

*Benalla*  
HEALTH

# Annual Report 2019-2020





# Contents

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## PART 1: Report of Operations

6	Disclosure Index	21	Compliance
7	History	22	Key Financial and Service Performance Reporting
7	Registered Objectives		– Part A: Strategic Priorities
			– Part B: Performance Priorities
			– Part C: Activity and Funding
8	Board Chair and Chief Executive Officer's Report	31	Statutory Reporting
11	Corporate Governance – Board	33	Workforce Information
13	Board of Directors	34	Quality and Safety Performance
16	Executive Team	35	Hospital Auxiliary
17	Organisational Structure	36	Benalla Health Services
18	Committee Structure	37	Senior Staff
19	5 Year Performance		

## PART 2: Financial Statements

39	2019-20 Financial Statements
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**FRONT COVER:**

Thank you to John Spencer, who took the photo which features on the front cover of this document. John's image was submitted during a Facebook photography competition and we thank him for allowing us to use such a beautiful image on our Annual Report 2019-2020.

**Benalla Health**

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Benalla Victoria 3672  
Australia

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# PART 1

# Report Of Operations

# Disclosure Index

The annual report of Benalla 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.

<b>Legislation</b>	<b>Requirement</b>	<b>Page Reference</b>
<b>MINISTERIAL DIRECTIONS</b>		
<b>REPORT OF OPERATIONS</b>		
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment and the relevant Ministers	Part 1 – 7, 12
FRD 22H	Purpose, functions, powers and duties	Part 1 – 7, 11
FRD 22H	Nature and range of services provided	Part 1 - 36
FRD 22H	Activities programs and achievements for the reporting period	Part 1 – 8, 9, 10
FRD 22H	Significant changes in key initiatives and expectations for the future	Part 1 – 8, 9, 10
<b>Management and Structure</b>		
FRD 22H	Organisational structure	Part 1 - 17
FRD 22H	Workforce data/employment and conduct principles	Part 1 – 33
FRD 22H	Occupational Health and Safety	Part 1 - 34
<b>Financial information</b>		
FRD 22H	Summary of the financial results for the year	Part 1 - 19
FRD 22H	Significant changes in financial position during the year	Part 1 - 19
FRD 22H	Operational and budgetary objectives and performance against objectives	Part 1 – 28, 29, 30
FRD 22H	Subsequent events	Part 2 – 90
FRD 22H	Details of consultancies under \$10,000	Part 1 - 20
FRD 22H	Details of consultancies over \$10,000	Part 1 - 20
FRD 22H	Disclosure of ICT expenditure	Part 1 - 20
<b>Legislation</b>		
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	Part 1 - 31
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	Part 1 - 31
FRD 22H	Application and operation of Public Interest Disclosure 2012	Part 1 - 31
FRD 22H	Statement on National Competition Policy	Part 1 - 32
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	Part 1 - 32
FRD 22H	Summary of the entity's environmental performance	Part 1 - 31
FRD 22H	Additional information available on request	Part 1 - 32
<b>Other relevant reporting directives</b>		
FRD 25D	<i>Local Jobs First Act</i> disclosures	Part 1 - 32
SD 5.1.4	Financial Management Compliance attestation	Part 1 - 21
SD 5.2.3	Declaration in report of operations	Part 1 - 10
<b>Attestations</b>		
	Attestation on Data Integrity	Part 1 - 21
	Attestation on managing Conflicts of Interest	Part 1 - 21
	Attestation on Integrity, fraud and corruption	Part 1 - 21
<b>Other reporting requirements</b>		
	Reporting of outcomes from Statement of Priorities 2019-20	Part 1 – 22-30
	Occupational Violence reporting	Part 1 - 34
	Reporting obligations under the <i>Safe Patient Care Act 2015</i>	Part 1 - 32

# History

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With a ten bed bush nursing hospital established in 1935, the Benalla community has always been committed to supporting and promoting a local health service to meet the needs of the community. Today, Benalla Health provides a range of acute, midwifery, residential aged care, community health and urgent care services and is one of the largest employers in Benalla. The health service has evolved in recent years to increase its focus on community-based services and has become recognised for its expertise in ophthalmology. We believe our greatest strength is our people, their passion and commitment.

# Registered Objectives

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## **The objectives of the Hospital are to:**

1. Organise and provide health care services in the Benalla district and, in particular hospital based services, including services provided jointly with other agencies in accordance with the *Health Services Act, 1988*, and all existing or future relevant Acts and Regulations;
2. Utilise appropriate physical and personal resources, knowledge and available technologies to promote health and to prevent, treat and alleviate disease, disability, injury and suffering so far as is possible in the prevailing conditions;
3. Set and achieve standards consistent with prevailing principles of quality patient care and community health needs;
4. Foster continuing improvement in standards through education, research and training and;
5. Manage and maintain a Community Health Service which will provide facilities, personnel and services to achieve the following aims:
  - promoting health awareness;
  - improving health standards;
  - fostering awareness and prevention of illness and disability;
  - supporting persons in their home environment; and
  - rehabilitation.

# Board Chair and Chief Executive Officer's Report

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On behalf of the Board of Directors and all staff we are pleased to present the 2019-20 Annual Report for Benalla Health. The achievements of Benalla Health outlined in this report, would not have been possible without the dedicated commitment of all staff, the medical workforce and our esteemed volunteers.

We would like to publically acknowledge the Board of Directors. The time that all directors devote to their important stewardship role is sincerely appreciated. Four of our respected Board Directors retired this year; Anne Cahill Lambert (15 months of service), Dr Vikas Wadhwa (3 1/2 years of service), Kim Scanlon (9 years of service with the last 3 years serving as Vice Chair) and Louise Armstrong (9 years of service with the last 3 years serving as Chair). Their significant contributions are noted and valued. We wish them all the very best with their future endeavours.

The Board set a Statement of Priorities (SoP) in agreement with the Department of Health and Human Services. The SoP was aligned with Benalla Health's strategic objectives and the Department's policy directions. The outcomes of the SoP are highlighted later on in this report.

We obtained conditional practical completion for the Morrie Evans Wing on the 8th July 2019. All residents settled back into their new home without any major upheavals and are enjoying their modernised surroundings.



We commenced work on the development of our new Strategic Plan in August 2019. Spark Strategy were engaged to facilitate conversations with our community, staff, general practitioners and other key stakeholders to ensure that as many people as possible were involved in the process. We also participated in joint strategic planning sessions with the Board and Executive staff of Northeast Health Wangaratta. Our new 5-year strategic plan will be launched prior to Christmas 2020.

Two valued staff members, Andrew Nitschke and Anne-Marie Kerr attended the Studer Conference in the USA in August 2019. Positive feedback was received with these staff members keen to implement more Studer initiatives to improve the health outcomes of our community.

The Staff Excellence Awards were presented at the Annual General Meeting, which was held on the 31st October 2019. The following staff members were nominated by their peers and received due recognition for their superb performance during the 2018-19 financial year:

- **Trish Winzer and Melissa Reid** - Award for Excellence in Leadership
- **Kylie Carter and Lisa Pryor** – Award for Excellence in Innovation and Sustainability
- **Leisa Scanlan** – Award for Excellence in Consumer Care and Engagement
- **Fiona Stewart and Maurice Henderson** – Award for Excellence in Quality Service





Pictured from left to right: Fiona Stewart, Lisa Pryor, Kylie Carter and Trish Winzer with Board Chair, Louise Armstrong

An enjoyable Christmas breakfast was held for all staff and volunteers on the 19th December 2019 with the event being well attended. This is just one way in which we can publically recognise our highly valued staff and thank them for all their hard work during the year.

We activated our Code Brown standby on the 3rd January 2020 in response to the devastating bushfires that swept through the Northeast. We maintained this emergency response phase for 13 days, which was a first for Benalla Health. Our staff are commended for their excellence, compassion and commitment during this very stressful time.

We were thrilled to welcome the Hon Jaclyn Symes to Benalla Health on the 30th January 2020 to officially open the fully refurbished Morrie Evans Wing. Despite the heat it was a wonderful celebration of a long awaited and gratefully received facility.

We were still managing the havoc wrought by the bushfires when the second state of emergency was called in response to the COVID-19 pandemic. Again, staff went above and beyond to care for our community and each other. We very quickly set up our drive through Fever Clinic and our local GPs worked alongside us to provide this very important community service.

The Fire Services upgrade was successfully completed on the 30th March 2020. Sincere appreciation is extended to our Engineering staff for their oversight and diligence with this project. On completion of this important work, we achieved unconditional occupancy status for the Morrie Evans Wing.

We continued to provide a range of acute inpatient, obstetric and surgical services and remain committed to continuing to provide these services into the future. Our inpatient activity was lower this year in comparison to previous years due largely to the impact of the bushfires and COVID-19. The declaration of two States of Emergency occurring within weeks of each other and indeed in the same financial year is unprecedented. We did however, once again achieve our community health activity targets and this is a reflection of the dedication of our loyal staff.

Our partnership with Goulburn Valley Health remains strong and we completed over 400 eye surgeries from their surgical waitlist. Patient satisfaction with this service remains very high, which is a credit to the surgeons, and our theatre and day procedure staff.

We have zero tolerance for occupational violence and we are committed to ensuring that our staff, patients, their loved ones, visitors and volunteers are protected. To this end we have continued to complete significant security upgrades throughout the health service.

Our impact on our environment is decreasing each year. We take great pride in the outcomes we have achieved which are highlighted later on in this report. We installed another 97.28kW of solar panels with some more to come later on in 2020.

**Major pieces of capital equipment were purchased throughout the year and included:**

- Ophthalmic Patient Trolley
- Vaccine Fridge
- Airvo Humidifier
- Dual Focus Gastroscope
- MK4 Syringe Pumps x2
- Ultrasonic Bath
- Alternating Air Mattress

We receive regular feedback from patients through the Victorian Health Care Experience Survey. The results are impressive and indicate that patients who receive care at Benalla Health continue to be very pleased with the care they receive. Our results remain above the State average and this confirms the excellent care that is consistently provided by our dedicated staff.

As in previous years, Benalla Health received terrific support from the Benalla and District Memorial Hospital Auxiliary, community groups and individuals who generously donated their time and money to support the health service to deliver a broad range of high calibre services. The respectful assistance provided to staff from our esteemed volunteers and the extra equipment we purchased through donations is greatly appreciated. We genuinely thank everyone for all their sustained efforts.

We would lastly like to publicly recognise and sincerely thank the Department of Health and Human Services, Board of Directors, our valued staff, medical officers, partner organisations and our committed volunteers who have continued to willingly assist us to provide high quality health services to the community we are privileged to serve.



**Dr Dennis O'Brien**  
Board Chair



**Janine Holland**  
Chief Executive Officer

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Benalla Health for the year ending 30th June 2020.

**Dr Dennis O'Brien**  
Board Chair

9th September 2020

# Corporate Governance - Board

The Organisation is governed by a Board appointed by the Governor-in-Council upon the recommendation of the Minister for Health, Minister for Ambulance Services, Jenny Mikakos MP.

## **The functions of the Board as determined by the *Health Services Act 1988* are to:**

- Oversee and manage the Organisation; and
- Ensure the services provided by the Organisation comply with the requirements of the Act and the aims of the Organisation.

## **Governance by the Board is achieved through:**

- Strategic planning - to ensure the visionary direction of the Organisation is focused and aligned to the Mission Statement;
- Effective management by the Chief Executive Officer – the Board performs an annual performance appraisal and sets realistic goals; the Chief Executive Officer is responsible for managing the Organisation at an operational level;
- Funding of service agreements – the Board endorses plans, strategies and budgets and ensures annual agreements reflect accurate, achievable and desirable outcomes; the Board monitors the performance of the organisation through appropriate budgetary processes;
- Local policy setting; and
- By-Laws and Operational Practices – these are reviewed regularly by the Board.

## **Board Committees**

### **Audit Committee**

The Committee receives and makes recommendations relating to internal and external audit reports and ensures compliance with any matters raised by the Auditor General's office. The Committee meets four times per year.

### **Appointments Committee**

The Committee has the important role of assessing medical and dental practitioners as well as nurse practitioners and recommending their scope of practice within Benalla Health. The Committee meets four times per year.

### **Medical Consultative Committee**

The Committee provides a forum for local medical practitioners to meet with the Board to discuss common issues. The Committee meets as required.

### **Quality and Safety Committee**

The Quality and Safety Committee provides clinical governance leadership and monitors the delivery of care, quality improvement and risk management (both clinical and non-clinical) throughout the Organisation. The Committee meets monthly.

### **Community Advisory Committee**

The Committee provides direction and leadership in relation to the integration of consumer care and community views across all levels of health service planning, development and operations. The Committee meets bimonthly.

## Pecuniary Interest

Members of the Board of Directors are required at each meeting to declare any pecuniary interest which might give rise to a conflict of interest. The Board has developed a Policy and Code of Conduct which clarifies the responsibilities of Board Directors.

## Responsible Ministers during the Financial Year

### Jenny Mikakos, MP

Minister for Health

Minister for Ambulance Services

### Martin Foley MP

Minister for Mental Health

### Auditors

RSD Chartered Accountants,

Agents for the Auditor General

### Banker

National Australia Bank

### Solicitors

HDC Legal

## Government Policy

Health Service Boards are responsible to the Minister for setting the strategic directions of rural public healthcare agencies within the framework of Government policy. They are accountable for ensuring that rural public healthcare agencies:

- Are effectively and efficiently managed;
- Provide high quality care and service delivery;
- Meet the needs of the community; and
- Meet financial and non-financial performance targets.

The Government is committed to ensuring that there is strong governance and accountability of the Board for the performance of the Organisation and delivery of health services. Each rural public healthcare agency needs a balanced Board, which has the right mix of relevant skills, knowledge, attributes and expertise to be effective and achieve its objectives. This includes skills and expertise relating to the governance of health services, and an ability to represent the views of the community.



# Board of Directors

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**Chair**  
**Louise Armstrong**

*BInfoTech (InfoSys), GCertMgt  
(ProfPrac), GAICD*

**Committee Membership**

- Appointments (Chair)
- Audit
- Medical Consultative (Chair)

Louise has a background in information technology and training and was responsible for the overall management of a successful, award-winning veterinary business for many years. She is currently overseeing the family beef cattle enterprise and accommodation business and contributing her administrative skills to a local accounting firm. Louise has an excellent understanding of corporate governance and quality and risk management. She has lived most of her life in Benalla and has been actively involved in many community groups over the years, particularly Benalla Support Group for Children with Special Needs, Goomalibee Landcare and Benalla Business Network.



**Vice Chair**  
**Lisa Marta**

*BPharm, MPS, AACPA*

**Committee Membership**

- Community Advisory
- Quality and Safety (Chair)

Lisa is a pharmacist with over 30 years' experience in community and hospital pharmacy. Lisa is a partner in a local community pharmacy, with her husband Gareth. They moved to Benalla in 1995 and have three children. During this time Lisa has been involved in several community groups.



**Vice Chair**  
**Kim Scanlon**

*Dip Teaching (Primary),  
Grad Dip Outdoor  
Education GAICD*

**Committee Membership**

- Medical Consultative
- Quality and Safety

With a career working in education, community development and leadership development roles, Kim works for the Department of Environment, Water, Land and Planning. Formerly the Executive Officer of Alpine Valleys Community Leadership, Kim contributed to the developing emerging community leaders from across North East Victoria. She has also worked in community development roles for State and Local Government and is mostly known for her management of 15 Mile Creek Camp. Kim has served on a variety of community Boards, including the Rotary Club of Benalla, the Benalla Young Sportsperson Trust and Winton Wetlands Committee of Management.



**Treasurer**  
**David Elford**

*AAPI CPV, BAppSci (Val),  
DipAcc*

**Committee Membership**

- Audit (Chair)
- Quality and Safety

David is a property valuer conducting a broad range of property valuations with the Opteon Property Group, previously known as HMC Valuations. David covers an area extending throughout Northern and North East Victoria, the Goulburn Valley as well as southern and western NSW. He is a member of the Australian Institute of Company Directors. Prior to this, he was a farmer and professional wool classer in the Benalla district. David has played an active role in a number of community groups over the years and enjoys spending time with his family on his small farm.



**Anne Cahill**  
**Lambert AM**

*BHA, MPubAdmin,  
FCHSM, CHM*

**Committee Membership**

- Appointments
- Community Advisory
- Quality and Safety

Anne's career has seen her as a successful and highly regarded Board member, chair and CEO at a local, national and international level. She has been an enthusiastic contributor to the work of Commonwealth and jurisdictional governments through government tribunal and committee work and non-government organisations, particularly in the health sector. Anne is committed to good governance and transparency of process and this continues to be her research interest. Following serious illness, Anne also spends considerable time advocating for equity in access to health services especially for patients from rural, regional and remote Australia. Anne resigned from the Board in October 2019.



**Tammy Smith**

*BSW, ADIPMGMT*

**Committee Membership**

- Quality and Safety

Tammy is a 2017 Graduate of the Alpine Valleys Community Leadership Program and has a range of Committee experience. Tammy is focused on utilising her skills for the betterment of North East Victorian communities. Her involvement includes current Committee membership of the Wangaratta Women in Leadership Group and the ACVL Alumni Sub-Committee. She has worked in both the USA and UK in various social work focused positions. Tammy is currently employed in the role of Respectful Relationships Liaison Officer for the Department of Education and Training. Tammy brings to the Board a strong background in counselling and support particularly working with persons experiencing family violence and held a role managing the local integrated family violence service sector for a number of years. She has also worked in the area of Disability Client Services and Child Protection with the Department of Health and Human Services.



### **Terry Trounson**

*ANZIIF (Snr Assoc),  
DipBus, DipFP,  
Dip Teaching (Primary)*

#### **Committee Membership**

- Audit
- Community Advisory

Terry is a local business operator and has been a Benalla resident for over 20 years. He has a strong background in the provision of financial planning advice and relationship building, with extensive experience in the areas of business analysis, administration, insurance and financial operations. Terry has served on a number of local committees and is currently a Tomorrow Today Foundation sub-committee member and CFA volunteer fire fighter. He is also a motorcycling enthusiast and maintains a keen interest in recreational aviation.



### **Dr Vikas Wadhwa**

*MBBS, FRACP, MBA,  
MPH, FRACMA*

#### **Committee Membership**

- Appointments
- Medical Consultative
- Quality and Safety

Vikas is Executive Director Medical Services and Clinical Governance at Peninsula Health with both executive and clinical roles. Vikas has academic appointments with Deakin and Monash Universities and is an examiner for the RACP as well as university medical undergraduates. He has been with Benalla Health as a board director since 2016 and also has membership of several subcommittees. Vikas is passionate about clinical governance and patient safety. Dr Wadhwa resigned from the Board in February 2020.



### **Peter McNeill**

*BEC, CA*

#### **Committee Membership**

- Audit

Peter is a Chartered Accountant with more than 30 years' experience in the public and private sectors. He has a strong background in governance through working on large projects with federal government agencies and also being an independent member of Finance, Audit and Risk Management committees with a government agency in the health sector and a local council. He is a keen golfer and sports fan and has been actively involved in a local school Board.

# Executive Team

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**Chief Executive Officer**  
**Janine Holland**

*RN, RM, BHSc, Grad Cert  
HSM, MPH, MACHSM,  
GAICD, ACHS Assessor*

The Chief Executive Officer is responsible to the Board of Management for the efficient and effective management of the Health Service. Key responsibilities include the development and implementation of operational and strategic planning maximising service efficiency, quality improvement and minimisation of risk. Janine is also an ACHS Assessor.



**Executive Director  
of Clinical Services**  
**Dr Sue Wilson**

*RN, Paed Cert, Grad Dip  
Psych Nsg, BA, BSc,  
Grad Dip Ed, MEd, PhD,  
GAICD*

The Executive Director of Clinical Services is responsible for all clinical services. The EDCS role encompasses leadership of clinical services, clinical governance, clinical leadership and standards of practice, service and strategic planning, clinical risk management, quality improvement and resource management.



**Executive Director of  
Medical Services**  
**Dr Campbell Miller**

*MBChB, MBA, FRACMA*

As Executive Director of Medical Services Dr Miller ensures all visiting medical officers are credentialed and have appropriate clinician privileges for the Organisation. The EDMS role involves liaison with visiting specialists and General Practitioners as well as the provision of senior medical administrative support, advice and guidance to staff on clinical governance, medical services, quality and medico-legal matters.



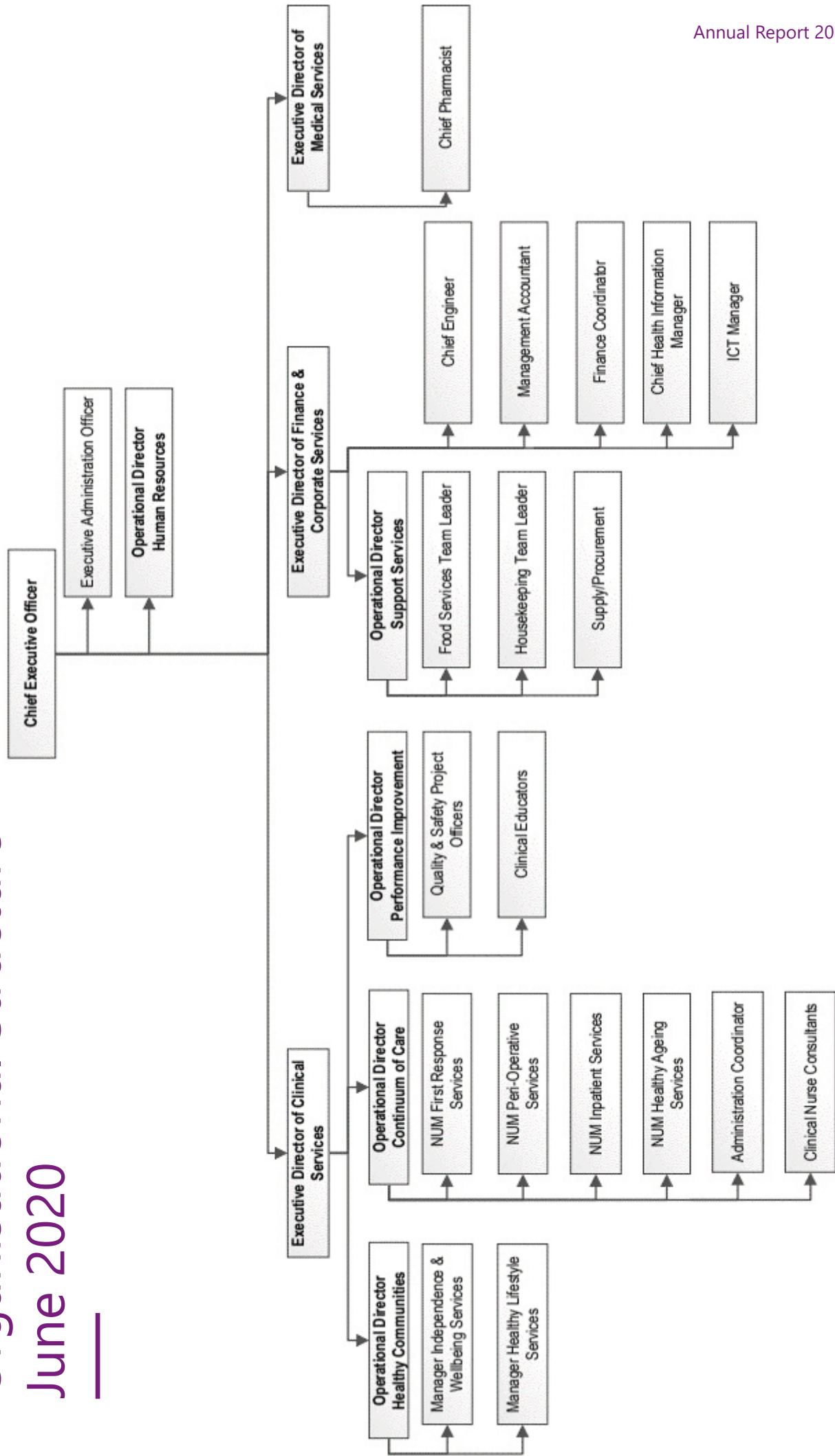
**Executive Director  
of Finance and  
Corporate Services**  
**Andrew Nitschke**

*BBus (Accounting), CPA,  
MBA, GAICD*

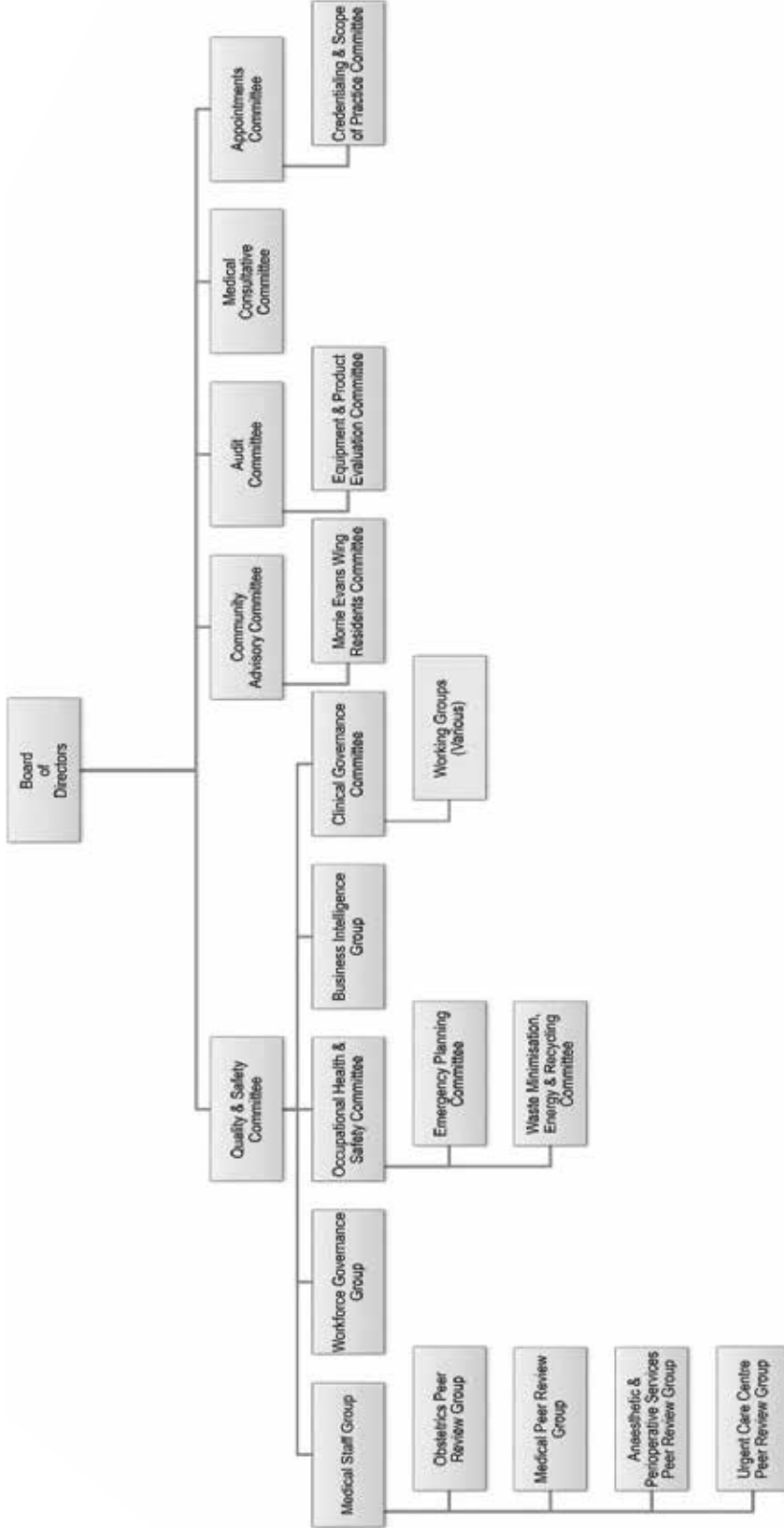
The Executive Director of Finance and Corporate Services is responsible for the finance and administration, ICT, health information, supply, linen and hospitality departments. The EDF&CS provides leadership in the management of financial and corporate support services.



# Organisational Structure June 2020



# Committee Structure



## 5 Year Performance

	2020 \$000	2019 \$000	2018 \$000	2017 \$000	2016 \$000
<b>Operating Result</b>	<b>134</b>	<b>244</b>	<b>379</b>	<b>728</b>	<b>1,412</b>
Total Revenue	32,555	29,207	32,218	28,733	28,400
Total Expenses	32,637	30,656	30,760	29,473	28,260
Net Result from transactions	(82)	(1,445)	1,458	(740)	140
Total other economic flows	(42)	(136)	7	132	31
Net result	(124)	(1,581)	1,465	(608)	171
Total Assets	47,100	47,126	36,653	35,129	37,051
Total Liabilities	8,309	8,211	7,779	7,720	9,034
Net Assets/Total Equity	38,791	38,915	28,874	27,409	28,017

<b>Summary Of Financial Results</b>	2020 \$000	2019 \$000	2018 \$000
<b>Net operating result</b>	<b>134</b>	<b>244</b>	<b>379</b>
<b>Capital and specific items</b>			
Capital purpose income	1,501	425	3,640
Specific income	436	0	0
COVID 19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	42	N/A	N/A
State supply items consumed up to 30 June 2020	42	N/A	N/A
Assets provided free of charge	0	0	0
Assets received free of charge	64	N/A	N/A
Expenditure for capital purpose	7	33	438
Depreciation and amortisation	2,200	2,081	2,121
Impairment of non-financial assets	0	0	0
Finance costs (other)	10	4	2
<b>Net result from transactions</b>	<b>(82)</b>	<b>(1,449)</b>	<b>1,458</b>

## Consultancies

### Details of consultancies (under \$10,000)

In 2019-20 there were no consultancies where the total fees payable to the consultants were less than \$10,000 (excl. GST).

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

In 2019-20 there was one consultancy where the total fees payable to the consultants were \$10,000 (excl. GST) or greater. The total expenditure incurred during 2019-20 in relation to these consultancies is \$27,289 (excl. GST).

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2019-20 (excluding GST)	Future expenditure (excluding GST)
Synchronicity Consulting Pty Ltd trading as Spark Strategy	Complete Strategic Plan 2020-2025	October 2019	June 2020	\$29,089	\$27,289	\$1,800

## Information and Communication Technology (ICT)

The total ICT expenditure incurred during 2019-20 was \$1.185m (excl. GST) with the details shown below:

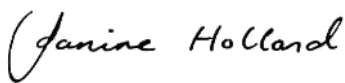
Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT Expenditure		
Total (excluding GST) (million)	Total=Operational expenditure and Capital Expenditure (excluding GST)	Operational expenditure (excluding GST) (million)	Capital expenditure (excluding GST) (million)
\$0.951	\$0.234	\$0	\$0.234

# Compliance

There are a number of specific compliance requirements that health services must meet and declare during the course of operations. Accordingly, the following attestations are made:

## Data Integrity

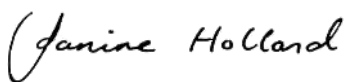
I, Janine Holland, certify that Benalla Health has put in place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Benalla Health has critically reviewed these controls and processes during the year.



**Janine Holland**, *Chief Executive Officer*  
**Accountable Officer**  
 Benalla Health  
 9th September 2020

## Integrity, Fraud and Corruption

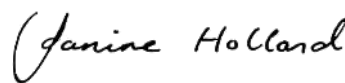
I, Janine Holland, certify that Benalla Health has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Benalla Health during the year.



**Janine Holland**, *Chief Executive Officer*  
**Accountable Officer**  
 Benalla Health  
 9th September 2020

## Conflict of Interest

I, Janine Holland, certify that Benalla 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) 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 Benalla Health and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.



**Janine Holland**, *Chief Executive Officer*  
**Accountable Officer**  
 Benalla Health  
 9th September 2020

## Ministerial Standing Direction 5.1.4 Financial Management

I, Dennis O'Brien, on behalf of the Responsible Body, certify that Benalla Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and instructions.



**Dr Dennis O'Brien**, *Board Chair*  
**Responsible Officer**  
 Benalla Health  
 9th September 2020

# Key Financial and Service Performance Reporting

## Part A: Strategic Priorities Health 2040

In 2019-20 Benalla Health will contribute to the achievement of the Government's commitments within Health 2040: Advancing health, access and care by:

### Better Health

Goals	Strategies	Health Service Deliverables	Outcomes
A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Healthy neighbourhoods and communities encourage healthy lifestyles	Reduce state-wide risks Build healthy neighbourhoods Help people to stay healthy Target health gaps	Benalla Health will fully implement the Koolin Balit Aboriginal Health Cultural Competence Action Plan 2017-20.	<b>Achieved</b> All actions on the Cultural Competence Action Plan implemented.
		Benalla Health will design, develop and open the labyrinth garden in the grounds of Benalla Health's aged care facility that will support the health and well-being of all patients, residents, visitors and staff.	<b>Partially Achieved</b> Garden renovations completed. Meetings held with key stakeholders for the addition of a labyrinth. Project placed on hold due to bushfires and COVID-19.

## Better Access

Goals	Strategies	Health Service Deliverables	Outcomes
Care is always being there when people need it Better access to care in the home and community People are connected to the full range of care and support they need Equal access to care	Plan and invest Unlock innovation Provide easier access Ensure fair access	Benalla Health will continue to partner with Northeast Health Wangaratta to develop and implement a subacute model of care which will facilitate timely referrals into and out of Northeast Health's Thomas Hogan Rehabilitation Centre. The model will be developed and implemented by 31 December 2019 and an initial evaluation of the model will be conducted by the end of June 2020	<b>Partially Achieved</b> Discussions continue with NHW regarding an integrated model of care, patient flow and capacity building in regards to rehabilitation services. Progress impacted by bushfires and COVID-19.
		Benalla Health will continue to work closely with local General Practitioners and Northeast Health Wangaratta to sustain our level 3 maternity service.	<b>Achieved</b> Workforce challenges remain with the recruitment and retention of midwives and GP Obstetricians.

## Better Care

Goals	Strategies	Health Service Deliverables	Outcomes
Targeting zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs	Put quality first Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	By the end of June 2020, Benalla Health will have fully implemented Safer Care Victoria's Partnering in Healthcare initiatives in shared decision making and building health literacy.	<b>Achieved</b> Outcomes include work to advance an inclusive comprehensive care plan and participation in Drop the Jargon initiatives.
		Benalla Health will support the development of advanced clinical practice in nursing staff, including the appointment and credentialing of at least three Rural and Isolated Practice Endorsed Registered Nurse (RIPERN) qualified nursing staff.	<b>Achieved</b> Advanced Nursing Scope of Practice Program Project implemented. RIPERN Scope of Practice endorsed for practice at Benalla Health.

## Part A: Strategic Priorities for 2019-20

In 2019-20 Benalla Health will contribute to the achievement of the Government's priorities by:

### Supporting the Mental Health System

Goals	Health Service Deliverables	Outcomes
Improve service access to mental health treatment to address the physical and mental health needs of consumers.	Benalla Health will facilitate youth mental health first aid training through the Live for Life program for at least 30 local families of young people.	<b>Partially Achieved</b> Youth Mental Health First Aid Course held July/August 2019 with 11 participants. Course scheduled for March 2020 cancelled due to COVID 19.
	In partnership with the Men's Shed, Benalla Health will host the On the Down Low event.	<b>Achieved</b> Widely advertised with event successfully hosted in September 2019.
	Actively engage with health and community service partners to improve the stepped care model of treatment and care for young people and target zero preventable youth suicide deaths within the Benalla area.	<b>Achieved</b> Benalla Health is a member of the multi service placed based suicide prevention project with MPHNS and we continue as lead agency for the project groups Post-vention Protocol. We were a participant in the local World Suicide Prevention Day with other service providers. In September 2019, we undertook the Master of Ceremony role for the commemoration event, which was attended by around 50 people.

### Addressing Occupational Violence

Goals	Health Service Deliverables	Outcomes
Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation.	By 31 December 2019, Benalla Health will have fully implemented the department's security training principles to address identified security risks.	<b>Achieved</b> Fifty-five (55) staff attended dedicated code grey response training facilitated by PRO-COM consulting in October 2019. Information for code grey responders updated in Emergency Management Manual following this training.
Implement the department's security training principles to address identified security risks.	Benalla Health will implement an after hour's security presence to support staff safety, and evaluate the performance of this initiative by the end of June 2020.	<b>Achieved</b> Security personnel onsite each day between the hours of 6pm and 2am. Escort service to staff carpark available. Positive feedback received for this ongoing initiative.



## Addressing Bullying and Harassment

Goals	Health Service Deliverables	Outcomes
<p>Actively promote positive workplace behaviours, encourage reporting and action on all reports.</p> <p>Implement the department's Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination and workplace culture and bullying, harassment and discrimination training: guiding principles for Victorian health services.</p>	<p>Benalla Health will fully implement the department's Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination and workplace culture and bullying, harassment and discrimination training, guiding principles for Victorian health services.</p>	<p><b>Achieved</b></p> <p>Dedicated staff education campaign completed. All associated resources and information related to the framework is available to staff via Benalla Health's Intranet. Logo added to staff email signature for 6 months to both promote and confirm Organisational commitment to principles and practices of know better, be better.</p>

## Supporting Vulnerable Patients

Goals	Health Service Deliverables	Outcomes
<p>Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care.</p>	<p>Benalla Health will complete the 'HOW2' program (a set of 6 national standards developed by Gay and Lesbian Health Victoria (GLHV)), known as Rainbow Tick Accreditation, and implement the local Rainbow Tick Action Plan.</p>	<p><b>Partially Achieved</b></p> <p>Representative from Benalla Health completed the HOW2 training and is working with NHW and Gateway Health to implement a regional LGBTIQ+ community engagement plan. Work towards Rainbow Tick Accreditation is progressing as an initiative of the Benalla Health Diversity and Disability Action Plan.</p>

### Supporting Aboriginal Cultural Safety

Goals	Health Service Deliverables	Outcomes
<p>Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff.</p>	<p>Benalla Health will complete the 2019-2020 environmental cultural awareness audit, and report the key findings from the audit to our Board and our Consumer Advisory Committee (CAC).</p>	<p><b>Achieved</b></p> <p>Environmental cultural awareness audit conducted on 25 May 2020. Key findings reported to Board and Consumer Advisory Committee (CAC) in June 2020.</p>
	<p>Benalla Health will develop a whole of organisation Cultural Improvement Plan with clear timelines for delivery by the end of June 2020.</p>	<p><b>Achieved</b></p> <p>The 2017-2020 Koolin Balit Cultural Awareness Action Plan is complete.</p> <p>Organisational efforts to support, improve and achieve have been articulated into a single, integrated Diversity and Disability Framework. An action plan inclusive of a cultural improvement plan for 2020-2021 has been developed and implemented.</p>

### Addressing Family Violence

Goals	Health Service Deliverables	Outcomes
<p>Strengthen responses to family violence in line with the Multiagency Risk Assessment and Risk Management Framework (MARAM) and assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.</p>	<p>Benalla Health will provide support to the '16 days of activism' through the implementation of at least two dedicated community training and information program on family violence.</p>	<p><b>Achieved</b></p> <p>Access available for all staff to online training. Display of 'our watch' posters. Review and update to information on Benalla Health website. Review and update to suite of Child Safe guiding documents.</p>

### Implementing Disability Action Plans

Goals	Health Service Deliverables	Outcomes
Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability.	Benalla Health will continue to build on last year's Disability Action Plan by implementing the 2019-2021 Disability Action Plan, with a particular focus on reducing barriers and promoting inclusion evidenced by an increase in employment opportunities for people with disability.	<p><b>Achieved</b></p> <p>A single, integrated Diversity and Disability Framework has been endorsed by the Consumer Advisory Committee. An action plan inclusive of disability and enablement has been developed and implemented.</p>

### Supporting Environmental Sustainability

Goals	Health Service Deliverables	Outcomes
Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions.	Environmental sustainability will be improved by promulgating workforce education focused on reducing material environmental impacts, with a particular emphasis on procurement and waste management. Reporting of environmental performance data, including measurable key performance measures relating to the reduction of clinical, sharps and landfill waste, water and energy use and improved recycling, will be a key element of the assessment of the impact of this initiative.	<p><b>Achieved</b></p> <p>Waste committee continues to meet regularly with relevant performance measures reported to this committee.</p>

## Part B: Performance Priorities

### High Quality and Safe Care

Key performance indicator	2019-20 Target	2019-20 Actual
<b>Accreditation</b>		
Compliance with Aged Care Standards	Full compliance	Full compliance
<b>Infection Prevention and Control</b>		
Compliance with the Hand Hygiene Australia program	83%	95.1% <sup>1</sup>
Percentage of healthcare workers immunized for influenza	84%	95%
<b>Patient experience</b>		
Victorian Healthcare Experience Survey – data submission	Full compliance	Full compliance
Victorian Healthcare Experience Survey – percentage of positive patient experience – Quarter 1	95%	98%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	97.1%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	100%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75%	83.5%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75%	91.1%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	91.7%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	91%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	94.2%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	93.5%
<b>Adverse events</b>		
Sentinel events root cause analysis (RCA) reporting)	All RCA reports submitted within 30 business days	100%
<b>Maternity and Newborn</b>		
Rate of singleton term infants without birth anomalies with Apgar score <7 to 5 minutes	≤1.4%	2.2%
Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤28.6%	n/a <sup>2</sup>

<sup>1</sup> Hand hygiene - Quarter 4 data is not available due to COVID-19. Result is based on available data.

<sup>2</sup> No cases of severe foetal growth restriction in singleton pregnancy recorded.

## Strong Governance, Leadership and Culture

Key performance indicator	2019-20 Target	2019-20 Actual
<b>Organisational culture</b>		
People matter survey – percentage of staff with an overall positive response to safety and culture questions	80%	91%
People matter survey – percentage of staff with a positive response to the question, “I am encouraged by my colleagues to report any patient safety concerns I may have”	80%	95%
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	93%
People matter survey – percentage of staff with a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager”	80%	95%
People matter survey – percentage of staff with a positive response to the question, “The culture in my work area makes it easy to learn from the errors of others”	80%	88%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	95%
People matter survey – percentage of staff with a positive response to the question, “This health service does a good job of training new and existing staff”	80%	77%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	88%
People matter survey – percentage of staff with a positive response to the question, “I would recommend a friend or relative to be treated as a patient here”	80%	93%

### Effective Financial Management

Key performance indicator	2019-20 Target	2019-20 Actual
<b>Finance</b>		
Operating result (\$m)	0.12	0.13
Average number of days to pay trade creditors	60 days	24
Average number of days to receive patient fee debtors	60 days	49
Public and Private WIES activity performance to target	100%	89.98%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	2.31
Forecast number of days Benalla Health can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	132.6
Actual number of days Benalla Health can maintain its operations with unrestricted available cash, measured on the last day of each month.	14 days	132.6
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	(283,000)

### Part C: Activity and Funding

Funding Type	2019-20 Activity Achievement
<b>Acute Admitted</b>	
Acute WIES	2,467
WIES DVA	49
<b>Acute Non-Admitted</b>	
Home Enteral Nutrition	47
Specialist Clinics	1,408
<b>Subacute &amp; Non-Acute Admitted</b>	
Maintenance Public	49
Subacute WIES - DVA	4.09
<b>Subacute Non-Admitted</b>	
Health Independence Program – Public	7,923
<b>Aged Care</b>	
Residential Aged Care	10,325
HACC PYP <65	2,877
CHSP 65+	13,816
<b>Primary Health</b>	
Community Health / Primary Care Programs	6,045

# Statutory Reporting

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## ***Freedom of Information Act 1982***

Benalla Health is an agency subject to the *Freedom of Information (Victoria) Act 1982*. The Chief Executive Officer is the nominated Freedom of Information Officer. Persons wishing to make an FOI request should do so by completing the FOI Request form (available from the Benalla Health Website or at the Hospital Reception Desk). The FOI Request form contains information relating to costs of accessing information, what information can be provided and timeline for provision of information to an applicant by Benalla Health. Further information about the *Freedom of Information Act* is available from the Office of the Victorian Information Commissioner ([www.foicommisioner.vic.gov.au](http://www.foicommisioner.vic.gov.au)). During 2019-20, 34 valid Freedom of Information requests were received, mostly relating to requests to legally access medical and/or health care related information.

## ***Building Act 1993***

Benalla Health complies with the building and maintenance provisions of the *Building Act 1993* which encompasses the Building Code of Australia and Standards for Publicly Owned Buildings November 1994 and relevant provisions of the National Construction Code. Benalla Health complies with the Department of Health and Human Services Fire Risk Management Guidelines.

## **Environmental Performance Summary**

Benalla Health is committed to protecting the environment. When developing changes or making improvements, consideration is always given to conserving energy and water, reducing greenhouse emissions and improving waste management. Benalla Health's energy and water consumption has decreased with the commissioning of our voltage optimisation equipment and load shedding supporting lower cost and more renewable power despite the variations in climatic conditions. Another 99kw of solar will be installed in the next 12 months. The installation of LED lighting on all switch boards has resulted in greater energy efficiency being achieved. Providing orientation and ongoing education for all staff in relation to waste management, segregation, recycling and disposal method cost efficiencies continue to be sought, there has been an increase in clinical and general waste this year during COVID-19, whilst kitchen waste remains stable.

## ***Public Interest Disclosure Act 2012***

Benalla Health is an agency subject to the *Public Interest Disclosure Act 2012*. The *Public Interest Disclosure Act 2012* enables people to make disclosures about improper conduct within the public sector without fear of reprisal. The Act aims to ensure openness and accountability by encouraging people to make disclosures and protecting them when they do. Policies and guidelines are in place to protect people against actions that might be taken against them if they choose to make a public interest disclosure. There were no disclosures in 2019-20.

## Competitive Neutrality

It is Government policy that the costing policies of publicly funded organisations should reflect any competitive advantage available to the private sector. Benalla Health complies with the National Competitive Neutrality Policy Victoria and its subsequent reforms.

## Carers Recognition Act 2012

Benalla Health is an agency subject to the *Carers Recognition Act 2012*. The *Carers Recognition Act 2012* formally recognises and values the role of carers and the importance of care relationships in the Victorian community. The Act includes a set of principles about the significance of care relationships, and specifies obligations for State Government agencies, Local Councils, and other organisations that interact with people in care relationships. Benalla Health has:

- taken all practicable measures to comply with its obligations under the Act;
- promoted the principles of the Act to people in care relationships receiving our services and also to the broader community; and
- reviewed our staff employment policies to include flexible working arrangements and leave provision ensuring compliance with the statement of principles in the Act.

There were no disclosures in 2019-20.

## Privacy

Benalla Health is committed to the protection of privacy of information for all patients, residents, clients and staff.

## Local Jobs First Act 2003

Benalla Health complied with the regulations within the *Local Jobs First Act 2003*. There were no contracts that required reporting under this act for the year 2019-20.

## Safe Patient Care Act 2015

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

## Additional Information

In compliance with FRD 22H the information detailed in this report is available on request by relevant Ministers, Members of Parliament and the public (subject to the Freedom of Information requirements if applicable).



# Workforce Information

Current Full Time Equivalent (FTE) and other payroll information is consistent with that provided to the Department in the Minimum Employee Data Set (MDS).

Hospitals Labour Category	June Current Month FTE		Average Monthly FTE	
	2019	2020	2019	2020
Nursing	98.12	102.75	99.42	99.55
Administration and Clerical	34.35	37.08	35.21	36.17
Medical Support	5.99	7.34	5.62	6.93
Hotel and Allied Services	44.08	44.63	44.57	44.73
Medical Officers	0.00	0.00	0.00	0.00
Sessional Clinicians	0.00	0.00	0.00	0.00
Ancillary Staff (Allied Health)	14.70	16.24	15.89	17.02
<b>Total</b>	<b>197.24</b>	<b>208.04</b>	<b>200.71</b>	<b>204.40</b>

The FTE figures in this table exclude overtime and do not include contracted staff (i.e. agency nurses and fee for service Visiting Medical Officers) who are not regarded as employees for this purpose.

## Employment and Conduct Principles

Benalla Health is committed to the application of the employment and conduct principles and all employees have been correctly classified in workforce data collections. Benalla Health also ensures a fair and transparent process for recruitment, selection, transfer and promotion of staff. It bases its employment selection on merit, and complies with the relevant legislation. Policies and Procedures are in place to ensure staff are treated fairly, respected and provided with avenues for grievance and complaint processes.

# Quality and Safety Performance

## Occupational Health and Safety

The objective of Health and Safety is prevention and active response. This is achieved by supportive and ongoing consultation between management, the Occupational Health and Safety Committee, employees, volunteers, students, Visiting Medical Officers, contractors and consumers. We aim to continuously review our practices, look for improvements and evaluate our systems on a regular basis, to ensure excellence in safety management.

Occupational Health and Statistics	2017-18	2018-19	2019-20
Number of reported hazards/incidents for the year per 100 FTE	39.1	34.4	58.7
Number of lost time standard WorkCover claims for the year per 100 FTE	2.47	2.49	1.47
Average cost per WorkCover claim for the year ('000)	\$6,226	\$8,683	\$4,687

## Occupational Violence

Occupational violence statistics for 2019-20 are reported as per the table below.

Occupational Health and Statistics	2019-20
WorkCover accepted claims with an occupational violence cause per 100 FTE	0
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0
Number of occupational violence incidents reported	60
Number of occupational violence incidents reported per 100 FTE	29.35
Percentage of occupational violence incidents resulting in staff injury, illness or condition	0

## Definitions

For the purposes of the above statistics the following definitions apply:

- **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 are included. Code Grey reporting is not included, however if an incident occurs during the course of a planned or unplanned Code Grey, the incident is included.
- **Accepted WorkCover Claims:** Accepted WorkCover claims that were lodged in 2019-20.
- **Lost Time:** Is defined as greater than one day.
- **Injury, illness or condition:** Includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

# Benalla and District Memorial Hospital Auxiliary

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It is with pleasure we contribute to the Benalla Health Annual Report. We are a small group of volunteers who work tirelessly to raise funds for the hospital. After our AGM last August we were all looking forward to a successful year of fundraising. Due to COVID-19 we were unable to go ahead with many of our planned activities in 2020 which was disappointing.

We held our regular lakeside monthly markets up until December 2019. In October/November we were able to have a stall at the Birchwood Open Garden which was quite successful. We also held a market for our day in the gardens in November. Due to the generosity of many of our local businesses, we were able to hold a well supported Christmas stocking raffle.

Whilst in shut down many of our members have been busy knitting, crocheting and potting plants to prepare for future fundraising and market stall activities. Thank you to our committee and all the hard working volunteers for all that you do. Also thank you to the local businesses that have supported us which is very much appreciated. I would also like to thank the wider community of Benalla and surrounds for their ongoing support. We are certainly hoping for a productive 2020 21 financial year.

**Rosie Moulday, President**

*Benalla & District Memorial Hospital Auxiliary*



# Benalla Health Services

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## Hospital Services

- Acute Inpatient Services
- Aged Care Facility
- Antenatal Clinic
- Breast Feeding Support
- Day Stay
- Domiciliary
- Education & Research Unit
- Infection Control
- Maternity Services
- Pharmacy
- Operating Theatre
- Urgent Care Centre

## Healthy Communities

### Allied Health

- Cardiac Rehabilitation
- Chronic Disease Management
- Community Health Nurse
- Diabetes Education
- Dietitian
- Exercise and Rehabilitation Groups
- High Risk Foot Clinic
- Occupational Therapy
- Physiotherapy
- Podiatry
- Speech Therapy
- Social Work/Counselling

### Support Groups

- Arthritis
- Carers
- Diabetes
- Parkinson's

### Health Independence Programs

- Sub-Acute Ambulatory Care Program (SACS)
- Hospital Admission Risk Program (HARP)
- Post-Acute Care (PAC)

## Home Nursing Service

- District Nursing Service
- Hospital in the Home
- Palliative Care

## Other Services

- Central Hume Primary Care Partnership
- CT Scan, Ultrasound, X-Ray
- Day Activities Program
- Mental Illness Fellowship
- Visiting Medical Officers
- Pathology
- Psychology Services

## Community Services

A department of the Benalla Rural City Council provides the following services:

### Ray Sweeney Centre

- Aged care services (Home and Community Care)
- Family services
- Maternal and Child Health service
- Child support
- Family liaison

### Other Visiting Services Include

- Audiology - Hearing Australia
- Breast Care Nurse - McGrath Foundation
- Community Interlink
- Dental Technician
- Financial Counselling - Upper Murray Family Care
- Hume Riverina Legal Services Family Violence Support - Centre Against Violence
- Drug and Alcohol counselling - Gateway Health
- Mental Health services - Albury Wodonga Health

# Senior Staff

## (as at 30 June 2020)

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### CHIEF EXECUTIVE OFFICER

Ms J. Holland RN, RM, BHSc, Grad Cert HSM, MPH, MACHSM, GAICD, ACHS Assessor

### CONTINUUM OF CARE

#### Executive Director of Clinical Services

Dr S. Wilson RN, Paed Cert, Grad Dip Psych Nsg, BA, BSc, Grad Dip Ed, MEd, PhD, GAICD

#### Operational Director Continuum of Care

Ms L. Pryor RN Grad Dip Midwifery, Grad Dip Ad Nursing/Management

#### Nurse Unit Manager First Response Services

Mr D. Briggs RN, MACN, BSc (Nse), Dip Cert Critical Care, Cert IV TAE, Cert IV WHS

#### Nurse Unit Manager Peri-operative Services

Mr G. Macer RN, MCLinLdshp, Post Grad Anaesthesiology, Cert IV TAE.

#### Nurse Unit Manager Inpatient Services

Ms G. Robinson RN, Adv Dip M'gmt

#### Nurse Unit Manager Healthy Ageing Services

Ms K. Marshall RN, MNurs, GradDipVED

#### After Hours Hospital Coordinators

Ms L. Carrington, MPA, RN, GDip RCC

Ms J. Douglas RN

Mr J. Cunning Dip App Sc Nursing, GradDip App Sc Psych Nursing, Cert IV TAE

Ms C. Hammond RN, BAppSc (HealthProm), GCertNursPrac (EmCare)

Ms G. Leverett Paed Critical Care Nurse, Immun Endorsement & Practice, Dip Applied Sci, GDip Midwifery, MNursPrac, Post Grad Advanced Nursing

Ms M. Reid, RN

#### Infection Prevention & Control Co-ordinator

Ms T. Allan RN, Nurse Immuniser, Clinical Educator

#### Transfusion Trainer

Ms C. Hammond RN, BAppSc (HealthProm), GCertNursPrac (EmCare)

#### Chief Pharmacist

Ms A. Lawrence B Pharm, Grad Dip Bus (IR), MBA, ASA, MPS

### HEALTHY COMMUNITIES

#### Operational Director Healthy Communities

Ms H. Betts, Certs: Gen Nursing; Midwifery; Communicable Diseases, Grad Dip Child & Family Nursing, Dip Project Management

#### Manager Independence and Wellbeing Services

Ms M. Jackson, RN, BN, Post Grad Paed. & Neonatal Intensive Care and HSM

#### Manager Healthy Lifestyle Services

Ms M. Howell, BSW AMHSW BSc

### PERFORMANCE IMPROVEMENT

#### Operational Director Performance Improvement

Ms A-M. Kerr RN, RM, MPH, GAIAL, Grad Cert Applied Leadership, Grad Cert MC&F Health, Grad Dip Nurs Ed

## **SUPPORT SERVICES**

### **Executive Director of Finance and Corporate Services**

Mr A. Nitschke BBus (Accounting),  
CPA, MBA, GAICD

### **Chief Engineer**

Mr R. Grubissa MIHEA

### **Operational Director Human Resources**

Mrs L. Daldy BBus (HR), MAHRI

### **Chief Health Information Manager**

Ms V. Young BAppSc  
(Medical Records Admin)

### **Operational Director Support Services**

Mr P. Edwards

### **Management Accountant**

Mr I. Hatton BBus (Accounting), CPA

### **Finance Coordinator**

Ms J. Hooper, BBus, GDipAcc

### **ICT Manager**

Mr P. Hurley BIT

### **Media Relations**

Mrs S. Beattie

### **Administration Coordinator**

Mrs S. Downey

### **Food Services Team Leader**

Ms D. Corcoran

### **Housekeeping Team Leader**

Mrs P. Winzer

## PART 2

# Financial Statements

for the year ending 30 June 2020





## Financial Statements Financial Year ended 30 June 2020

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

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and the financial position of Benalla Health at 30 June 2020.

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 9th September, 2020

### Member of Responsible Body



Mr Dennis O'Brien  
Chair  
Benalla  
9th September, 2020

### Accountable Officer



Ms Janine Holland  
Chief Executive Officer  
Benalla  
9th September, 2020

### Chief Finance and Accountable Officer



Mr Andrew Nitschke  
Chief Finance and Accounting Officer  
Benalla  
9th September, 2020

# Independent Auditor's Report

## To the Board of Benalla Health

<b>Opinion</b>	<p>I have audited the financial report of Benalla Health (the health service) which comprises the:</p> <ul style="list-style-type: none"> <li>• balance sheet as at 30 June 2020</li> <li>• comprehensive operating statement for the year then ended</li> <li>• statement of changes in equity for the year then ended</li> <li>• cash flow statement for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• board member's, accountable officer's and chief finance &amp; accounting officer's declaration.</li> </ul> <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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

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



Travis Derricott  
*as delegate for the Auditor-General of Victoria*

MELBOURNE  
10 September 2020

## Benalla Health

### Comprehensive Operating Statement

#### For the financial year ended 30 June 2020

		<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<b>Income from Transactions</b>			
Operating activities	2.1	32,406	28,941
Non-operating activities	2.1	149	266
<b>Total Income from Transactions</b>		<b>32,555</b>	<b>29,207</b>
<b>Expenses from Transactions</b>			
Employee expenses	3.1	(24,057)	(22,557)
Supplies and consumables	3.1	(2,455)	(2,387)
Finance costs	3.1	(10)	(4)
Depreciation and amortisation	4.3	(2,200)	(2,081)
Other administrative expenses	3.1	(2,266)	(2,126)
Other operating expenses	3.1	(1,649)	(1,501)
<b>Total Expenses from Transactions</b>		<b>(32,637)</b>	<b>(30,656)</b>
<b>Net Result from Transactions - Net Operating Balance</b>		<b>(82)</b>	<b>(1,449)</b>
<b>Other Economic Flows included in Net Result</b>			
Net Gain/(Loss) on sale of non-financial assets	3.2	4	21
Net Gain/(Loss) on financial instruments at fair value	3.2	(10)	4
Other Gain/(Loss) from other economic flows	3.2	(36)	(157)
<b>Total Other Economic Flows included in Net Result</b>		<b>(42)</b>	<b>(132)</b>
<b>Net Result for the year</b>		<b>(124)</b>	<b>(1,581)</b>
<b>Other Comprehensive Income</b>			
<b>Items that will not be reclassified to Net Result</b>			
Changes in property, plant and equipment revaluation surplus	4.1(b)	-	11,622
<b>Total Other Comprehensive Income</b>		<b>-</b>	<b>11,622</b>
<b>Comprehensive Result for the Year</b>		<b>(124)</b>	<b>10,041</b>

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

## Benalla Health Balance Sheet as at 30 June 2020

	Note	Total 2020 \$'000	Total 2019 \$'000
<b>Current Assets</b>			
Cash and cash Equivalents	6.2	12,687	12,040
Receivables	5.1	713	684
Inventories	4.4	23	25
Prepayments		219	164
<b>Total Current Assets</b>		<b>13,642</b>	<b>12,913</b>
<b>Non-Current Assets</b>			
Receivables	5.1	862	899
Property, plant and equipment	4.1 (a)	32,568	33,282
Intangible assets	4.2	28	32
<b>Total Non-Current Assets</b>		<b>33,458</b>	<b>34,213</b>
<b>TOTAL ASSETS</b>		<b>47,100</b>	<b>47,126</b>
<b>Current Liabilities</b>			
Payables	5.2	2,016	1,265
Borrowings	6.1	79	23
Provisions	3.4	4,455	4,265
Other liabilities	5.3	985	2,125
<b>Total Current Liabilities</b>		<b>7,535</b>	<b>7,678</b>
<b>Non-Current Liabilities</b>			
Borrowings	6.1	310	19
Provisions	3.4	464	514
<b>Total Non-Current Liabilities</b>		<b>774</b>	<b>533</b>
<b>TOTAL LIABILITIES</b>		<b>8,309</b>	<b>8,211</b>
<b>NET ASSETS</b>		<b>38,791</b>	<b>38,915</b>
<b>EQUITY</b>			
Property, plant and equipment revaluation surplus	SCE	26,230	26,230
General Purpose Surplus	SCE	405	434
Restricted specific purpose surplus	SCE	79	118
Contributed capital	SCE	13,293	13,293
Accumulated deficits	SCE	(1,216)	(1,160)
<b>TOTAL EQUITY</b>		<b>38,791</b>	<b>38,915</b>

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

**Benalla Health**  
**Statement of Changes in Equity**  
**For the Financial Year Ended 30 June 2020**

Total	Note	Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	General Purpose Surplus	Contributed Capital	Accumulated Surplus/(Deficits)	Total
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 1 July 2018</b>	4.1 (f)	<b>14,608</b>	<b>75</b>	<b>425</b>	<b>13,293</b>	<b>473</b>	<b>28,874</b>
Net result for the year		-	-		-	(1,581)	(1,581)
Other comprehensive income for the year		11,622	-		-	-	11,622
Transfer from/(to) accumulated deficits			43	9	-	(52)	-
<b>Balance at 30 June 2019</b>		<b>26,230</b>	<b>118</b>	<b>434</b>	<b>13,293</b>	<b>(1,160)</b>	<b>38,915</b>
Net result for the year		-	-	-	-	(124)	(124)
Transfer from/(to) accumulated surplus		-	(39)	(29)	-	68	-
<b>Balance at 30 June 2020</b>		<b>26,230</b>	<b>79</b>	<b>405</b>	<b>13,293</b>	<b>(1,216)</b>	<b>38,791</b>

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

## Benalla Health Cash Flow Statement For the Financial Year Ended 30 June 2020

	Note	Total 2020 \$'000	Total 2019 \$'000
<b>Cash Flows from Operating Activities</b>			
Operating grants from government		26,927	24,280
Capital grants from government - State		1,501	351
Patient fees received		1,384	1,544
Private practice fees received		261	-
Interest and investment income received		149	291
Commercial Income Received		275	-
Other Receipts		1,718	2,997
<b>Total Receipts</b>		<b>32,215</b>	<b>29,463</b>
Employee expenses paid		(23,837)	(22,432)
Payments for supplies and consumables		(2,372)	(2,404)
Payments for medical indemnity insurance		(361)	(376)
Payments for repairs and Maintenance		(732)	(616)
Finance Costs		(10)	(4)
GST paid to ATO		(10)	(8)
Other payments		(2,882)	(2,837)
<b>Total Payments</b>		<b>(30,204)</b>	<b>(28,677)</b>
<b>Net Cash Flows from/(used in) Operating Activities</b>	8.1	<b>2,011</b>	<b>786</b>
<b>Cash Flows from Investing Activities</b>			
Purchase of non-financial assets		(1,298)	(4,455)
Capital Donations and Bequests Received		22	73
Purchase of Intangible assets		(4)	(12)
Proceeds from disposal of non-financial assets		11	71
Proceeds from disposal of investments		-	9,074
<b>Net Cash Flows from/(used in) Investing Activities</b>		<b>(1,269)</b>	<b>4,751</b>
<b>Cash Flows from Financing Activities</b>			
Proceeds from/(Repayment) of borrowings		162	(6)
Net Receipt/(refund) of accommodation deposits		(257)	508
<b>Net Cash Flows from /(used in) Financing Activities</b>		<b>(95)</b>	<b>502</b>
<b>Net Increase/(Decrease) in Cash and Cash Equivalents Held</b>		<b>647</b>	<b>6,039</b>
Cash and cash equivalents at beginning of year		<b>12,040</b>	<b>6,001</b>
<b>Cash and Cash Equivalents at End of Year</b>	6.2	<b>12,687</b>	<b>12,040</b>

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

**Benalla Health**  
**Notes to the Financial Statements**  
**For the Financial Year Ended 30 June 2020**  
**Basis of preparation**

These financial statements are in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

**Note 1 – Summary of Significant Accounting Policies**

These annual financial statements represent the audited general purpose financial statements for Benalla Health for the year ended 30 June 2020. The report provides users with information about Benalla Health's stewardship of resources entrusted to it.

**(a) Statement of Compliance**

These financial statements are general purpose financial statements which have been prepared in accordance with the *Financial Management Act 1994* and applicable AASBs, 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, and relevant Standing Directions authorised by the Assistant Treasurer.

Benalla Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Service under the AASBs.

**(b) Reporting Entity**

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

Its principal address is:

45-63 Coster Street  
 Benalla, Victoria 3672

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

**(c) Basis of Accounting Preparation and Measurement**

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

The accounting policies have been applied in preparing the financial statements for the year ended 30 June 2020, and the comparative information presented in these financial statements for the year ended 30 June 2019.

The financial statements are prepared on a going concern basis (refer to Note 8.8 Economic Dependency).

These financial statements are presented in Australian dollars, the functional and presentation currency of Benalla Health.

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

Benalla Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

The financial statements, except for cash flow information, have been prepared using the accrual basis of accounting. Under the accrual basis, items are recognised as assets, liabilities, equity, income or expenses when they satisfy the definitions and recognition criteria for those items, that is, they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.



## Benalla Health

### Notes to the Financial Statements

#### For the Financial Year Ended 30 June 2020

#### *(c) Basis of Accounting Preparation and Measurement (Continued)*

##### Intersegment Transactions

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

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are reviewed on an ongoing basis. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AAS's that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings and plant and equipment (refer to Note 4.1 Property, Plant and Equipment), and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

##### **Covid-19**

A state of emergency was declared in Victoria on 16 March 2020 due to the global coronavirus pandemic, known as COVID-19. A state of disaster was subsequently declared on 2 August 2020.

To contain the spread of the virus and to prioritise the health and safety of our communities various restrictions have been announced and implemented by the state government, which in turn has impacted the manner in which businesses operate, including Benalla Health.

In response, Benalla Health placed restrictions on non-essential visitors, implemented reduced visitor hours, deferred elective surgery and reduced activity, performed COVID-19 testing and implemented work from home arrangements where appropriate.

For further details refer to Note 2.1 Funding delivery of our services and Note 4.2 Property, Plant and Equipment.

Regional areas have generally been less impacted by the pandemic, however the changed conditions continue to provide uncertainty and a reluctance from the community to engage as regularly with the Health Sector. The State Government have recognised the importance of a strong public health system and are providing ongoing support to ensure we remain financially viable and we can continue to support our staff who are at the front line of defence should the pandemic impact our community even more directly going forward.

From a financial perspective, the Health Service expects there will be a negative impact in the following areas:

- Private Patient Revenue due to restrictions on surgical activity.
- Recoveries from clinicians for use of hospital facilities as they have not been able to provide them.
- Recoveries from clients for services normally provided directly, but are no longer able to be provided.
- Activity based funding areas where there is no dispensation or reduced dispensation made available by the provider.
- Specific costs incurred in the prevention and/or treatment of Covid-19.

The following account balances have been considered by Management but we remain satisfied that Covid-19 has not required a change to the judgement and/or assumptions in the disclosure of any balances.

- Fair value of receivable balances,
- Fair value of non-financial assets,
- Impairment of non-financial assets,
- Superannuation Defined benefit assets and liabilities,
- Going concern.

## **Benalla Health**

### **Notes to the Financial Statements**

#### **For the Financial Year Ended 30 June 2020**

##### ***(c) Basis of Accounting Preparation and Measurement (Continued)***

###### ***Goods and Services Tax (GST)***

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. 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 presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented separately in the operating cash flow.

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

##### ***(d) Jointly Controlled Operation***

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In respect of any interest in joint operations, Benalla Health recognises in the financial statements:

- its assets, including its share of any assets held jointly;
- any liabilities including its share of liabilities that it had incurred;
- its revenue from the sale of its share of the output from the joint operation;
- its share of the revenue from the sale of the output by the operation; and
- its expenses, including its share of any expenses incurred jointly.

Benalla Health is a member of the Hume Region Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7 Jointly Controlled Operations).

##### ***(e) Equity***

###### ***Contributed Capital***

Consistent with the requirements of AASB 1004 Contributions, 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 Benalla 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.

###### ***Specific Restricted Purpose Surplus***

The Specific Restricted Purpose Surplus is established where Benalla 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: 2 Funding delivery of our services**

The Health Service's overall objective is to provide quality health service that support and enhance the wellbeing of all Victorians. Benalla Health is predominantly funded by accrual based grant funding for the provision of outputs. Benalla Health also receives income from the supply of services.

**Structure**

2.1 Analysis of revenue by source

**Note 2.1: Income from Transactions**

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
Government grants (state) - Operating <sup>1</sup>	23,338	21,397
Government grants (Commonwealth) - Operating	2,955	2,777
Government grants (State) - Capital	1,501	351
Patient and resident fees	1,442	1,465
Private practice fees	261	262
Commercial activities <sup>2</sup>	275	195
Assets received free of charge or for nominal consideration	64	149
Other revenue from operating activities (including non-capital donations)	2,570	2,345
<b>Total Income from Operating Activities</b>	<b>32,406</b>	<b>28,941</b>
Other interest	149	266
<b>Total Income from Non-Operating Activities</b>	<b>149</b>	<b>266</b>
<b>Total Income from Transactions</b>	<b>32,555</b>	<b>29,207</b>

<sup>1</sup>. Government Grants (State) - Operating includes \$1.30m of funding support for COVID-19 impact on health service operations.

<sup>2</sup>. Commercial activities represent business activities which health services enter into to support their operations.

**Impact of COVID-19 on revenue and income**

As indicated at Note 1, Benalla Health's response to the pandemic included the deferral of elective surgeries and reduced activity. This resulted in Benalla Health incurring lost revenue as well as direct and indirect COVID-19 costs. The Department of Health and Human Services provided fund which was spent due to COVID-19 impacts on Benalla Health Service. Benalla Health also received essential personal protective equipment free of charge under the state supply arrangement.

**Government Grants**

Income from grants to construct the Residential Aged Care extension is recognised when (or as) Benalla Health satisfies its obligations under the transfer. This aligns with Benalla Health's obligation to construct the asset. The progressive percentage costs incurred is used to recognise income because this most closely reflects the construction's progress as costs are incurred as the works are done.

Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Benalla Health has an unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, Benalla Health recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

- (a) contributions by owners, in accordance with AASB 1004;
- (b) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- (c) a lease liability in accordance with AASB 16;
- (d) a financial instrument, in accordance with AASB 9; or
- (e) a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

**Note 2.1: Income from Transactions*****Performance obligations***

The types of government grants recognised under AASB 15 *Revenue from Contracts with Customers* includes:

- Activity Based Funding (ABF) paid as WIES casemix,
- Other one-off grants if funding conditions contain enforceable and sufficiently specific performance obligations.

The performance obligations for ABF are the number and mix of patients admitted to hospital (casemix) in accordance with levels of activity agreed to with the Department of Health and Human Services (DHHS) in the annual Statement of Priorities (SoP). Revenue is recognised when a patient is discharged and in accordance with the WIES activity for each separation. The performance obligations have been selected as they align with funding conditions set out in the Policy and funding guidelines issued by the DHHS.

For other grants with performance obligations Benalla Health exercises judgement over whether the performance obligations have been met, on a grant by grant basis.

**Previous accounting policy for 30 June 2019**

Grant income arises from transactions in which a party provides goods or assets (or extinguishes a liability) to Benalla Health without receiving approximately equal value in return. While grants may result in the provision of some goods or services to the transferring party, they do not provide a claim to receive benefits directly of approximately equal value (and are termed 'non-reciprocal' transfers). Receipt and sacrifice of approximately equal value may occur, but only by coincidence.

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). Benalla Health recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, Benalla Health recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

The following are transactions that Benalla Health has determined to be classified as revenue from contracts with customers in accordance with AASB 15. Due to the modified retrospective transition method chosen in applying AASB 15, comparative information has not been restated to reflect the new requirements.

***Patient and Resident Fees***

The performance obligations related to patient fees are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions of providing the services. Revenue is recognised as these performance obligations are met.

Resident fees are recognised as revenue over time as Benalla Health provides accommodation. This is calculated on a daily basis and invoiced monthly.

***Private Practice Fees***

The performance obligations related to private practice fees are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions agreed with the private provider. Revenue is recognised as these performance obligations are met. Private practice fees include recoupments from the private practice for the use of hospital facilities.

Performance obligations related to commercial activities are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions per the contract with the provider of the commercial activities.

***Commercial activities***

Revenue from commercial activities includes items such as provision of meals, property rental and fundraising activities.

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

	2020 \$'000	2019 \$'000
Cash donations and gifts	22	149
Assets received free of charge under State supply arrangements	42	-
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>64</b>	<b>149</b>

In order to meet the State of Victoria's health network supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment and essential capital items such as ventilators.

The general principles of the State Supply Arrangement were that Health Purchasing Victoria sourced, secured and agreed terms for the purchase of the products, funded by the department, while Monash Health and the department took delivery and distributed the products to health services as resources provided free of charge.

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

The exception to this would be when the resource is received from another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which case such a transfer will be recognised at its carrying value in the transferring department or agency as a capital contribution transfer.

**Voluntary Services:** Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. Benalla Health operates with minimal volunteer services and does not consider a reliable fair value can be determined.

### Non-cash contributions from the Department of Health and Human Services

The Department of Health and Human Services makes some payments on behalf of health services as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular
- Fair value of assets and services received free of charge or for nominal consideration
- Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying amount. Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

***Performance obligations and revenue recognition policies***

Revenue is measured based on the consideration specified in the contract with the customer. Benalla Health recognises revenue when it transfers control of a good or service to the customer i.e. revenue is recognised when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Income from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

**2.1 (c) Other non operating income**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Other interest	149	266
<b>Total other income</b>	<b>149</b>	<b>266</b>

Other income is recognised as revenue when received. Other income includes recoveries for salaries and wages and external services provided, and donations and bequests. If donations are for a specific purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

***Interest Income***

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

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

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

**Structure**

- 3.1 Expenses from Transactions
- 3.2 Other Economic Flows
- 3.3 Analysis of expenses and revenue by internally managed and restricted specific purpose funds
- 3.4 Employee benefits in the Balance Sheet
- 3.5 Superannuation

**Note 3.1: Expenses from Transactions**

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
Salaries and wages	18,638	17,417
On-costs	1,700	1,592
Agency expenses	886	636
Fee for service medical officer expenses	2,677	2,768
Workcover premium	156	144
<b>Total Employee Expenses</b>	<b>24,057</b>	<b>22,557</b>
Drug supplies	248	261
Medical and surgical supplies (including Prostheses)	1,272	1,281
Diagnostic and radiology supplies	196	124
Other supplies and consumables	739	721
<b>Total Supplies and Consumables</b>	<b>2,455</b>	<b>2,387</b>
Finance costs	10	4
<b>Total Finance Costs</b>	<b>10</b>	<b>4</b>
Other administrative expenses	2,266	2,126
<b>Total Other Administrative Expenses</b>	<b>2,266</b>	<b>2,126</b>
Fuel, light, power and water	549	553
Repairs and maintenance	517	385
Maintenance contracts	215	198
Medical indemnity insurance	361	332
Expenditure for capital purposes	7	33
<b>Total Other Operating Expenses</b>	<b>1,649</b>	<b>1,501</b>
<b>Total Operating Expense</b>	<b>30,437</b>	<b>28,575</b>
Depreciation and amortisation (refer Note 4.3)	2,200	2,081
<b>Total Depreciation and Amortisation</b>	<b>2,200</b>	<b>2,081</b>
<b>Total Non-Operating Expense</b>	<b>2,200</b>	<b>2,081</b>
<b>Total Expenses from Transactions</b>	<b>32,637</b>	<b>30,656</b>

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

**Impact of Covid-19 on expenses**

As indicated at Note 1(c), Benalla Health's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as additional medical supplies, maintenance of salary levels for casual and part-time employees, acquisition of minor equipment for testing purposes and redeployment of staff where activities have been impacted by shutdowns.

Benalla Health has had no patient admissions relating directly to Covid-19, therefore the impact on the Health Service has been in preventative and preparatory costs only.

**Note 3.1: Expenses from Transactions*****Employee Expenses***

Employee expenses include:

- Salaries and wages (including fringe benefits tax, leave entitlements, termination payments);
- On-costs;
- Agency expenses;
- Fee for service medical officer expenses;
- Work cover premium.

***Supplies and consumables***

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

***Finance costs***

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings;
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings; and
- finance charges in respect of leases which are recognised in accordance with AASB 16 *Leases*.

***Other Operating Expenses***

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

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

The Department of Health and Human Services also makes certain payments on behalf of Benalla 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.

***Operating lease payments***

Operating lease payments up until 30 June 2019 (including contingent rentals) were recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.



**Note 3.2: Other economic flows included in net result**

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<u>Net gain/(loss) on non-financial assets</u>		
Net gain on disposal of property plant and equipment	4	21
<b>Total Net Gain/(Loss) on Non-Financial Assets</b>	<b>4</b>	<b>21</b>
<u>Net gain/(loss) on financial instruments</u>		
Allowance for impairment losses of contractual receivables	(12)	4
Other Gains/(Losses) from Other Economic Flows	2	-
<b>Total Net Gain/(Loss) on Financial Instruments</b>	<b>(10)</b>	<b>4</b>
<u>Other gains/(losses) from other economic flows</u>		
Net gain/(loss) arising from revaluation of long service liability	(36)	(157)
<b>Total other Gains/(Losses) from Other Economic Flows</b>	<b>(36)</b>	<b>(157)</b>
<b>Total Gains/(Losses) From Other Economic Flows</b>	<b>(42)</b>	<b>(132)</b>

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

**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.

**Other gains/ (losses) from other economic flows**

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

**Note 3.3: Analysis of Expenses and Revenue by Internally Managed and Restricted Specific Purpose Funds**

	<b>Expense</b>		<b>Revenue</b>	
	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<b>Commercial Activities</b>				
Catering	515	403	134	120
Cafeteria	13	25	13	25
Property	103	92	72	57
<b>Total Commercial Activities</b>	<b>631</b>	<b>520</b>	<b>219</b>	<b>202</b>
<b>Other Activities</b>				
Fundraising and community support	-	56	56	155
<b>Total Other Activities</b>	<b>-</b>	<b>56</b>	<b>56</b>	<b>155</b>
<b>TOTAL</b>	<b>631</b>	<b>576</b>	<b>275</b>	<b>357</b>

**Note 3.4: Employee Benefits in the Balance Sheet**

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<b>CURRENT PROVISIONS</b>		
Employee Benefits <sup>i</sup>		
<i>Accrued days off</i>		
- unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	52	48
<i>Annual leave</i>		
- unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	1,303	1,217
- unconditional and expected to be settled wholly after 12 months <sup>iii</sup>	605	543
<i>Long service leave</i>		
- unconditional and expected to be settled wholly within 12 months <sup>ii</sup>	428	424
- unconditional and expected to be settled wholly after 12 months <sup>iii</sup>	1,663	1,656
	<b>4,051</b>	<b>3,888</b>
<b>Provisions related to Employee Benefit On-Costs</b>		
Unconditional and expected to be settled within 12 months <sup>ii</sup>	170	156
Unconditional and expected to be settled after 12 months <sup>iii</sup>	234	221
	<b>404</b>	<b>377</b>
<b>TOTAL CURRENT PROVISIONS</b>	<b>4,455</b>	<b>4,265</b>
<b>NON-CURRENT PROVISIONS</b>		
Conditional long service leave	419	465
Provisions related to employee benefit on-costs	45	49
<b>TOTAL NON-CURRENT PROVISIONS</b>	<b>464</b>	<b>514</b>
<b>TOTAL PROVISIONS</b>	<b>4,919</b>	<b>4,779</b>

<sup>i</sup> Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

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

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

**Note 3.4: Employee Benefits in the Balance Sheet****(a) Employee Benefits and Related On-Costs**

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<b>Current Employee Benefits and Related On-Costs</b>		
Unconditional long service leave entitlements	2,316	2,297
Annual leave entitlements	2,081	1,915
Accrued days off	58	53
<b>Total Current Employee Benefits and Related On-Costs</b>	<b>4,455</b>	<b>4,265</b>
<b>Non-Current Employee Benefits and Related On-Costs</b>		
Conditional long service leave entitlements	464	514
<b>Total Non-Current Employee Benefits and Related On-Costs</b>	<b>464</b>	<b>514</b>
<b>TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS</b>	<b>4,919</b>	<b>4,779</b>

**(b) Movement in On-Costs Provision**

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<b>Balance at start of year</b>	<b>426</b>	<b>401</b>
Additional provisions recognised	288	408
Unwinding of discount and effect of changes in the discount rate	(36)	(157)
Reduction due to transfer out	(229)	(226)
<b>Balance at end of year</b>	<b>449</b>	<b>426</b>

**Employee Benefit Recognition**

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

**Provisions**

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

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

**Annual Leave and Accrued Days Off**

Liabilities for annual leave and accrued days off are recognised in the provision for employee benefits as 'current liabilities' because Benalla 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 Benalla Health expects to wholly settle within 12 months; or

Present value – if Benalla 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 Benalla 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.

**Note 3.4: Employee Benefits in the Balance Sheet**

The components of this current LSL liability are measured at:

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

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

**Termination Benefits**

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

**On-Costs Related to Employee Benefits**

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

**Note 3.5: Superannuation****Defined Benefit Plans:<sup>i</sup>**

First State Super

**Defined Contribution Plans:**

First State Super

Hesta

**Total**

Paid Contribution for the Year		Contribution Outstanding at Year End	
Total 2020 \$'000	Total 2019 \$'000	Total 2020 \$'000	Total 2019 \$'000
61	48	-	-
1,067	1,043	43	32
572	489	-	-
<b>1,700</b>	<b>1,580</b>	<b>43</b>	<b>32</b>

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

Employees of Benalla Health are entitled to receive superannuation benefits and it contributes to both defined benefit and defined contribution plans. The defined benefit plan provides benefits based on years of service and final average salary.

**Defined Benefit Superannuation Plans**

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Benalla Health to the superannuation plans in respect of the services of current Benalla 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.

Benalla 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 Department of Treasury and Finance 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 Benalla Health.

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

**Note 4: Key Assets to support service delivery**

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

**Structure**

- 4.1 Property, plant & equipment
- 4.2 Intangible assets
- 4.3 Depreciation and amortisation
- 4.4 Inventories

**Note 4.1: Property, plant and equipment****Initial Recognition**

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/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.

The initial cost for non-financial physical assets under a lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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

Land and buildings are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and accumulated impairment loss.

**Right-of-use asset acquired by lessees (Under AASB 16 – Leases from 1 July 2019) – Initial measurement**

Benalla Health recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost which comprises the initial amount of the lease liability adjusted for:

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

**Subsequent measurement**: Property, plant and equipment (PPE) as well as right-of-use assets under leases and service concession assets are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard 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) and is summarised on the following page by asset category.

**Right-of-use asset – Subsequent measurement**

Benalla Health depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment, other than where the lease term is lower than the otherwise assigned useful life. The right-of-use assets are also subject to revaluation as required by FRD 103H however as at 30 June 2020 right-of-use assets have not been revalued.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

### ***Revaluations of Non-Current Physical Assets***

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103H *Non-financial Physical Assets*. This revaluation process normally occurs every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

Revaluation increases and revaluation decreases 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 surplus is not transferred to accumulated funds on de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

In accordance with FRD 103H Non-financial physical assets, Benalla Health's non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

### ***Fair value measurement***

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

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

In addition, Benalla 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.

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

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

### ***Valuation hierarchy***

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

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

### ***Identifying unobservable inputs (level 3) fair value measurements***

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

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

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

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

In accordance with AASB 13 Fair Value Measurement paragraph 29, Benalla Health has assumed the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

**Non-Specialised Land, Non-Specialised Buildings**

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

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

**Specialised Land and Specialised Buildings**

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

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

The market approach is also used for specialised land and specialised buildings 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 Benalla 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 Benalla 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 is 30 June 2019.

**Vehicles**

The Benalla 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).

**Plant and Equipment**

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

There were no changes in valuation techniques throughout the period to 30 June 2020.

For all assets measured at fair value, the current use is considered the highest and best use.

**Note 4.1: Property, Plant and Equipment**  
**(a) Gross carrying amount and accumulated depreciation**

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
Land - Crown	504	504
Land - Freehold	1,598	1,598
<b>TOTAL LAND AT FAIR VALUE</b>	<b>2,102</b>	<b>2,102</b>
Buildings at cost	4,828	-
Less accumulated depreciation	(30)	-
<b>Sub-totals Buildings at Cost</b>	<b>4,798</b>	<b>-</b>
Buildings at fair value	23,867	23,867
Less accumulated depreciation	(1,508)	-
<b>Sub-totals Buildings at Fair Value</b>	<b>22,359</b>	<b>23,867</b>
Building work in progress at cost	-	4,594
<b>TOTAL BUILDINGS</b>	<b>27,157</b>	<b>28,461</b>
Plant and equipment at fair value	3,348	2,818
Less accumulated depreciation	(2,162)	(2,099)
<b>TOTAL PLANT AND EQUIPMENT</b>	<b>1,186</b>	<b>719</b>
Motor vehicles at fair value	686	686
Less accumulated depreciation	(473)	(387)
<b>TOTAL MOTOR VEHICLES</b>	<b>213</b>	<b>299</b>
Medical equipment at fair value	3,871	3,962
Less Accumulated Depreciation	(2,969)	(3,072)
<b>TOTAL MEDICAL EQUIPMENT</b>	<b>902</b>	<b>890</b>
Computers and communication equipment at fair value	1,843	1,955
Less accumulated depreciation	(1,204)	(1,340)
<b>TOTAL COMPUTERS AND COMMUNICATION EQUIPMENT</b>	<b>639</b>	<b>615</b>
Furniture and fittings at fair value	567	575
Less accumulated depreciation	(432)	(421)
<b>TOTAL FURNITURE AND FITTINGS</b>	<b>135</b>	<b>154</b>
Right of use- plant, equipment, furniture and fittings and vehicles	243	143
Less accumulated depreciation	(25)	(101)
<b>TOTAL RIGHT OF USE - PLANT, EQUIPMENT, FURNITURE AND FITTINGS AND VEHICLES</b>	<b>218</b>	<b>42</b>
<b>OTHER ASSETS UNDER CONSTRUCTION AT COST</b>	<b>16</b>	<b>-</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>32,568</b>	<b>33,282</b>



## Note 4.1: Property, Plant and Equipment (Continued)

### (b) Reconciliations of the carrying amounts of each class of asset

Total	Note	Land \$'000	Buildings \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Medical Equipment \$'000	Computers & Communica tion Equipment \$'000	Furniture & Fittings \$'000	Right of use - PPE, F&V	Assets under construction	Total \$'000
<b>Balance at 1 July 2018</b>		1,484	14,244	867	316	678	679	169	48	845	19,330
Additions		-	-	3	128	425	107	9	33	3,749	4,454
Disposals		-	-	-	(50)	-	-	-	-	-	(50)
Revaluation increments/(decrements)		618	11,004	-	-	-	-	-	-	-	11,622
Net Transfers between classes		-	-	-	-	-	-	-	-	-	-
Depreciation (refer Note 4.4)	4.3	-	(1,381)	(151)	(95)	(213)	(171)	(24)	(39)	-	(2,074)
<b>Balance at 30 June 2019</b>	4.1 (a)	<b>2,102</b>	<b>23,867</b>	<b>719</b>	<b>299</b>	<b>890</b>	<b>615</b>	<b>154</b>	<b>42</b>	<b>4,594</b>	<b>33,282</b>
Recognition of right-of-use assets on initial application of AASB 16		-	-	-	-	-	-	-	-	-	-
<b>Adjusted balance at 1 July 2019</b>		<b>2,102</b>	<b>23,867</b>	<b>719</b>	<b>299</b>	<b>890</b>	<b>615</b>	<b>154</b>	<b>42</b>	<b>4,594</b>	<b>33,282</b>
Additions		-	1	562	-	226	253	7	187	249	1,485
Disposals		-	-	-	-	(4)	-	(3)	-	-	(7)
Assets provided free of charge		-	-	-	-	-	-	-	-	-	-
Revaluation increments/(decrements)		-	-	-	-	-	-	-	-	-	-
Net Transfers between classes		-	4,827	-	-	-	-	-	-	-	-
Depreciation (refer Note 4.4)	4.3	-	(1,538)	(95)	(86)	(210)	(229)	(23)	(11)	(4,827)	(2,192)
<b>Balance at 30 June 2020</b>	4.1 (a)	<b>2,102</b>	<b>27,157</b>	<b>1,186</b>	<b>213</b>	<b>902</b>	<b>639</b>	<b>135</b>	<b>218</b>	<b>16</b>	<b>32,568</b>

### Land and Buildings Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Benalla Health land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2019.

In compliance with FRD 103H, in the year ended 30 June 2020, Benalla Health's management conducted an annual assessment of the fair value of land and buildings and leased buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2020.

The fair value of the land and buildings had been adjusted by an independent assessment in 2019. The latest indices did not identify that a further revaluation was required in 2020.

In undertaking this assessment, management considered whether the impact of Covid-19 on the fair value of property may not have been reflected in the indices for the financial year and concluded the effect cannot yet be fully understood. In the absence of evidence to undermine the reliability of the indices, management have not altered their estimates of fair value as determined using the indices.

### Note 4.1: Property, Plant and Equipment (Continued)

#### (c) Fair value measurement hierarchy for assets

	Note	Fair value measurement at end of reporting period using:			
		Total Carrying Amount	Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
		\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June 2020</b>					
- Non-specialised land		632	-	632	-
- Specialised land		1,470	-	-	1,470
<b>Total Land at Fair Value</b>	4.1 (a)	<b>2,102</b>	<b>-</b>	<b>632</b>	<b>1,470</b>
- Non-specialised buildings		1,074	-	1,074	-
- Specialised buildings		26,083	-	-	26,083
<b>Total Building at Fair Value</b>	4.1 (a)	<b>27,157</b>	<b>-</b>	<b>1,074</b>	<b>26,083</b>
Plant and equipment at fair value		1,186	-	-	1,186
Motor vehicles at fair value	4.1 (a)	213	-	-	213
Medical equipment at Fair Value	4.1 (a)	902	-	-	902
Computers and communication equipment at fair value	4.1 (a)	639	-	-	639
Furniture and fittings at fair value	4.1 (a)	135	-	-	135

## Note 4.1: Property, Plant and Equipment (Continued)

	Fair value measurement at end of reporting period using:			
	Total Carrying Amount	Level 1 <sup>i</sup>	Level 2 <sup>i</sup>	Level 3 <sup>i</sup>
	\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June 2019</b>				
- Non-specialised land	632	-	632	-
- Specialised land	1,470	-	-	1,470
<b>Total Land at Fair Value</b>	<b>2,102</b>	-	<b>632</b>	<b>1,470</b>
- Non-specialised buildings	1,133	-	1,133	-
- Specialised buildings	22,734	-	-	22,734
<b>Total Building at Fair Value</b>	<b>23,867</b>	-	<b>1,133</b>	<b>22,734</b>
Plant and equipment at fair value	719	-	-	719
Motor vehicles at fair value	299	-	-	299
Medical equipment at Fair Value	890	-	-	890
value	615	-	-	615
Furniture and fittings at fair value	154	-	-	154
Leased Assets	42	-	42	-
<b>Total other plant and equipment at fair value</b>	<b>2,719</b>	-	<b>42</b>	<b>2,677</b>
<b>Total Property, Plant and Equipment</b>	<b>28,688</b>	-	<b>1,807</b>	<b>26,881</b>

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

ii There has been a transfer between level 3 to level 2 for leased assets during the period. In the prior year, there is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the managerial revaluation in 2019.

### Note 4.1: Property, Plant and Equipment (Continued)

#### (d) Reconciliation of Level 3 Fair Value <sup>i</sup>

	Land \$'000	Buildings \$'000	Plant & Equipment \$'000	Motor Vehicles \$'000	Medical Equipment \$'000	Computers & Comm \$'000	Furniture & Fittings \$'000
<b>Total</b>	<b>880</b>	<b>13,578</b>	<b>867</b>	<b>316</b>	<b>678</b>	<b>679</b>	<b>169</b>
<b>Balance at 1 July 2018</b>							
Additions/(Disposals)	4.1 (b)	1	3	78	425	107	9
Assets provided free of charge	4.1 (b)	-	-	-	-	-	-
Net Transfers between classes	4.1 (b)	-	-	-	-	-	-
Gains/(Losses) recognised in net result	4.3	(1,381)	(151)	(95)	(213)	(171)	(24)
- Depreciation and amortisation		-	-	-	-	-	-
- Impairment loss		-	-	-	-	-	-
Items recognised in other comprehensive income		10,536	-	-	-	-	-
- Revaluation		10,536	-	-	-	-	-
<b>Balance at 30 June 2019</b>	<b>1,470</b>	<b>22,734</b>	<b>719</b>	<b>299</b>	<b>890</b>	<b>615</b>	<b>154</b>
Additions/(Disposals)	4.1 (c)	-	562	-	222	253	4
Assets provided free of charge	4.1 (b)	1	-	-	-	-	-
Net Transfers between classes	4.1 (b)	4,827	-	-	-	-	-
Gains/(Losses) recognised in net result	4.3	(1,479)	(95)	(86)	(210)	(229)	(23)
- Depreciation and Amortisation		-	-	-	-	-	-
- Impairment loss		-	-	-	-	-	-
Items recognised in other comprehensive income		-	-	-	-	-	-
- Revaluation		-	-	-	-	-	-
<b>Balance at 30 June 2020</b>	<b>1,470</b>	<b>26,083</b>	<b>1,186</b>	<b>213</b>	<b>902</b>	<b>639</b>	<b>135</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy, refer Note 4.1(c).

### Note 4.1: Property, Plant and Equipment (Continued)

Note 4.1 (e): Property, Plant and Equipment (Fair value determination)

Asset class	Likely valuation approach	Significant inputs (Level 3 only) <sup>(c)</sup>
Non-specialised land	Market approach	n.a.
Specialised land (Crown / Freehold)	Market approach	Community Service Obligations Adjustments <sup>(a)</sup>
Non-specialised buildings	Market approach	n.a.
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Dwellings	Market approach	n.a.
Vehicles	Depreciated replacement cost approach	- Cost per square metre - Useful life
Plant and equipment	Market approach	n.a.
	Depreciated replacement cost approach	- Cost per unit - Useful life
	Depreciated replacement cost approach	- Cost per unit - Useful life

<sup>a</sup> A community Service Obligation (CSO) of 20% was applied to the health services specialised land Classified in accordance with the fair value hierarchy.

**Note 4.1: Property, Plant and Equipment (Continued)**

Note 4.1 (f): Property, Plant and Equipment Revaluation Surplus

**Property, Plant and Equipment Revaluation Surplus**

Balance at the beginning of the reporting period

**Revaluation Increment**

- Land
- Buildings

**Balance at the end of the Reporting Period\***

**\* Represented by:**

- Land
- Buildings

	Total 2020 \$'000	Total 2019 \$'000
	26,230	14,608
	-	618
	-	11,004
	<b>26,230</b>	<b>26,230</b>
	1,031	1,031
	25,199	25,199
	<b>26,230</b>	<b>26,230</b>

Note

4.1 (b)

4.1 (b)

## Note 4.2: Intangible Assets

### (a) Intangible assets - Gross carrying amount and accumulated amortisation

	2020 \$'000	2019 \$'000
Intangible Assets - Software	54	50
Less Accumulated Amortisation	(26)	(18)
	<b>28</b>	<b>32</b>
<b>TOTAL INTANGIBLE ASSETS</b>	<b>28</b>	<b>32</b>

Note

### (b) Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year:

	Software \$'000	Total \$'000
<b>Balance at 1 July 2018</b>	<b>27</b>	<b>27</b>
Additions	12	12
Disposals	-	-
Classified as held for sale	-	-
Impairment losses recognised/(reversed) in net result	-	-
Amortisation	(7)	(7)
<b>Balance at 1 July 2019</b>	<b>32</b>	<b>32</b>
Additions	4	4
Disposals	-	-
Classified as held for sale	-	-
Impairment losses recognised/(reversed) in net result	-	-
Net Transfers between classes	-	-
Amortisation	(8)	(8)
<b>Balance at 30 June 2020</b>	<b>28</b>	<b>28</b>

Note

4.3

4.3

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

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Benalla Health.

### Note 4.3: Depreciation and Amortisation

#### Depreciation

Buildings	1,538	1,381
Plant and equipment	95	151
Motor vehicles	86	95
Medical equipment	210	213
Computers and communication equipment	229	171
Furniture and fittings	23	24
Right of use assets		
- Right of use plant, equipment and vehicles	11	39

#### Total Depreciation

2,192 2,074

#### Amortisation

8 7

#### Total Amortisation

8 7

#### Total Depreciation and Amortisation

2,200 2,081

#### Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, 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 shorter of the asset's useful life and the lease term. Where Benalla Health Service obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

#### 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.

### Note 4.3 (a): useful life of non-current assets

#### Buildings

- Structure shell building fabric
- Site engineering services and central plant

#### Central Plant

- Fit out
- Trunk reticulated building system

#### Plant and equipment

#### Medical equipment

#### Computers and communication

#### Furniture and fitting

#### Motor vehicles

	Total	Total
	2020	2019
	\$'000	\$'000
	1,538	1,381
	95	151
	86	95
	210	213
	229	171
	23	24
	11	39
<b>Total Depreciation</b>	<b>2,192</b>	<b>2,074</b>
<b>Amortisation</b>	<b>8</b>	<b>7</b>
<b>Total Amortisation</b>	<b>8</b>	<b>7</b>
<b>Total Depreciation and Amortisation</b>	<b>2,200</b>	<b>2,081</b>

	2020	2019
10 to 25 years	10 to 25 years	
10 to 20 years	10 to 20 years	
7 to 12 years	7 to 12 years	
8 to 12 years	8 to 12 years	
3 to 30 years	3 to 30 years	
4 to 20 years	4 to 20 years	
3 to 12 years	3 to 12 years	
5 to 20 years	5 to 20 years	
4 to 7 years	4 to 7 years	



**Note 4.4: Inventories**

Pharmacy supplies at cost  
General stores at cost  
**Total Inventories**

<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
23	24
-	1
<b>23</b>	<b>25</b>

**Inventories**

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets.

**Note 5: Other assets and liabilities**

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

Structure

5.1 Receivables and contract assets

5.2 Payables

5.3 Other liabilities

**Note 5.1: Receivables**

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<b>CURRENT</b>		
<b>Contractual</b>		
Trade Debtors	164	175
Patient Fees	237	179
Accrued Revenue	72	99
Amounts receivable from governments and agencies	158	153
<i>Allowance for Impairment (5.1a)</i>		
Trade Debtors	(6)	(1)
Patient Fees	(2)	(2)
<b>Sub-Total Contractual Receivables</b>	<b>623</b>	<b>603</b>
<b>Statutory</b>		
Accrued Revenue - Department of Health and Human Services	-	1
GST Receivable	90	80
<b>Sub-Total Statutory Receivables</b>	<b>90</b>	<b>81</b>
<b>TOTAL CURRENT RECEIVABLES</b>	<b>713</b>	<b>684</b>
<b>NON-CURRENT</b>		
<b>Statutory</b>		
Long service leave - Department of Health and Human Services	862	899
<b>Sub-Total Statutory Receivables</b>	<b>862</b>	<b>899</b>
<b>TOTAL NON-CURRENT RECEIVABLES</b>	<b>862</b>	<b>899</b>
<b>TOTAL RECEIVABLES</b>	<b>1,575</b>	<b>1,583</b>

Notes

**Note 5.1: Receivables****(a) Movement in the Allowance for impairment losses of contractual receivables**

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
Balance at beginning of year	<b>3</b>	<b>7</b>
Amounts written off during the year	-	(1)
Reversal of allowance written off during the year as uncollectable	-	(1)
Increase in allowance recognised in the net result	5	(2)
<b>Balance at end of year</b>	<b>8</b>	<b>3</b>
Increase in allowance recognised in the net result	5	(2)

**Receivables recognition**

Receivables consist of:

**Contractual 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** 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*.

Benalla 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.

**Note 5.2: Payables**

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<b>CURRENT</b>		
<b>Contractual</b>		
Trade creditors	124	252
Accrued salaries and wages	445	329
Accrued expenses	742	630
Contract Liabilities - income received in advance	595	-
Inter- hospital creditors	98	-
Amounts payable to governments and agencies	12	53
	<b>2,016</b>	<b>1,264</b>
<b>Statutory</b>		
Department of Health and Human Services	-	1
	-	<b>1</b>
<b>TOTAL CURRENT PAYABLES</b>	<b>2,016</b>	<b>1,265</b>
<b>TOTAL PAYABLES</b>	<b>2,016</b>	<b>1,265</b>

Payables consist of:

- **contractual payables**, 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 Benalla Health prior to the end of the financial year that are unpaid; and
- **statutory payables**, that 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 Nett 60 days.

**Note 5.2 (a) Contract liabilities**

	<b>2020 \$'000</b>
Opening balance brought forward from 30 June 2019 adjusted for AASB 15	-
Add: Grant consideration for sufficiently specific performance obligations received during the year	13,720
Less: Grant revenue for sufficiently specific performance obligations works recognised consistent with the performance obligations met during the year	(13,125)
<b>Total contract liabilities</b>	<b>595</b>
<b>Represented by</b>	
Current contract liabilities	595

Contract liabilities include consideration received in advance from customers in respect of specified targets and outcomes.

**Maturity analysis of payables**

Please refer to Note 7.1(b) for the ageing analysis of payables.

**Note 5.3: Other liabilities**

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<b>CURRENT</b>		
Unearned income - Operating	2	-
Monies held in trust*: Patient monies held in trust	-	3
Monies held in trust*: Refundable accommodation deposits	983	1,240
Other - Central Hume PCP	-	882
<b>Total Current</b>	<b>985</b>	<b>2,125</b>
<b>Total Other Liabilities</b>	<b>985</b>	<b>2,125</b>

**\* Total Monies Held in Trust Represented by the Following Assets:**

Cash assets	983	2,125
<b>TOTAL</b>	<b>983</b>	<b>2,125</b>

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

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

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

**Note 6: How we finance our operations**

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

**Note 6.1: Borrowings****CURRENT**

Lease liability <sup>(i)</sup>

**Total Current Borrowings**

**NON CURRENT**

Lease liability <sup>(i)</sup>

Advances from government <sup>(ii)</sup>

**Total Non Current Borrowings**

**Total Borrowings**

Total 2020 \$'000	Total 2019 \$'000
79	23
<b>79</b>	<b>23</b>
145	19
165	-
<b>310</b>	<b>19</b>
<b>389</b>	<b>42</b>

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(ii) These are unsecured loans which bear no interest.

**(a) Maturity Analysis of Borrowings**

Please refer to Note 7.1 for the ageing analysis of borrowings.

**(b) Defaults and Breaches**

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

**(c) Lease Liabilities**

Repayments in relation to leases are payable as follows:

	Minimum future lease payments		Present value of minimum future lease payments	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not later than one year	79	25	79	25
Later than 1 year and not later than 5 years	150	19	150	19
Later than 5 years	-	-	-	-
Minimum lease payments	<b>229</b>	<b>44</b>	<b>229</b>	<b>44</b>
Less future finance charges	(7)	(2)	(7)	(2)
<b>TOTAL</b>	<b>222</b>	<b>42</b>	<b>222</b>	<b>42</b>
Included in the financial statements as:				
Current borrowings - lease liability	78	23	-	23
Non-current borrowings - lease liability	144	19	150	19
<b>TOTAL</b>	<b>222</b>	<b>42</b>	<b>150</b>	<b>42</b>

The weighted average interest rate implicit in the finance lease is 3.13% (2019: 5.86%).

**Note 6.1: Borrowings (continued)****Leases**

A lease is a right to use an asset for an agreed period of time in exchange for payment. 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.

**Benalla Health's leasing activities**

Benalla Health has entered into leases related to motor vehicles and also leases associated with Hume Rural Health Alliance.

For any new contracts entered into on or after 1 July 2019, Benalla Health considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition Benalla Health assesses whether the contract meets three key evaluations which are whether:

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

This policy is applied to contracts entered into, or changed, on or after 1 July 2019.

**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.

**Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)****Lease Liability – 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 Benalla Health incremental borrowing rate.

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.

**Lease Liability – 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.

**Short-term leases and leases of low value assets**

Benalla Health has elected to account for short-term leases and leases of low value assets using the practical expedients. Instead of recognising a right of use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight line basis over the lease term.

**Below market/Peppercorn lease**

Benalla Health has no material below market/peppercorn leases.

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable Benalla Health to further its objectives, are initially and subsequently measured at cost.

These right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

**Presentation of right-of-use assets and lease liabilities**

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

**Note 6.1: Borrowings (continued)****Recognition and measurement of leases (under AASB 117 until 30 June 2019)**

In the comparative period, leases of property, plant and equipment were classified as either finance lease or operating leases.

Benalla Health determined whether an arrangement was or contained a lease based on the substance of the arrangement and required an assessment of whether fulfilment of the arrangement is dependent on the use of the specific asset(s); and the arrangement conveyed a right to use the asset(s).

Leases of property, plant and equipment where Benalla Health as a lessee had substantially all of the risks and rewards of ownership were classified as finance leases. Finance leases were initially recognised as assets and liabilities at amounts equal to the fair value of the leased property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The leased asset is accounted for as a non-financial physical asset and depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum finance lease payments were apportioned between the reduction of the outstanding lease liability and the periodic finance expense, which is calculated using the interest rate implicit in the lease and charged directly to the consolidated comprehensive operating statement.

Contingent rentals associated with finance leases were recognised as an expense in the period in which they are incurred.

Assets held under other leases were classified as operating leases and were not recognised in Benalla Health balance sheet. Operating lease payments were recognised as an operating expense in the Statement of Comprehensive Income on a straight-line basis over the lease term.

The impact of initialising applying AASB15 Revenue from Contracts with Customers and AASB 1058 Income of not-for-profit entities to Benalla Health's grant revenue is described in Note 8.9. Under application of the modified retrospective transition method chosen in applying AASB 15 and AASB 1058 for the first time, comparative information has not been restated to reflect the new requirements. The adoption of AASB and AASB 1058 did not have an impact on Other Comprehensive Income and the Statement of Cash flows for the financial year.

**Operating lease payments up until 30 June 2019** (including contingent rentals) are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.

From 1 July 2019, the following lease payments are recognised on a straight-line basis:

- Short-term leases – leases with a term less than 12 months; and
- Low value leases – leases with the underlying asset's fair value (when new, regardless of the age of the asset being leased) is no more than \$10,000.

Variable lease payments not included in the measurement of the lease liability (i.e. variable lease payments that do not depend on an index or a rate, initially measured using the index or rate as at the commencement date). These payments are recognised in the period in which the event or condition that triggers those payments occur.

**Other leasing arrangements in 2019:** The other leases relate to equipment with lease terms of varying years. Benalla Health has options to purchase the equipment at the conclusion of the lease agreements. Some leases provide for additional rent payments based on changes in a local price index.

**Entity as lessee**

Leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease assets under the PPP arrangement are accounted for as a non-financial physical asset and is depreciated over the term of the lease plus five years. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the Comprehensive Operating Statement. Contingent rentals associated with leases are recognised as an expense in the period in which they are incurred.

**Borrowings**

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 Benalla Health has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

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'.

**Note 6.2: Cash and Cash Equivalents**

<b>Total</b>	<b>Total</b>
<b>2020</b>	<b>2019</b>
<b>\$'000</b>	<b>\$'000</b>
2	2
781	772
983	2,150
10,921	9,116
<b>12,687</b>	<b>12,040</b>

Cash on hand (excluding monies held in trust)  
Cash at Bank (excluding monies held in trust)  
Cash at Bank (monies held in trust)  
Cash at Bank - CBS (excluding monies held in trust)

**TOTAL CASH AND CASH EQUIVALENTS****Cash and Cash Equivalents**

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

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

**Note 6.3 : Commitments for expenditure**

<b>2020</b>	<b>2019</b>
<b>\$'000</b>	<b>\$'000</b>
-	159
-	-
-	-
<b>-</b>	<b>159</b>
<b>-</b>	<b>159</b>
-	(14)
<b>-</b>	<b>145</b>

**Capital Expenditure Commitments**

Less than 1 year  
Longer than 1 year but not longer than 5 years  
5 years or more

**Total Capital Expenditure Commitments****Total Commitments for Expenditure (inclusive of GST)**

Less GST recoverable from the Australian Tax Office

**TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)**

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

**Commitments**

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

**Note 6.4: Non-cash financing and investing activities**

<b>Total</b>	<b>Total</b>
<b>2020</b>	<b>2019</b>
<b>\$'000</b>	<b>\$'000</b>
187	-
<b>187</b>	<b>-</b>

Acquisition of plant and equipment by means of Finance Leases

**Total Non-Cash Financing and Investing Activities**



### Note 7: Risks, contingencies and valuation uncertainties

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

#### Structure

- 7.1 Financial Instruments
- 7.2 Contingent Assets and Contingent Liabilities

### Note 7.1 (a): Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Benalla Health's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation

#### (a) Categorisation of financial instruments

Total 2020	Note	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	6.2	12,687	-	12,687
Receivables - Trade Debtors	5.1	164	-	164
Other Receivables	5.1	467	-	467
<b>Total Financial Assets<sup>i</sup></b>		<b>13,318</b>	<b>-</b>	<b>13,318</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	2,016	2,016
Borrowings	6.1	-	389	389
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	983	983
Other Financial Liabilities	5.3	-	2	2
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>3,388</b>	<b>3,390</b>

## Note 7.1 (a): Financial Instruments

### (a) Categorisation of financial instruments

	Note	Financial Assets at Amortised Cost \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
<b>Total 2019</b>				
<b>Contractual Financial Assets</b>				
Cash and Cash Equivalents	6.2	12,040	-	12,040
Receivables - Trade Debtors	5.1	175	-	175
Other Receivables	5.1	431	-	431
<b>Total Financial Assets<sup>i</sup></b>		<b>12,646</b>	<b>-</b>	<b>12,646</b>
<b>Financial Liabilities</b>				
Payables	5.2	-	1,264	1,264
Borrowings	6.1	-	42	42
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	1,240	1,240
Other Financial Liabilities - Patient monies held in trust	5.3	-	3	3
Other Financial Liabilities	5.3	-	882	882
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>2,549</b>	<b>3,431</b>

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

### Categories of Non-Derivative Financial Instruments

#### Financial assets at amortised cost

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

- the assets are held by Benalla Health to collect the contractual cash flows, and
- the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

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

Benalla Health recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

### Categories of financial liabilities

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in the Benalla Health Service's own credit risk. In this case, the portion of the change attributable to changes in Benalla Health's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised. Benalla Health recognises some debt securities that are held for trading in this category and designated certain debt securities as fair value through net result in this category.

**Financial liabilities at amortised cost** are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. Benalla Health recognises the following liabilities in this category:

- payables (excluding statutory payables); and
- borrowings (including lease liabilities).

**Offsetting financial instruments:** Financial instrument assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, Benalla Health has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Benalla Health does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

**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

Benalla 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

Benalla 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 Benalla Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Benalla 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:** Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when Benalla Health's business model for managing its financial assets has changes such that its previous model would no longer apply.

**Note 7.1 (b): Payables and Borrowings Maturity Analysis**

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

**Maturity analysis of Financial Liabilities as at 30 June**

2020	Note	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates				
				Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000	Over 5 years \$'000
<b>Financial Liabilities at amortised cost</b>								
	5.2	2,016	2,016	-	-	-	-	-
	6.1	389	389	2	6	17	364	-
	5.3	983	983	-	-	983	-	-
	5.3	-	-	-	-	-	-	-
	5.3	2	2	-	-	2	-	-
		<b>3,390</b>	<b>3,390</b>	<b>2,018</b>	<b>6</b>	<b>1,002</b>	<b>364</b>	<b>-</b>
<b>2019</b>								
<b>Financial Liabilities at amortised cost</b>								
	5.2	1,264	1,264	-	-	-	-	-
	6.1	42	42	2	6	17	17	-
	5.3	1,240	1,240	-	-	1,240	-	-
	5.3	3	3	-	3	-	-	-
	5.3	882	882	-	882	-	-	-
		<b>3,431</b>	<b>3,431</b>	<b>1,266</b>	<b>891</b>	<b>1,257</b>	<b>17</b>	<b>-</b>

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

**Note 7.1 (c)  
Contractual receivables at amortised cost**

Expected loss rate	Gross carrying amount of contractual receivables (\$'000s)	1-Jul-19					Total
		Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	
	5.1	606	0.0%	4.0%	10.0%	0	606
		-	74	14	23	0	(3)
		-	-	(1)	(2)	-	(3)

Expected loss rate	Gross carrying amount of contractual receivables	30-Jun-20					Total
		Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	
	5.1	631	0.0%	5.0%	15.0%	0	632
		-	58	62	30	0	(8)
		-	-	(3)	(5)	-	(8)

## Note 7.1 (c) Contractual receivables at amortised cost (Continued)

### Impairment of financial assets under AASB 9 Financial Instruments

Benalla Health records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 Financial Instruments 'Expected Credit Loss' approach. Subject to AASB 9 Financial Instruments, impairment assessment includes the Benalla Health's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9 *Financial Instruments*. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9 *Financial Instruments*. While cash and cash equivalents are also subject to the impairment requirements of AASB 9 *Financial Instruments*, any identified impairment loss would be immaterial.

### Contractual receivables at amortised cost

The Benalla Health applies AASB 9 Financial Instruments 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. The Benalla Health has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Benalla Health's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, the Benalla Health determines the opening loss allowance and the closing loss allowance at end of the financial year as disclosed above.

Reconciliation of the movement in the loss allowance for contractual receivables

	Note	2020	2019
<b>Balance at beginning of the year (\$'000s)</b>		<b>3</b>	<b>6</b>
Increase in provision recognised in the net result	3.1	5	(2)
Reversal of provision of receivables written off during the year as uncollectible		-	(1)
<b>Balance at end of the year</b>	5.1	<b>8</b>	<b>3</b>

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.

In prior years, a provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified. A provision is made for estimated irrecoverable amounts from the sale of goods when there is objective evidence that an individual receivable is impaired. Bad debts considered as written off by mutual consent.

### Statutory receivables and debt investments at amortised cost

Benalla 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 Financial Instruments requirements as if those receivables are financial instruments.

Both the statutory receivables and investments in debt instruments are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

## Note 7.2: Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

There are no known contingent assets or contingent liabilities for Benalla Health at the date of this report.

**Note 8: Other disclosures**

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

**Structure**

- 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
- 8.2 Responsible persons disclosure
- 8.3 Remuneration of Executive Officers
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Events Occurring after the Balance Sheet Date
- 8.7 Jointly Controlled Operations
- 8.8 Economic Dependency
- 8.9 Correction of prior period error and revision of estimates
- 8.10 AASBs Issued that are not yet Effective

**Note 8.1: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities**

	Note	Total 2020 \$'000	Total 2019 \$'000
<b>Net Result for the Year</b>	<b>OS</b>	(124)	(1,581)
<b>Non-Cash Movements:</b>			
Depreciation and amortisation	4.3	2,192	2,074
Amortisation of Intangible Non-Produced Assets	4.3	8	7
Provision for Doubtful Debts	5.1 (a)	5	-
Discount (interest) / expense on loan		(2)	-
<b>Movements included in Investing and Financing Activities:</b>			
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets	3.2	(4)	(21)
Less cash inflow/outflow from investing and financing activities		(22)	(73)
<b>Movements in Assets and Liabilities:</b>			
<i>Change in Operating Assets and Liabilities</i>			
(Increase)/Decrease in Receivables	5.1	3	514
(Increase)/Decrease in Prepayments		(55)	(109)
Increase/(Decrease) in Payables	5.2	751	(311)
Increase/(Decrease) in Other Liabilities	5.3	(883)	-
(Increase)/Decrease in Inventories	4.4	2	16
(Increase)/Decrease in employee benefits	3.4	140	270
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		<b>2,011</b>	<b>786</b>

**Note 8.2: Responsible Persons**

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:**

The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services  
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers

Period
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020

**Governing Boards**

L. Armstrong  
K. Scanlon  
L. Marta  
D. Elford  
P. McNeill  
Dr V. Wadhwa  
T. Smith  
A. Cahill Lambert  
T. Trounson

01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 30/06/2020
01/07/2019 - 05/05/2020
01/07/2019 - 30/06/2020

**Accountable Officers**

J. Holland (Chief Executive Officer)

01/07/2019 - 30/06/2020
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**Remuneration of Responsible Persons**

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

**Income Band**

\$0 - \$9,999  
\$270,000 - \$279,999  
\$280,000 - \$289,999

**Total Numbers**

Total 2020 No.	Total 2019 No.
9	9
-	1
1	-
<b>10</b>	<b>10</b>

**Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:**

2020 \$'000	2019 \$'000
<b>\$329</b>	<b>\$304</b>

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in Benalla Health's financial statements.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

**Note 8.3: Remuneration of Executives**

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

**Remuneration of Executive Officers  
(including Key Management Personnel Disclosed in Note 8.4)**

Short-term Benefits  
Post-employment Benefits  
Other Long-term Benefits  
Termination Benefits  
**Total Remuneration<sup>i</sup>**

Total Number of Executives

Total Annualised Employee Equivalent<sup>ii</sup>

<b>Total Remuneration</b>	
<b>2020</b>	<b>2019</b>
<b>\$'000</b>	<b>\$'000</b>
307	286
44	40
7	7
-	-
<b>358</b>	<b>333</b>
2	2
2.0	2.0

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

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

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

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

**Short-term Employee Benefits**

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

**Post-employment Benefits**

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

**Other Long-term Benefits**

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

**Termination Benefits**

Termination of employment payments, such as severance packages.



**Note 8.4: Related Parties**

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

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of a regional Information Technology Joint Venture; and
- All hospitals 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 Benalla Health, directly or indirectly.

The Board of Directors, Chief Executive Officer and the Executive Directors of Benalla Health are deemed to be KMPs.

<b>Entity</b>	<b>KMPs</b>	<b>Position Title</b>
Benalla Health	L. Armstrong	Chair of the Board
Benalla Health	K. Scanlon	Board Member
Benalla Health	L. Marta	Board Member
Benalla Health	D. Elford	Board Member
Benalla Health	P. McNeill	Board Member
Benalla Health	Dr V. Wadhwa	Board Member
Benalla Health	T. Smith	Board Member
Benalla Health	A. Cahill Lambert	Board Member
Benalla Health	T. Trounson	Board Member
Benalla Health	Ms J. Holland	Chief Executive Officer
Benalla Health	A. Nitschke	Executive Director of Finance & Corporate Services
Benalla Health	S. Wilson	Executive Director of Clinical Services

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

	<b>Total 2020 \$'000</b>	<b>Total 2019 \$'000</b>
<b>Compensation - KMPs</b>		
Short-term Employee Benefits <sup>i</sup>	606	561
Post-employment Benefits	68	63
Other Long-term Benefits	13	13
Termination Benefits	-	-
<b>Total <sup>ii</sup></b>	<b>687</b>	<b>637</b>

<sup>i</sup> Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.

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

**Note 8.4: Related Parties****Significant Transactions with Government Related Entities**

The Benalla Health received funding from the Department of Health and Human Services of \$24.85M (2019: \$21.74M) and indirect contributions of \$(0.016M) (2019: \$(0.128M)). Balances outstanding as year end are \$(0.564M) (2019 \$(0.001M))

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

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

The Standing Directions of the Assistant Treasurer require the Benalla 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 Victorian Government Procurement Board requirements.

Outside of normal citizen type transactions with the Benalla Health, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2020.

Except for the transaction listed below, there were no related party transactions required to be disclosed for the Benalla Health Board of Directors, Chief Executive Officer and Executive Directors in 2020.

L. Marta is a partner in AMCAL Benalla Pharmacy. The health service purchases pharmaceutical supplies from the AMCAL pharmacy on normal commercial terms and conditions

Total 2020 \$'000	Total 2019 \$'000
7	8

**Note 8.5: Remuneration of Auditors****Victorian Auditor-General's Office**

Audit of the Financial Statements

**TOTAL REMUNERATION OF AUDITORS**

Total 2020 \$'000	Total 2019 \$'000
22	21
<b>22</b>	<b>21</b>

**Note 8.6: Events Occurring after the Balance Sheet Date**

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between Benalla Health and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

The Covid-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Benalla Health at the reporting date. As responses by government continue to evolve, management recognises it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Benalla Health, its operations, its future results and financial position. The state of emergency in Victoria was extended on 16 August 2020 until 13 September 2020 and the state of disaster remains in place.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may affect the operations of Benalla Health, the results of the operations or the state of affairs of Benalla Health in the future financial years.

**Note 8.7: Jointly Controlled Operations**

Name of Entity	Principal Activity	Ownership Interest	
		2020 %	2019 %
Hume Region Health Alliance	Information Technology Services	5.75	5.57

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

	2020 \$'000 *	2019 \$'000 *
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	527	382
Receivables	57	76
Investments and Other Financial Assets	-	-
Prepayments	7	14
<b>TOTAL CURRENT ASSETS</b>	<b>591</b>	<b>472</b>
<b>NON-CURRENT ASSETS</b>		
Property, Plant and Equipment	39	62
Intangible Assets	28	32
<b>TOTAL NON-CURRENT ASSETS</b>	<b>67</b>	<b>94</b>
<b>TOTAL ASSETS</b>	<b>658</b>	<b>566</b>
<b>CURRENT LIABILITIES</b>		
Payables	258	206
Accrued Expenses	-	-
Borrowings	11	23
<b>TOTAL CURRENT LIABILITIES</b>	<b>269</b>	<b>229</b>
<b>NON-CURRENT LIABILITIES</b>		
Borrowings	16	19
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>16</b>	<b>19</b>
<b>TOTAL LIABILITIES</b>	<b>285</b>	<b>248</b>
<b>NET ASSETS</b>	<b>373</b>	<b>318</b>
<b>EQUITY</b>		
Accumulated Surpluses/(Deficits)	373	318
<b>TOTAL EQUITY</b>	<b>373</b>	<b>318</b>

Benalla Health's interest in revenues and expenses resulting from jointly controlled operations are detailed below:

	2020 \$'000 *	2019 \$'000 *
<b>REVENUE</b>		
Operating Activities	378	489
Non Operating Activities	3	5
Capital Purpose Income	97	-
<b>TOTAL REVENUE</b>	<b>478</b>	<b>494</b>
<b>EXPENSES</b>		
Information Technology and Administrative Expense	112	97
Other Expenses from Continuing Operations	288	334
Expenditure from Capital Purpose Income	-	3
Finance Lease Charges	1	2
Depreciation & Amortisation	33	47
<b>TOTAL EXPENSES</b>	<b>434</b>	<b>483</b>
<b>NET RESULT</b>	<b>44</b>	<b>11</b>

\* Figures obtained from the unaudited Hume Region Health Alliance Joint Venture annual report.

**Contingent Liabilities and Capital Commitments**

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

### **Note 8.8: Economic Dependency**

Benalla Health is dependent on the Department of Health and Human Services for the majority of its revenue used to operate the entity. At the date of this report, the Board of Directors has no reason to believe the Department will not continue to support Benalla Health.

### **Note 8.9: Changes in accounting policy, revision of estimates and corrections of prior period errors**

#### **Changes in accounting policy**

There was no impact from changes in accounting policy relating to leases and recognition of revenue.

**Note 8.10: AASBs Issued that are not yet Effective**

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2020 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Benalla Health of their applicability and early adoption where applicable.

As at 30 June 2020, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Benalla Health has not and does not intend to adopt these standards early.

<i>Standard/Interpretation</i>	<i>Summary</i>	<i>Applicable for annual reporting periods beginning on</i>	<i>Impact on public sector entity financial statements</i>
<i>AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material</i>	This Standard principally amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i> . The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.	1 January 2020	The standard is not expected to have a significant impact on the public sector.
<i>AASB 2020-1 Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2019-20 reporting period (as listed below). In general, these amending standards include editorial and reference changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2018-6 *Amendments to Australian Accounting Standards – Definition of a Business*.
- AASB 2019-1 *Amendments to Australian Accounting Standards – References to the Conceptual Framework*.
- AASB 2019-3 *Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform*.
- AASB 2019-5 *Amendments to Australian Accounting Standards – Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*.
- AASB 2019-4 *Amendments to Australian Accounting Standards – Disclosure in Special Purpose Financial Statements of Not-for-Profit Private Sector Entities on Compliance with Recognition and Measurement Requirements*.
- AASB 2020-2 *Amendments to Australian Accounting Standards – Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*.
- AASB 1060 *General Purpose Financial Statements – Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)*.







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