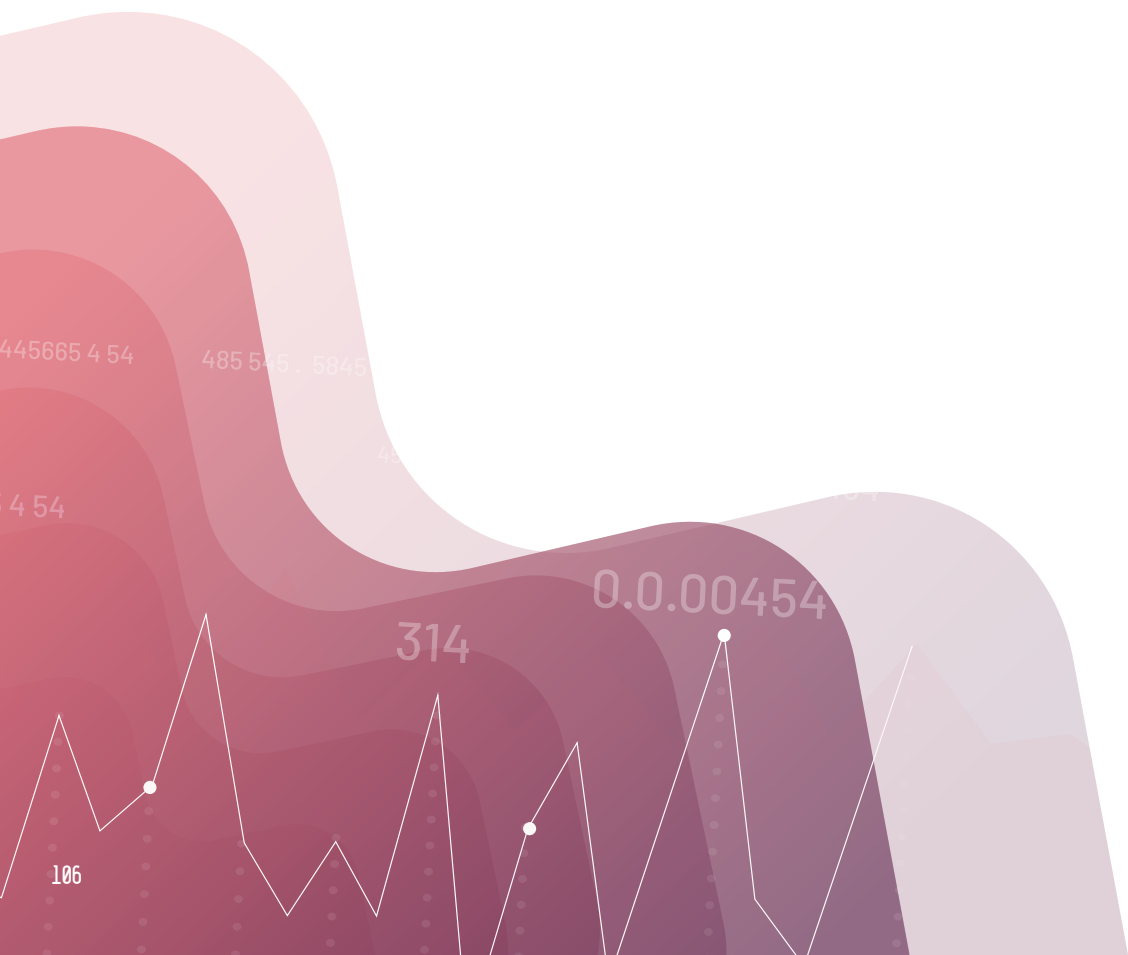
Liquidity risk arises from being unable to meet financial obligations as they fall due.

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	MATURITY DATES						
		CARRYING AMOUNT \$'000	NOMINAL AMOUNT \$'000	LESS THAN 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS - 1 YEAR \$'000	1-5 YEARS \$'000	OVER 5 YEARS \$'000
2022 CONSOLIDATED								
Financial Liabilities								
Trade Creditors and Other Payables	5.2	57,904	57,904	41,774	14,940	1,189	-	-
Refundable Accommodation Deposits	5.3	24,784	24,784	1,033	2,066	9,297	12,388	-
Residential Patient Monies held in Trust	5.3	1,015	1,015	1,015	-	-	-	-
Borrowings	6.1	8,260	8,260	208	412	1,970	4,496	1,174
Total financial liabilities		91,963	91,963	44,030	17,418	12,456	16,884	1,174
2021 CONSOLIDATED								
Financial Liabilities								
Trade Creditors and Other Payables	5.2	36,846	36,846	30,136	3,456	3,254	-	-
Refundable Accommodation Deposits	5.3	24,112	24,112	122	-	23,990	-	-
Residential Patient Monies held in Trust	5.3	1,090	1,090	216	226	648	-	-
Borrowings	6.1	9,159	9,159	219	438	2,084	4,911	1,507
Total financial liabilities		71,207	71,207	30,693	4,120	29,976	4,911	1,507

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. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

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

- a change in interest rates of 1 to 3% up or down and
- a change in the top ASX 200 index of 15% up or down.

Interest rate risk

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

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

Foreign currency risk

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period.

Barwon Health has minimal exposure to foreign currency risk.

Equity risk

Barwon Health is exposed to equity price risk through its investments in listed and unlisted shares and managed investment schemes. Such investments are allocated and traded to match the health service's investment objectives.

Barwon Health's sensitivity to equity price risk is set out below.

		-15%	+15%
CONSOLIDATED ENTITY	CARRYING AMOUNT	NET RESULT	NET RESULT
2022			
Investments and other contractual financial assets	7,258	(1,089)	1,089
2021			
Investments and other contractual financial assets	7,262	(1,089)	1,089

NOTE 7.3 FAIR VALUE DETERMINATION

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

The following assets and liabilities are carried at fair value:

- Financial assets and liabilities at fair value through net result
- Financial assets and liabilities at fair value through other comprehensive income
- Property, plant and equipment
- Right-of-use assets

In addition, the fair value of other assets and liabilities that are carried at amortised cost, also need to be determined for disclosure.

Valuation hierarchy

In determining fair values a number of inputs are used. To increase consistency and comparability in the financial statements, these inputs are categorised into three levels, also known as the fair value hierarchy. The levels are as follows:

- Level 1 - quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 - valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable and
- Level 3 - valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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.

Barwon Health monitors changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. The Valuer-General Victoria (VGV) is Barwon Health's independent valuation agency for property, plant and equipment.

Identifying unobservable inputs (level 3) fair value measurements

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

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

(A) FAIR VALUE DETERMINATION OF INVESTMENTS AND OTHER FINANCIAL ASSETS

	CONSOLIDATED CARRYING AMOUNT	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
	AS AT 30 JUNE \$'000	LEVEL 1 ¹ \$'000	LEVEL 2 ¹ \$'000	LEVEL 3 ¹ \$'000
2022				
Investments and other financial assets	33,037	7,258	20,534	5,244
Total financial assets held at fair value through other comprehensive income	33,037	7,258	20,534	5,244
2021				
Investments and other financial assets	28,818	7,262	21,556	-
Total financial assets held at fair value through other comprehensive income	28,818	7,262	21,556	-

Fixed bonds and floating rate securities

In the absence of an active market, the fair value of Barwon Health's fixed bond and floating rate securities are valued using observable inputs, such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms.

Barwon Health classifies these debt securities as Level 2.

Equities

Equities are valued at fair value with reference to a quoted (unadjusted) market price from an active market.

Barwon Health classifies these instruments as Level 1.

Derivative Financial Instrument

The fair value of derivative instruments is based on the discounted cash flow technique. The selection of variables requires significant judgement and assumptions in estimating the fair value of derivatives.

In the absence of an active market, the fair value of the CfD derivative is valued using unobservable inputs such as future wholesale electricity prices provided by The Department of Environment, Land, Water and Planning's independent advisor and comparable risk free rates of zero coupon government bonds obtained from the Reserve Bank of Australia.

The assumptions underpinning the estimate of future wholesale electricity prices included factors influencing supply and demand fluctuations, and the economic impact of Covid-19.

In addition, assumptions are applied to forecast the renewable energy generation volumes over the life of the derivative instrument.

To the extent that the significant inputs are unobservable, Barwon Health classifies these derivatives as Level 3 within the fair value hierarchy.

RECONCILIATION OF LEVEL 3 FAIR VALUE MOVEMENTS

	FINANCIAL ASSET AT FAIR VALUE THROUGH NET RESULT	
	2022 \$'000	2021 \$'000
Opening Balance	-	-
Initial recognition of derivative financial instruments	5,244	-
Closing Balance	5,244	-

DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATIONS

OTHER FINANCIAL ASSETS (LEVEL 3)	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	2022 RANGE (WEIGHTED AVERAGE)	SENSITIVITY OF FAIR VALUE MEASUREMENT TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS
Derivative Financial Instrument	Discounted cash flow	Wholesale electricity price forecasts	\$56.72/MWh to \$190.39/MWh (\$90.75/MWh)	An increase/(decrease) in the wholesale electricity price forecasts of 10% would result in an increase/(decrease) fair value by \$1,016,602
		Discount rate - risk free rates of zero coupon government bonds	2.0738% to 51.9770% (27.7399%)	An increase/(decrease) in the discount rate of 1% would result in an increase/(decrease) fair value by \$196,101
		Credit value adjustment - Australian Corporate Bond Spreads and Yields FNFCBBB10M	322.8	An increase/(decrease) in the credit value adjustment of 1% would result in an increase/(decrease) fair value by \$196,101

Opposite: Caroline Poynder, Clinical Coordinator, Barwon Health Immunisation Service and Salvo's Outreach van volunteers, Andy Allen and Brad Ogle taking COVID-19 vaccinations to the vulnerable and people living homeless



314

(B) FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS

	CONSOLIDATED CARRYING AMOUNT	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
	AS AT 30 JUNE \$'000	LEVEL 1 ¹ \$'000	LEVEL 2 ¹ \$'000	LEVEL 3 ¹ \$'000
2022				
Land				
Non-specialised Land	22,026	-	22,026	-
Specialised Land	47,434	-	-	47,434
Total land at fair value	69,460	-	22,026	47,434
Buildings				
Non-specialised buildings	3,622	-	-	3,622
Specialised buildings	618,244	-	-	618,244
Right of use buildings	1,286	-	-	1,286
Total buildings at fair value	623,152	-	-	623,152
Plant and Equipment at Fair Value				
Plant and equipment	24,245	-	-	24,245
Leasehold improvements	2,210	-	-	2,210
Furniture and Fittings	14,715	-	-	14,715
Medical equipment	44,459	-	-	44,459
Medical equipment - right of use	3,060	-	-	3,060
Total Plant and Equipment at Fair Value	88,689	-	-	88,689
	781,301	-	22,026	759,275

¹Classified in accordance with the fair value hierarchy.

(B) FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)

	CONSOLIDATED	FAIR VALUE MEASUREMENT AT END		
	CARRYING AMOUNT	OF REPORTING PERIOD USING:		
	AS AT 30 JUNE	LEVEL 1 ¹	LEVEL 2 ¹	LEVEL 3 ¹
	\$'000	\$'000	\$'000	\$'000
2021				
Land				
Non-specialised Land	23,690	-	23,690	-
Specialised Land	43,832	-	-	43,832
Total land at fair value	67,522	-	23,690	43,832
Buildings				
Non-specialised buildings	3,229	-	-	3,229
Specialised buildings	549,728	-	-	549,728
Total buildings at fair value	552,957	-	-	552,957
Plant, equipment, furniture, fittings and vehicles				
Plant and equipment	14,012	-	-	14,012
Motor vehicles	1,669	-	-	1,669
Other assets	9,400	-	-	9,400
Leasehold improvements	2,195	-	-	2,195
Furniture and Fittings	15,528	-	-	15,528
Medical equipment	46,982	-	-	46,982
Total plant, equipment, furniture, fittings and vehicles at fair value	89,786	-	-	89,786
Right-of-use assets				
Medical equipment - right of use	3,403	-	-	3,403
Right of use buildings	1,832	-	-	1,832
Total right-of-use assets at fair value	5,235	-	-	5,235
Total property, plant and equipment at fair value	715,500	-	23,690	691,810

¹Classified in accordance with the fair value hierarchy

Non-specialised land and non-specialised buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by independent valuers the Valuer-General Victoria (VGV) 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 for non-specialised buildings was 30 June 2019 and the effective date of the valuation for non-specialised land was 30 June 2022.

Specialised land and specialised buildings

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

During the reporting period, 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 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 valuation was performed using the market approach adjusted for CSO. The effective date of the valuation for specialised buildings was 30 June 2019 and the effective date of the valuation for specialised land was 30 June 2022.

Vehicles

The 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).

Medical equipment, plant and equipment, Furniture and Fittings and Linen

Plant and equipment is held at carrying value (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. As there is market evidence that current replacement costs are not significantly different from the original acquisition cost, it has been assessed that depreciated replacement cost will not be materially different from the existing carrying value.

There were no changes in valuation techniques throughout the period to 30 June 2022.

(A) RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENT

	SPECIALISED LAND	SPECIALISED BUILDINGS	NON-SPECIALISED BUILDINGS	RIGHT OF USE BUILDINGS	LEASEHOLD IMPROVEMENTS	PLANT AND EQUIPMENT	MEDICAL EQUIPMENT	MEDICAL EQUIPMENT - ROU	FURNITURE AND FITTINGS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
2022 CONSOLIDATED									
Opening balance	43,831	549,728	3,229	1,833	2,194	25,080	46,982	3,403	15,529
Additions	-	17,099	-	323	568	4,957	6,358	-	1,389
Gains or losses recognised in net result									
Disposals	-	-	-	-	-	(191)	(2)	(34)	-
Transfers	-	-	-	-	-	(60)	60	-	-
Depreciation	-	(36,267)	(139)	(869)	(552)	(5,540)	(8,939)	(1,148)	(2,204)
Subtotal	43,831	530,560	3,090	1,287	2,210	24,246	44,459	2,221	14,714
Items recognised in other comprehensive income									
Revaluation	3,603	87,684	531	-	-	-	-	-	-
Closing Balance	47,434	618,244	3,621	1,287	2,210	24,246	44,459	2,221	14,714
2021 CONSOLIDATED									
Opening balance	36,375	587,981	3,368	2,197	2,352	22,771	33,322	4,006	10,695
Additions	-	-	-	472	407	7,804	21,908	1,234	6,495
Gains or losses recognised in net result									
Disposals	-	-	-	(331)	-	(86)	(126)	(835)	-
Transfers	-	(1,792)	-	(485)	-	(64)	-	1,011	-
Depreciation	-	(36,460)	(139)	(21)	(565)	(5,344)	(8,122)	(2,013)	(1,662)
Subtotal	36,375	549,729	3,229	1,832	2,194	25,081	46,982	3,403	15,528
Items recognised in other comprehensive income									
Revaluation	7,456	-	-	-	-	-	-	-	-
Closing Balance	43,831	549,729	3,229	1,832	2,194	25,081	46,982	3,403	15,528

(B) FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)

ASSET CLASS	LIKELY VALUATION APPROACH	SIGNIFICANT INPUTS (LEVEL 3 ONLY)
Specialised land (Crown/freehold)	Market approach	Community Service Obligation adjustments ⁽ⁱ⁾
Specialised buildings and non-specialised buildings	Current replacement cost approach	Direct cost per square metre & useful life
Plant and equipment at fair value	Current replacement cost approach	Cost per unit & useful life
Medical equipment at fair value	Current replacement cost approach	Cost per unit & useful life
Furniture and fittings at cost	Current replacement cost approach	Cost per unit & useful life

⁽ⁱ⁾ A community service obligation (CSO) range of 0% to 20% was applied to Barwon Health's specialised land.

NOTE 7.4 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

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

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

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

NOTE 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 pandemic.

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

	NOTE	CONSOLIDATED	
		2022 \$'000	2021 \$'000
Net result of the year		21,279	(11,759)
Non-cash movements			
Depreciation and amortisation	4.6	61,455	62,023
Loss allowance for receivables		50	(59)
Assets received free of charge		(486)	(9,053)
Gain on sale of Available-for-Sale Shares		(176)	(96)
(Loss) / Gain on sale of Property, Plant & Equipment		(89)	271
Non-cash capital assets acquired		(54,940)	-
Fair value (gains)/losses on non-current financial assets at fair value through profit or loss		1,186	-
Loss / (Gain) on derivative financial asset		(5,244)	-
Movements in Assets and Liabilities			
Increase in employee benefits		16,381	8,746
(Decrease) in trade creditors		(2,634)	(5,358)
(increase) in patient fees receivable		(20,223)	(3,806)
Increase in inventories		(1,574)	(529)
Increase/(decrease) in monies held in trust		598	(2)
Increase in other payables		52,029	19,914
Decrease/(increase) in other receivables		8,979	(3,255)
Net cash inflow from operating activities		76,591	57,037

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	
The Honourable Martin Foley		
Minister for Health	1 July 2021	27 June 2022
Minister for Ambulance Services	1 July 2021	27 June 2022
The Honourable Anthony Carbines		
Minister for Disability, Ageing and Carers	6 December 2021	27 June 2022
The Honourable James Merlino		
Minister for Mental Health	1 July 2021	27 June 2022
Minister for Disability, Ageing and Carers	11 October 2021	6 December 2021
The Honourable Luke Donnellan		
Minister for Disability, Ageing and Carers	1 July 2021	11 October 2021
The Honourable Mary-Anne Thomas		
Minister for Health	27 June 2022	30 June 2022
Minister for Ambulance Services	27 June 2022	30 June 2022
The Honourable Gabrielle Williams		
Minister for Mental Health	27 June 2022	30 June 2022
The Honourable Colin Brooks		
Minister for Disability, Ageing and Carers	27 June 2022	30 June 2022
GOVERNING BOARD	PERIOD	
Brian Cook (Chair of the Board)	1 July 2021	30 June 2022
Michael Feehan	1 July 2021	30 June 2022
Jennifer Williams	1 July 2021	30 June 2022
Virginia Todd	1 July 2021	30 June 2022
Jason Trethowan	1 July 2021	30 June 2022
Brendan Crotty	1 July 2021	30 June 2022
Stephen Elder	1 July 2021	30 June 2022
Clare Amies	1 July 2021	30 June 2022
Susan Sdrinis	10 August 2021	30 June 2022
ACCOUNTABLE OFFICER	PERIOD	
Frances Diver	1 July 2021	30 June 2022

Opposite: Christopher Healy, Karin Krenz Senior Emergency Mental Health Clinicians in the Mental Health, Alcohol and other Drugs Hub in the Emergency Department.

Remuneration of Responsible Persons

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

	2022 NO.	2021 NO.
\$30,000 - \$39,999	1	-
\$40,000 - \$49,999	7	8
\$80,000 - \$89,999	1	1
\$470,000 - \$479,999	-	1
\$480,000 - \$489,999	1	-
Total number of responsible persons	10	10

	2022 \$'000	2021 \$'000
Total remuneration received or due and receivable by Responsible Persons from Barwon Health for the year	907	893

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 State's Annual Financial Report.

NOTE 8.3 REMUNERATION OF EXECUTIVES

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

	2022 \$'000	2021 \$'000
Short-term employee benefits	2,252	2,337
Post-employment benefits	185	183
Termination benefits	-	91
Total remunerationⁱ	2,437	2,611
Total number of executives	9	11
Total annualised employee equivalentⁱⁱ	7.9	8.9

ⁱ 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.

ⁱⁱ 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:

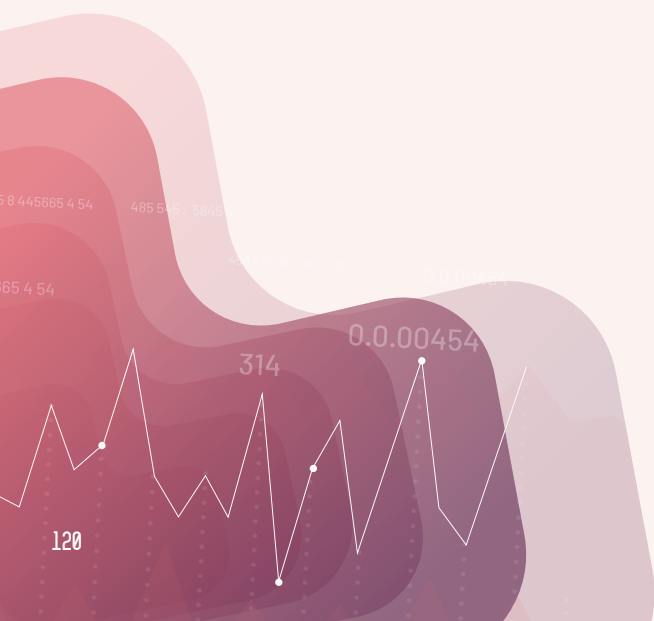
- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members
- controlled entities - Barwon Health Foundation Limited and the Barwon Health Foundation
- jointly controlled operations - A member 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 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:

Amanda Cameron	Chief Operating Officer
Cobus Lotheringen	Chief Financial Officer
Andrew Macfarlane	Chief Information Officer
Bernadine McNamara	Legal Counsel
Simon Woods	Chief Medical Officer
Anna Burgess	Executive Director, Strategy & Planning
Alison Patrick	Interim Chief Nursing and Midwifery Officer (to 26 September 2021)
Lee Jeffery	Chief of Workforce & Culture
Angela Irwin	Interim Chief Nursing and Midwifery Officer (from 27 September 2021 to 20 February 2022)
Angela Irwin	Chief Nursing and Midwifery Officer (from 21 February 2022)



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

COMPENSATION - KMPS	2022 \$'000	2021 \$'000
Short-term employee benefits	3,098	3,172
Post-employment benefits	246	241
Termination benefits	-	91
Totalⁱ	3,344	3,504

ⁱ 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 Department of Health of \$788.8m (2021: \$725.9m) and indirect contributions of \$2.4m (2021: \$6.8m). Balances outstanding as at 30 June 2022 are \$56.3m (2021: \$50.5m).

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.

- Revenue for services provided to Colac Area Health, of which Frances Diver's partner is Interim Director - Planning & Resources - \$2,800,000 (2021: \$2,700,000)
- Services have been provided by Colac Area Health, of which Frances Diver's partner is Interim Director - Planning & Resources - \$500,000 (2021: \$700,000)
- Revenue for services (software expenses) provided to Northern Health, of which Jennifer Williams is a Director - \$17,000 (2021: \$19,000).
- Services have been provided by GenU, of which Clare Amies is CEO - \$570,00 (2021: no disclosure required as KMP commenced 1 July 2022)

No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2022 (2021: none).

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 2022 (2021: none).

Controlled entities related party transactions

Barwon Health Foundation

Michael Feehan and Virginia Todd are both directors of Barwon Health and directors of 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.

	2022 \$'000	2021 \$'000
Services provided to Barwon Health Foundation	472	604
Distributions/grants received from Barwon Health Foundation	2,207	3,429
Intercompany receivable/(payable) from Barwon Health Foundation	(13)	1,906

NOTE 8.5 REMUNERATION OF AUDITORS

	CONSOLIDATED	
	2022 \$'000	2021 \$'000
Victorian Auditor-General's Office		
Audit of the financial statements	165	149
Total remuneration of auditors	165	149

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 (EXCLUDING DISTRIBUTIONS)	2022 \$'000	2021 \$'000
Barwon Health Foundation	2,559	2,883
Barwon Health Foundation Limited	-	-
	2,559	2,883

Contingent Liabilities and Capital Commitments

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

NOTE 8.8 JOINTLY CONTROLLED OPERATION

NAME OF ENTITY	PRINCIPAL ACTIVITIES	OWNERSHIP INTEREST 2022 %	OWNERSHIP INTEREST 2021 %
South West Alliance of Rural Health (Vic)	Information Systems	53	48

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

	2022 \$'000	2021 \$'000
Current assets		
Cash and cash equivalents	11,236	4,946
Inventories	24	7
Receivables	3,340	1,807
Total current assets	14,600	6,760
Non-current assets		
Property, plant and equipment	3,850	3,973
Intangible assets	123	9
Other receivables	441	238
Total non-current assets	4,414	4,220
Total assets	19,014	10,980
Current Liabilities		
Other current liabilities	6,891	1,022
Payables	5,070	4,710
Lease liabilities	830	572
Employee benefits and related on-cost provisions	1,410	840
Total current liabilities	14,201	7,144
Non-current liabilities		
Other non-current liabilities	93	-
Employee benefits and related on-cost provisions	144	164
Lease liabilities	1,064	1,022
Total non-current liabilities	1,301	1,186
Total liabilities	15,502	8,330
Net assets	3,512	2,650
Equity		
Accumulated Surplus	3,512	2,650
Total equity	3,512	2,650

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:

	2022 \$'000	2021 \$'000
Revenue and income from transactions		
Operating activities	6,668	7,213
Non-operating activities	843	23
Total revenue and income from transactions	7,511	7,236
Expenses from transactions		
Operating activities	(10,536)	(9,008)
Total expenses from transactions	(10,536)	(9,008)
Net Result from transactions - Net Operating Balances	(3,025)	(1,772)
Other economic flows included in the Net result		
Revaluation of Long Service Leave	(41)	44
Total Other Economic Flows included in Net Result	(41)	44
Comprehensive result for the year	(3,066)	(1,728)

* 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 is \$2.26m of capital commitments as at balance date (100% share) (2021: nil).

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 Department of Health for the majority of its revenue used to operate the health service. At the date of this report, the Board of Directors has no reason to believe the Department of Health will not continue to support Barwon Health.



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.
MINISTERIAL DIRECTIONS		
Report of Operations		
Charter and purpose		
FRD 22	Manner of establishment and the relevant Ministers	1
FRD 22	Purpose, functions, powers and duties	1
FRD 22	Nature and range of services provided	18
FRD 22	Activities, programs and achievements for the reporting period	2, 8
FRD 22	Significant changes in key initiatives and expectations for the future	30
Management and structure		
FRD 22	Organisational structure	23
FRD 22	Workforce data/ employment and conduct principles	25
FRD 22	Occupational Health and Safety	
Financial information		
FRD 22	Summary of the financial results for the year	29
FRD 22	Significant changes in financial position during the year	30
FRD 22	Operational and budgetary objectives and performance against objectives	40
FRD 22	Subsequent events	30
FRD 22	Details of consultancies under \$10,000	32
FRD 22	Details of consultancies over \$10,000	32
FRD 22	Disclosure of ICT expenditure	33

LEGISLATION	REQUIREMENT	PAGE REF.
Legislation		
FRD 22	Application and operation of <i>Freedom of Information Act 1982</i>	35
FRD 22	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	35
FRD 22	Application and operation of <i>Public Interest Disclosure Act 2012</i>	35
FRD 22	Application and operation of <i>Carers Recognition Act 2012</i>	36
FRD 22	Summary of the entity's environmental performance	36
FRD 22	Additional information available on request	
Other relevant reporting directives		
FRD 25	<i>Local Jobs First Act 2003</i> disclosures	38
SD 5.1.4	Financial Management Compliance attestation	39
SD 5.2.3	Declaration in report of operations	5
Attestations		
	Attestation on Data Integrity	38
	Attestation on managing Conflicts of Interest	39
	Attestation on Integrity, fraud and corruption	39
Other reporting requirements		
	Reporting of outcomes from Statement of Priorities 2021-2022	40
	Occupational Violence reporting	27
	Gender Equality Act 2020	38
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	39
	Reporting of compliance regarding Car Parking Fees (if applicable)	39

Independent Auditor's Report

To the Board of Barwon Health



Opinion	<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">• consolidated entity and health service balance sheets as at 30 June 2022• consolidated entity and health service comprehensive operating statements for the year then ended• consolidated entity and health service statements of changes in equity for the year then ended• consolidated entity and health service cash flow statements for the year then ended• notes to the financial statements, including significant accounting policies• board members, accountable officer's and chief financial officer declaration. <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 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service 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>
Other Information	<p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated.</p> <p>If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service 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
15 September 2022

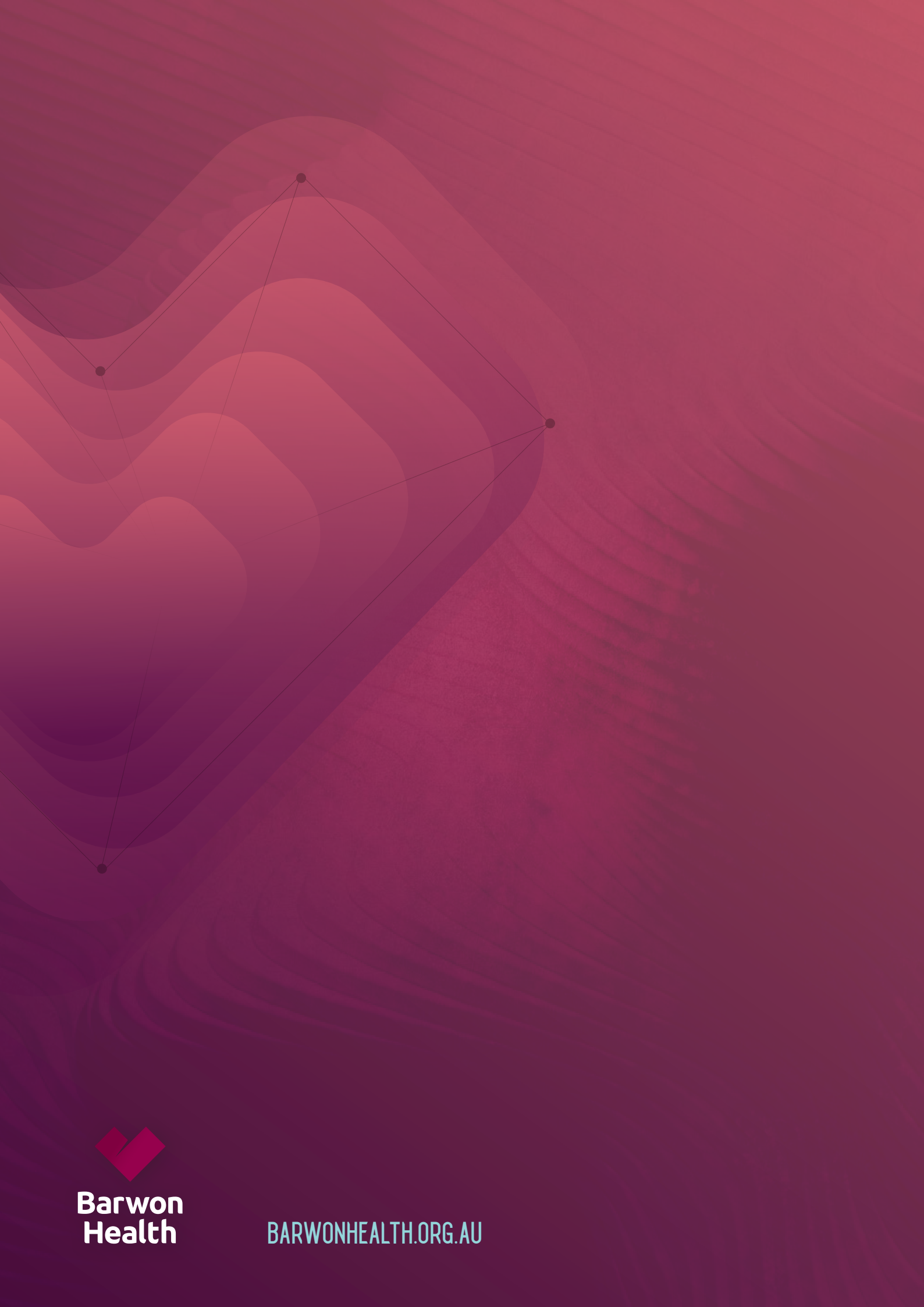


Sanchu Chummar

as delegate for the Auditor-General of Victoria







**Barwon
Health**

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