

Annual Report

2021-2022



Our Vision



Healthy, thriving and resilient communities
in and around Benalla.

Our Purpose

To care for our community by providing safe,
high-quality healthcare for everyone.



*Benalla Health acknowledges the Traditional Custodians
of the land and pay our respects to Elders past, present and emerging.*

About this report

This annual report outlines the operational and financial performance
for Benalla Health from 1 July 2021 to 30 June 2022.

We are a public health service established under the Health Services Act 1988 (Vic).

Benalla Health

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History

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

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.

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.

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Part 1

Report of Operations

for the year ending 30 June 2022

Board Chair and Chief Executive Officer's Report

On behalf of the Board of Directors and all staff, we are pleased to present the 2021-2022 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.

2021-2022 has been an extremely difficult year. Our staff have endured a considerable amount of pressure, working in PPE and staffing shortages. But we have come together and worked hard to ensure we have an organisation that cares. We would like to thank our staff for the commitment they have made to Benalla Health over the last twelve months they have made a real difference.

We would like to publicly acknowledge the commitment of our Board Directors. The time that all directors devote to their important stewardship role is sincerely appreciated. Peter McNeill retired this year after 3 years of service, he has been a valued member of the board and Benalla Health has been fortunate to have him on the board. In May 2022 A/Prof Janet Chapman retired after 2 years of service. Their significant contributions are noted and valued. We wish them all the very best with their future endeavors. We were pleased to welcome Leanne Turner and Binda Gokhale to the Board in July 2022.

Dennis O'Brien served as the Chair of the Board for 2 years and stepped down from the position in April 2022, his contributions during this time were invaluable, Dennis remains on the Board as a Director.

After 5 years of providing Executive leadership to Benalla Health, Janine Holland tendered her resignation as Chief Executive Officer effective from the 4th of July 2021. Janine had worked at Benalla Health since December 2009, initially as the Director of Clinical Services. We would like to publicly acknowledge and sincerely

thank Janine for the significant contributions she has made during her time as Chief Executive Officer and her commitment to the Health Service and the Benalla Health Board.

We would sincerely like to thank Andrew Nitschke for taking the role of Interim Chief Executive Officer. Andrew provided strong leadership to the Health Service and Board under difficult ever-changing COVID-19 challenges.

The Board received a Statement of Priorities from the Department of Health, aligned with the Department's directions. The outcomes of the Statement are highlighted later in this report.

Our partnership with Goulburn Valley Health remains strong. We completed 425 eye surgeries from their surgical waitlist. A total of 866 eye surgeries were completed in total for 2021-2022. Perioperative services assisted with a total of 2390 procedures.

Benalla Health maintains a high-quality maternity service for women and their families in Benalla and surrounding areas. General Practice Obstetricians work in partnership with the Maternity services team to provide maternity care to women throughout the birth continuum. Childbirth education classes, domiciliary care, breastfeeding support services are provided by Midwives and Lactation Consultants at Benalla Health. Perinatal, emotional and mental health services are also provided through the Border Area Mental Health Services - Perinatal Mental Health team. There were 85 babies born at Benalla Health in 2021-2022.

This year in recognition of the International Day of the Midwife, we invited back the mums, bubs and families of Benalla Health which was very well received by our consumers.

The Urgent Care Centre treated a total of 5000 consumers and 9381 COVID-19 tests were performed by our COVID testing clinic.



Celebration of the 2020-21 Benalla Health Staff Awards was held on the 15 December 2021. The following staff members were nominated by their peers and received due recognition for their superb performance during the 2020-2021 financial year:



**Award for Excellence
in Consumer Care
and Engagement**

Senita Jaji

**Award for Excellence
in Quality Service**

Kellie Keele
Fiona Sheehan

**Award for Excellence
in Leadership**

Casey Cowie
Christine Austin

**Award for Innovation
and sustainability**

Liz Hayes
Tarsh Armstrong

**COVID
Commendation**

Sharon Downey
Tanya Allan

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

Recliner Chairs, Day Procedure Unit	\$30,000	Phaco Hand Pieces	\$20,000
Anaesthetic Machines	\$226,000	Facial Recognition Devices	\$25,000
Fire Detection Equipment Upgrade	\$129,000	Hoists	\$19,000
Security Screens	\$12,000	Philips Monitors	\$13,000
Hysteroscopes	\$17,000		

As in previous years, Benalla Health received terrific support from the Benalla and District Memorial Hospital Auxiliary, community groups and individuals who generously donate to support the health service. Through this support, we have been able to purchase equipment and other important items. These donations are greatly appreciated, and we genuinely thank everyone for their sustained efforts.

We would lastly like to publicly recognise and sincerely thank the Department of Health, the Board of Directors, our staff, medical officers, partner organisations and our volunteers. They have continued to work with us to provide high-quality health services to the community we are privileged to serve.

John Papatheohari
Board Chair

Jackie Kelly
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 2022.

John Papatheohari
Board Chair
19 October 2022

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.

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 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 that clarifies the responsibilities of Board Directors.



Responsible Ministers during the Financial Year

We are a public health service established under the Health Services Act 1988 (Vic).

The responsible Minister is the Minister for Health:

From 1 July 2021 to 27 June 2022

The Hon Martin Foley MP

Minister for Health

Minister for Ambulance Services

Minister for Equality

The Minister for Mental Health

From 1 July 2021 to 27 June 2022

The Hon James Merlino MP

Minister for Mental Health

From 27 June 2022 to 30 June 2022

The Hon Mary-Anne Thomas MP

Minister for Health

Minister for Ambulance Services

The Hon Gabrielle Williams MP

Minister for Mental Health

Minister for Treaty and First Peoples

Auditors

RSD Chartered Accountants, Agents for the Auditor General

Banker

National Australia Bank

Solicitors

HDC Legal

Board of Directors & Executive Team



Chair

1st July 2021 – 30th April 2022

Dr Dennis O'Brien

BSC (AG) UNIVERSITY OF SYDNEY; MSC, UNIVERSITY OF MANITOBA CANADA;
PHD, OREGON STATE UNIVERSITY USA

- Committee Membership
- Appointments (Chair)
- Community Advisory Committee
- Medical Consultative (Chair)

After graduating with his PhD Dennis worked for five years in the Philippines and Indonesia. He has also worked in Canada, USA, Bangladesh, Singapore, Malaysia, Sri Lanka, Vietnam, Papua New Guinea and China. He and Gail returned to Australia with their three children in 1985 to take up a position at the University of Wollongong. He moved to Southern Cross University in 1993, where he was Head of the School of Business. In 2002 he was appointed Associate Professor and Head of the Dookie Campus of the University of Melbourne. He was the foundation Director of the Postgraduate Program at Marcus Oldham College from 2009 to 2010. In addition to his previous role as Board Chair at Benalla Health, he is also Chair of the Winton Wetlands Committee of Management and Chair of the Benalla Art Gallery Special Committee. He has a long history of commitment to community development locally and in his home state of NSW. He and Gail operate a small Wagyu cattle farm at Stewarton.



Chair

1st May 2022 – 30th June 2022

John Papatheohari

BBUS, CA, CIO CERTIFICATION (COLLEGE OF HEALTHCARE INFORMATION MANAGEMENT EXECUTIVES)

- Committee Membership
- Audit
- Quality and Safety
- Medical Consultative

John has eleven years' experience as an IT and digital transformation executive across private and public health. John has assumed Chief Information Officer roles over the past six years, having previously led the Health Shared Services entity for the Victorian Department of Health. John made the transition to the industry after 26 years as a Management Consultant. He has a diverse work experience background, having spent more than 10 years in various overseas postings. John is a Board member of both Mallee Track Health & Community Service and Distinctive Options, a member of the Australian Institute of Company Directors and is a Chisholm Institute Board Sub-Committee member. He is a sports enthusiast and an active fun run participant. John has a Bachelor of Business, is a qualified Chartered Accountant, and has CIO Certification from the College of Healthcare Information Management Executives.



Vice Chair

Lisa Marta

BPHARM, MPS, AACPA

- Committee Membership
- Quality and Safety (Chair)
- Audit
- Medical Consultative

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.



Treasurer **Peter McNeill**

BEC, CA

- Committee Membership
- Audit (Chair)
- Medical Consultative

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. He was 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.



Tammy Smith

BSW, ADIPMGMT

- Committee Membership
- Community Advisory
- Appointments

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.



Dr Sarah Chaplin

BSC (HONS) LEEDS; MSC EDIN; PHD GLA; GCERT UNITEACH MELB; GAICD

- Committee Membership
- Community Advisory

Sarah Chaplin is an animal welfare specialist with expertise in project management, analysis, communication and stakeholder engagement. She is employed as a Senior Policy Officer in Animal Welfare Victoria, providing policy advice to the Victorian government on matters relating to animal welfare. Sarah was born in England and came to Australia in 2000 to take up a lecturing position at the University of Melbourne. She was based at Dookie Campus for nearly 10 years and both her children were born at Benalla Hospital. Sarah is a Fairley Fellow (2017) and a graduate of the Australian Institute of Company Directors. Sarah runs a Murray Grey stud at Yabba North with her husband.



Leanne Turner

BHEALTHSCI POSTGRADDIP (HEALTH ADMINISTRATION) MBA GAICD

- Committee Membership
- Community Advisory
- Audit

Leanne was appointed to the Benalla Health Board of Directors in July 2021. Leanne is currently the Chief Operating Officer at Yooralla and responsible for leading the delivery of all customer services.

Before joining Yooralla in 2017, Leanne was the Executive Director of the Royal Dental Hospital of Melbourne at Dental Health Services Victoria for three years where she developed new models of care and implemented a new clinical governance framework.

Prior to joining Dental Health Services Victoria, Leanne was the Director of Specialty Services at Austin Health for eight years. In this role, she was responsible for the strategic leadership and operational management of Cardiac Services, Vascular Surgery, Neurosciences, Neuropsychology and Respiratory Services.

Leanne's qualifications include a Bachelor of Health Sciences (Nursing), a Post Graduate Diploma in Health Administration (La Trobe University) and a Master of Business Administration (RMIT). She is also a Graduate of the Australian Institute of Company Directors.

Leanne has extensive experience in clinical governance and risk management, service planning and financial management. She is passionate about improving patient outcomes. Leanne has previously held Board Director positions with the Eastern Domestic Violence Service and in Community Health organisations.



Binda Gokhale

FCPA, GAICD

- Committee Membership
- Quality & Safety
- Appointments

Binda joined the Benalla Health Board of Directors in July 2021 and has considerable experience in corporate finance, strategic planning, and governance.

She is currently the Chief Financial Officer at Wyndham City Council and has previously worked at Telstra.

Binda's financial and operational experience is supported by directorships and committee roles held with a number of corporate, statutory, and not-for-profit entities. Currently these include Trust for Nature, Satellite Foundation and the Victorian Disability Worker Commission.

She is also currently the Chair of the Public Sector and Not for Profit Committee of CPA Australia and on the Executive Committee of the Victorian Local Government Finance Professionals (FinPro), engaging in policy and professional development.

Her attributes include strategic planning, analysis, performance management, corporate governance, compliance, and risk management.

Binda is keen to work with her fellow Board members and Benalla Health's Executive on strengthening community engagement and service outcomes in the health sector.



Associate Professor

To 31st May 2022

Janet Chapman

ADJ. ASSOC. PROFESSOR LTU; MHSM: GDPHUMNUT, GDIPED; BSC

Janet has had a long career in the health sector and is currently working as the Executive Director Regional Partnerships & Planning for Albury Wodonga Health. She is the former Regional Director for Health, Hume region and has held positions in both the NSW and Victorian health systems. She is a graduate member of the Australian Institute of Company Directors and is the Board Chair of Lifeline Albury Wodonga. She is passionate about rural health with a particular focus on improving access to care for rural communities. Janet lives in Albury, is a keen traveller and bird-watcher, and enjoys playing cello in the Albury Conservatorium Orchestra.

Executive Team

Chief Executive Officer

(to 4th July 2021)

Janine Holland

RN, RM, BHSC, GRAD CERT HSM, MPH, MACHSM, GAICD, ACHS ASSESSOR



Jackie Kelly (from 7th February 2022)

BNURS, MLD, DIP. HR.

The Chief Executive Officer is responsible to the Board of Directors 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.

Executive Director of Clinical Services

(to 30th May 2022)

Lisa Pryor

RN, RM, GDIP ADV NURSING MANAGEMENT, GDIP MIDWIFERY, MAICD

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 Finance and Corporate Services

Interim Chief Executive Officer (5th July 2021 to 6th February 2022)

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 Executive Director of Finance and Corporate Services provides leadership in the management of financial and corporate support services.



Director of Medical Services

Dr Ken Cheng

MBBS, BMEDSC (HONS), MBA, M COM (DIST), MHM, MPH, FRACMA, FCHSM, CHE, MAICD

As Director of Medical Services, Dr Cheng ensures all visiting medical officers are credentialed and have appropriate clinician privileges for the Organisation. The DMS 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.

Organisation Structure

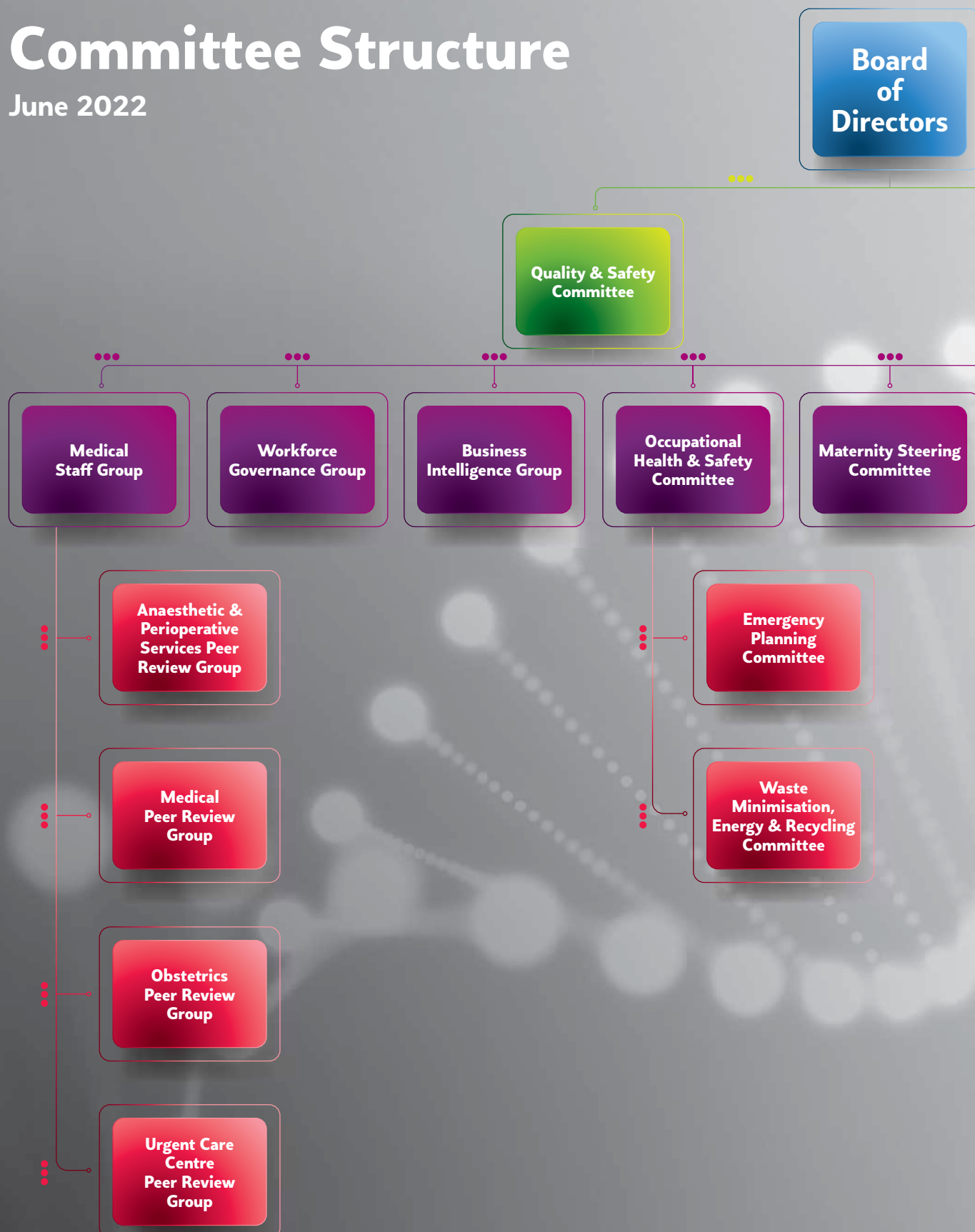
June 2022

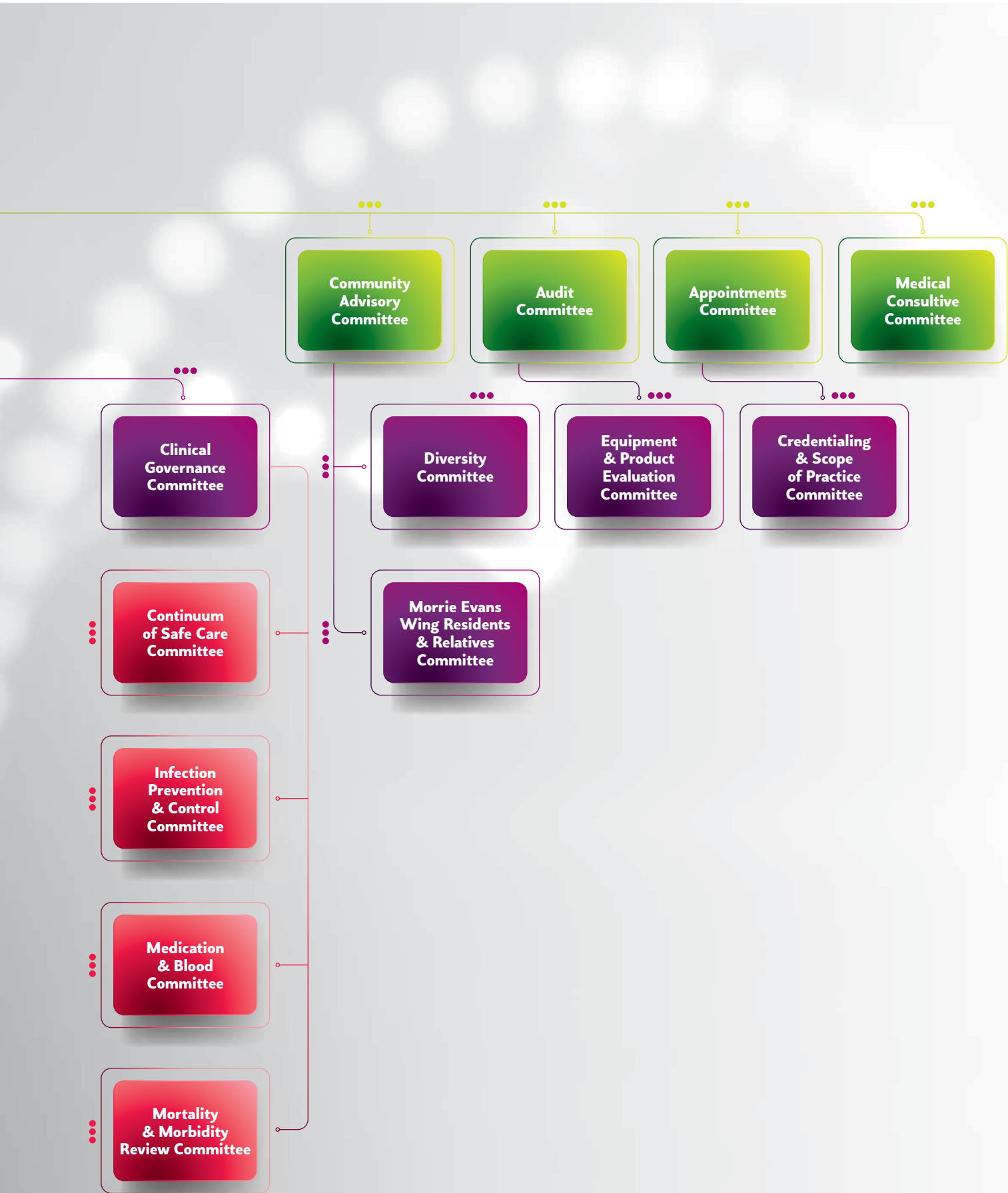




Committee Structure

June 2022





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	
	2021	2022	2021	2022
Nursing	103.60	100.42	101.32	99.99
Administration and Clerical	36.80	34.77	36.80	33.28
Medical Support	8.96	8.82	7.87	8.49
Hotel and Allied Services	43.57	38.52	43.34	39.13
Medical Officers	0.32	0.00	0.16	0.02
Hospital Medical Officers	0.00	0.00	0.00	0.00
Sessional Clinicians	0.00	0.00	0.00	0.00
Ancillary Staff (Allied Health)	13.58	17.93	14.49	15.83
Total	206.83	200.46	203.98	196.74

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 applying merit and equity principles to all employment policies, programs and resources and ensures our values; Respect, Empathy, Excellence, Compassion and Accountability, are implemented throughout the organisation, including through performance planning and employee recognition processes.

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 Safety Statistics	2021-2022	2020-2021	2019-2020
Number of occupational violence incidents reported per 100 FTE	82	60.19	58.7
Number of lost time standard WorkCover claims for the year per 100 FTE	3.33	2.91	1.47
Average cost per WorkCover claim for the year	\$61,202	\$67,038	\$4,687

Occupational Violence

Occupational violence statistics for 2021-2022 are reported as per the table below.

Occupational Violence Statistics	2021-2022
WorkCover accepted claims with an occupational violence cause per 100 FTE	.6667
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	.2965
Number of occupational violence incidents reported	32
Number of occupational violence incidents reported per 100 FTE	16.27
Percentage of occupational violence incidents resulting in staff injury, illness or condition	3.13%

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 2021-2022.

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.

5 Year Performance

	2022 \$000	2021 \$000	2020 \$000	2019 \$000	2018 \$000
Operating Result	682	197	134	244	379
Total Revenue	33,208	32,005	32,555	29,207	32,218
Total Expenses	34,382	33,861	32,637	30,656	30,760
Net Result from transactions	(1,174)	(1,856)	(82)	(1,445)	1,458
Total other economic flows	227	225	(42)	(136)	7
Net result	(947)	(1,631)	(124)	(1,581)	1,465
Total Assets	48,820	46,553	47,100	47,126	36,653
Total Liabilities	9,603	9,143	8,309	8,211	7,779
Net Assets/Total Equity	39,217	37,410	38,791	38,915	28,874

Reconciliation of Net Results from Transactions and Operating Result	2021-2022 \$000
Net operating result	682
Capital and specific items	
Capital purpose income	347
Specific income	0
State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	505
State supply items consumed up to 30 June 2022	(505)
Assets provided free of charge	0
Assets received free of charge	115
Expenditure for capital purpose	13
Depreciation and amortisation	2,288
Impairment of non-financial assets	0
Finance costs (other)	17
Net result from transactions	(1,174)

Consultancies

Details of consultancies (under \$10,000)

In 2021-2022 there were 2 consultancies where the total fees payable to the consultants were less than \$10,000 (excl. GST). The total expenditure incurred during 2021-2022 in relation to these consultancies is \$13,144 (excl. GST).

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

In 2021-2022 there was 1 consultancy where the total fees payable to the consultants were \$10,000 (excl. GST) or greater. The total expenditure incurred during 2021-2022 in relation to these consultancies is \$25,000 (excl. GST)

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2021-2022 (excluding GST)	Future expenditure (excluding GST)
PwC Consulting	Mental Health & Wellbeing briefing paper for Benalla Health Board	December 2021	December 2021	\$25,000	\$25,000	Nil

Information and Communication Technology (ICT)

The total ICT expenditure incurred during 2021-2022 is \$1.148 million (excluding 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)	
\$1.106 million	\$0.042 million	\$0 million	\$0.042 million	

Statutory Reporting

Freedom of Information Act 1982

Benalla Health is an agency subject to the *Freedom of Information 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.ovic.gov.au). During 2021-2022, 32 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 Fire Risk Management Guidelines.

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 protected disclosure. There were no disclosures in 2021-2022.

National Competition Policy

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 Competition Policy and 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 2021-2022

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 consumption has decreased with the help of the latest 97.68 kWp Solar Panel Project, commissioning of our voltage optimization equipment and load shedding program supporting lower cost and more renewable power despite the variations in climatic conditions. We have maintained the Gas usage since 2019 with increase building size in Aged Care facilities. Water usage has decreased with new water saver shower heads installed through our patient's ensuites.

Environmental Impacts & Energy Usage	2019-2020	2020-2021	2021-2022
Energy Use			
Electricity (MWH)	1520	1489	1488
Gas (Mj)	11.89	11.48	11.72
Carbon Emissions (Thousand Tones of CO₂e)			
Electricity	1.55	1.46	1.35
Gas	0.61	0.59	0.60
Total Emissions	2.16	2.05	1.96
Water Use (Millions Litres)			
Potable Water	9.57	9.28	8.93

Additional Information

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

- declarations of pecuniary interests have been duly completed by all relevant officers;
- details of publications produced by the entity about itself, and how these can be obtained;
- details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- details of any major external reviews carried out on the Health Service;
- details of major research and development activities undertaken by the Health Service;
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the Health Service and its services;
- details of assessments and measures undertaken to improve the occupational health and safety of employees; and
- a general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes.

A list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved; and details of all consultancies and contractors including:

- consultants/contractors engaged;
- services provided; and
- expenditure committed to for each engagement.

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 2021-2022.

Gender Equality Act 2020

Gender Equality is every one person having access to the same opportunities, responsibilities, protections, rewards and resources regardless of their gender. By achieving greater gender equality it allows for a more just, inclusive and fair society for everyone.

Since the implementation of the *Gender Equality Act 2020*, Benalla Health has started to gain momentum in working towards increasing gender equality within the organisation and community by supporting the principles of Gender Equality, Active Citizenship, Diversity and the implementation of the Diversity Committee. Our key focus is to implement actions outlined in the *Gender Equality Act 2020*.

Benalla Health undertook Gender Equality data collection and found the following;

- 88% of Benalla Health's workforce are female.
- 55% of Benalla Health's leadership team are female, 44% are male.
- 69% of Benalla Health's management team are female, 23% are male.

Benalla Health's Maternity Ward are actively promoting gender equality by the implementation of the Baby Makes 3 program which seeks to prevent violence against women and challenges the rigid belief of gender based roles.

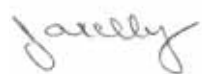
Benalla Health has also partnered with Gateway Health, Alpine Health, Mansfield District Hospital and Women's Health Goulburn Northeast, to make a commitment in addressing gender inequality within the workforce by aiming to embed prevention activities under the Gender Equality Act in the workforce.

Attestation & Declaration

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 Jackie Kelly, 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.

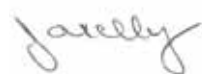


Jackie Kelly
Chief Executive Officer
Accountable Officer
Benalla Health

21st September 2022

Integrity, Fraud and Corruption

I, Jackie Kelly, 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.

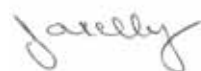


Jackie Kelly
Chief Executive Officer
Accountable Officer
Benalla Health

21st September 2022

Conflict of Interest

I, Jackie Kelly, 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.



Jackie Kelly
Chief Executive Officer
Accountable Officer
Benalla Health

21st September 2022

Ministerial Standing Direction 5.1.4 Financial Management Compliance

I, John Papatheohari, 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.



John Papatheohari
Board Chair
Responsible Officer
Benalla Health

21st September 2022

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*.

Key financial and Service Performance Reporting

Strategic Priorities

The Minister of Health intends to work closely with the healthcare sector to develop and implement several important system reforms, including modernising our health system through redesigned governance; driving system reforms that deliver

better population health, high-quality care and improved patient outcomes and experiences; and reforming clinical services to ensure we are delivering our community the best value care.

Maintain robust COVID-19 readiness and response

Priority	2021-2022 Outcomes
Maintain robust COVID-19 readiness and response, working with the Department to ensure rapid response to outbreaks, if and when they occur, which includes providing testing for your community and staff, where necessary and if required. This includes preparing to participate and assist with, the implementation of our COVID-19 vaccine immunization program rollout, ensuring your local community's confidence in the program.	<p>Benalla Health COVID testing clinic operating 7 days a week.</p> <p>During a community outbreak in October 2021, partnered with the Goulburn Valley Public Health Unit & Benalla Rural City Council to provide a temporary offsite testing location for consumers and tested approximately 400 over 3 days.</p> <p>Partnered with local schools to provide testing of students attending the Alpine Resorts and required to test 72 hours prior to arrival at that time.</p> <p>Partnered with the Aboriginal Community Controlled Organisation COVID vaccination van to provide COVID vaccination onsite for consumers.</p> <p>A number of onsite vaccination clinics were held for both staff and consumers.</p> <p>COVID Virtual Home Monitoring of positive cases in our community in a shared model with our local public health unit at Goulburn Valley Health and local General Practitioner's (GPs).</p>
Actively collaborate on the development and delivery of priorities within your Health Service Partnership, contribute to inclusive and consensus-based decision-making, support optimum utilisation of services, facilities and resources within the Partnership, and be collectively accountable for delivering against Partnership accountabilities as set out in the Health Service Partnership Policy and Guidelines.	<p>Benalla Health engage collaboratively and inclusively in the Hume Health Service Partnership.</p> <p>The CEO is actively involved in all aspects of reform within the partnership and sits on several sub committees including the COVID-19 response, Strategic Service Planning Project Control Group and Hume @Home development.</p> <p>The CEO is also actively involved in the Central Hume Local Area Partnership and is a part of the Patient flow project, and the International Recruitment Partnership.</p>
Engage with your community to address the needs of patients, especially our vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary "catch-up" care to support them to get back on track. Work collaboratively with your Health Service Partnership to:	<p>Continue to work with Goulburn Valley Health and Northeast Health Wangaratta to further enhance the workflow and bookings of elective ophthalmology procedures and further explore the interests of surgeons in undertaking additional procedures at Benalla Health from existing wait lists.</p> <p>Supported by the Hume Health Service Partnership with the Better at Home initiative. Working towards a "Step Down" program.</p>
<ul style="list-style-type: none"> implement the Better at Home initiative to enhance in-home and virtual models of patient care when it is safe, appropriate and consistent with patient preference. improve elective surgery performance and ensure that patients who have waited longer than clinically recommended for treatment have their needs addressed as a priority. 	

Key financial and Service Performance Reporting

Priority	2021-2022 Outcomes
Address critical mental health demand pressures and support the implementation of mental health system reforms to embed integrated mental health and suicide prevention pathways for people with, or at risk of, mental illness or suicide through a whole-of-system approach as an active participant in your Health Service Partnership and through your Partnerships engagement with Regional Mental Health and Wellbeing Boards.	<p>Mental Health First Aid and Critical Incident Stress Management education is provided to staff members. Murray Primary Health Network Suicide Prevention Project provided funding to train an additional 2 instructors in Suicide First Aid to support staff and community access to this training. Benalla Health now has 3 Mental Health First Aid Instructors, one of whom is also qualified to provide Youth Mental Health First Aid.</p> <p>Partner in the Benalla Live 4 Life Partnership Group providing Youth Mental Health First Aid to teachers, parents and community members.</p> <p>A result of the Suicide Prevention Project in Benalla is the Postvention Protocol. Benalla Health is the lead agency. Postvention is a range of timely, coordinated and appropriate supports to loss survivors and to prevent community contagion by reducing distress among those impacted and identify opportunities to educate the community about warning signs and how to help.</p> <p>Partner with the new Adult and Older Adult Local Mental Health and Wellbeing Services.</p>
Embed the Aboriginal and Torres Strait Islander Cultural Safety Framework into your organisation and build a continuous quality improvement approach to improving cultural safety, underpinned by Aboriginal self-determination, to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees.	<p>Participates in the Aboriginal and Torres Strait Islander Advisory Group in partnership with local health and community services.</p> <p>Benalla Health has an Aboriginal patient and family support officer through an agreement with the Victorian Aboriginal Child Care Agency (VACCA).</p> <p>Installation of flagpoles at the front of the health service, creating a welcoming environment.</p> <p>Aboriginal & Torres Strait Islander Cultural Safety & Environmental Scan. The Environmental Scan was conducted by a local Aboriginal Elder and Aboriginal Cultural Connections Advisor with Victorian Aboriginal Childcare Agency. An action plan has been developed as a result of the scan and this is monitored through the Diversity committee.</p> <p>Benalla Health is the recipient of an Aboriginal cultural safety grant and plan of which progress reports are provided to the Victorian Department of Health.</p> <p>Benalla Health partners with the Benalla Rural City Council to provide NAIDOC week events to the local community and as part of the Benalla Aboriginal and Torres Strait Islander Advisory Group.</p> <p>Have reached out to begin establishing an ongoing relationship with the local Yorta Yorta community.</p>

High-quality and Safe Care Quality performance Reporting

Key Performance Measure	Target	Result
Infection Prevention and Control		
Compliance with the Hand Hygiene Australia program	85%	87.1%
Percentage of healthcare workers immunised for influenza	92%	88%
Patient Experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	No Result*
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	No Result*
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	95.7%
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes.	≤ 1.4%	3.1%
Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	0% [†]

* less than 10 responses received

[†] No cases of severe fetal growth restrictions in singleton pregnancy recorded.

Strong governance, leadership and culture

Organisational Culture		
Safety Culture Among Healthcare Workers	62%	67%



Effective Financial Management

Financial Reporting

Key Performance Indicator	Target	Result
Operating result (\$m)	\$0.00	\$0.682
Average number of days to pay trade creditors	60 days	34 days
Average number of days to receive patient fee debtors	60 days	49 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	2.05
Actual number of days available cash, measured on the last day of each month.	14 days	147.6 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	Not Achieved

Activity Reporting

Funding type	2021-2022 Activity Achievement
Consolidated Activity Funding	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	3,074
Acute Admitted	
National Bowel Cancer Screening Program NWAU	7
Acute admitted DVA	45
Other Admitted	182
Acute Non-Admitted	
Home Enteral Nutrition NWAU	1.5
Subacute/Non-Acute, Admitted & Non-admitted	
Subacute WIES – DVA	7
Aged Care	
Residential Aged Care	10,167
HACC	1,602
Primary Health	
Community Health / Primary Care Programs	5,875

Benalla and District Memorial Hospital Auxiliary

The Benalla and District Memorial Hospital Auxiliary is proud to continue the decades long work of the committed volunteers and committee members from Benalla and the surrounding area. The past two years of the pandemic have challenged many of the not-for-profit and service organisations in Benalla. Many report a downturn in the number of volunteers and the participation of the volunteers they have. Our Auxiliary is no different. The vast majority of our volunteers are over 65 years, and face the many challenges that advancing age bring, among these are ill health, fear of exposure to COVID-19, and growing demands on their time. These challenges continue to restrict our fundraising activities.

The good news is that the Auxiliary has been able to allocate \$40,000 towards the purchase of vital hospital equipment. Our members are excited to understand how their commitment translates into these purchases and the difference it makes to the hospital.

A less well known part of our work is the provision of gifts to the family of babies born at the hospital. These gifts are made by our volunteers and serve to establish what we hope is a lifelong link with the Auxiliary.

Following two years of lockdowns and restrictions on social activity our volunteers have enjoyed gathering for working bees. Many cups of coffee were consumed as we gathered in the summer sun to work outside in a COVID safe environment.

The wider community continues to support our most profitable enterprise, the sale of plants and the making of produce. Supporters of the Auxiliary, Julie and Gary Campbell hosted the Birchwood Open Gardens after the COVID hiatus. The Auxiliary was pleased to be included in this event. These three activities account for more than 90% of our entire fundraising in the 2021/22 year.

Attending the local Lakeside Market provides us with a vital link to the community as well as providing the vast majority of our funds raised, through the sale of donated goods.

We were thrilled to be invited to participate in the Midwives Afternoon tea and to showcase some of our beautifully made craft. A Christmas Pop Up street stall, the annual Heavy Horse day, a fundraising stall at the Benalla All Blacks Football and Netball Club all added to our fundraising activities.

As we move into 2022/23 the Executive of the Auxiliary are leading a Strategic Review. We hope to build a stronger Auxiliary, to diversify our fundraising activities and to explore the opportunities to form partnerships with other organisations in Benalla. Front of mind is the recruitment of new volunteers, beginning with reducing the barriers to volunteering and implementing inclusive practices. Our Auxiliary needs to re-skill and adapt to a changing environment, embracing a model that is able to utilise new and innovative fundraising ideas.

Michelle Aitken
President

Benalla Health Services

Hospital Services

- Acute Inpatient Services
- Residential Aged Care Facility
- Maternity Services
- Antenatal Clinic
- Breast Feeding Support
- Domiciliary
- Perioperative Services
- Day Procedure Unit
- Urgent Care Centre
- Education
- Quality
- Infection Control
- Pharmacy

Home Nursing Service

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

Other Services

- CT Scan, Ultrasound, X-Ray
- Planned Activities Program
- Mental Illness Fellowship
- Visiting Medical Officers
- Pathology
- Psychology Services

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
- Pulmonary Rehabilitation
- Orthopedic Rehabilitation

Support Groups

- Diabetes

Health Independence Programs

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

Community Services

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

Ray Sweeney Centre

- 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 2022)

People & Culture

Operational Director People & Culture

Ms C Wlodarczyk

Clinical Services

Operational Director Continuum of Care

Ms F Coad, RN, RM

Nurse Unit Manager First Response Services

Mr D. Briggs, RN, BSc, DipCert (CritCare), Cert IV TAE, Cert IV WHS, MACN, MCENA

Nurse Unit Manager Peri-operative Services

Ms B Taylor, RN, BSc, GradDip Periop

Nurse Unit Manager Inpatient Services

Ms G. Robinson, RN, ADip (M'gmt)

Nurse Unit Manager Healthy Ageing

Ms J. Meggs, RN

Infection Prevention & Control Co-ordinator

Ms T. Allan, RN, Nurse Immuniser, Clinical Educator

Transfusion Trainer

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

Clinical Administration Coordinator

Ms S Downey

Healthy Communities

Operational Director Healthy Communities

Mr G. va Popering, RN, DipM'gt, PGradDip (Advanced Clinical Nursing)

Manager Healthy Lifestyle

Ms M. Howell, BSW AMHSW BSc

Manager Independence & Wellbeing Services

Ms. C. Cowie, Bsc, BENS, APD (MDietSt)

Performance Improvement

Operational Director Performance Improvement

Vacant

Finance & Corporate Services

Engineering Manager

Mr M. Charleston

Chief Health Information Manager

Ms V. Young, BAppSc (Medical Records Admin)

Senior Accountant

Mr Graham Barrette

ICT Manager

Mr P. Hurley, BInfTech (Applied Computing)

Finance Administration Team Leader

Ms. F. Stewart

Support Services

Operational Director Support Services

Mr P. Edwards

Food Services Team Leader

Ms D. Corcoran

Housekeeping Team Leader

Mrs P. Winzer

Medical Services

Chief Pharmacist

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

Part 2

Financial Statements

for the year ending 30 June 2022

Financial Statements

Financial Year ended 30 June 2022

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

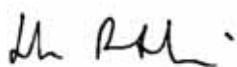
The attached financial statements for Benalla Health have been prepared in accordance with Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, 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 2022 and the financial position of Benalla Health at 30 June 2022.

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

We authorise the attached financial statements for issue on 21st September, 2022.

Board Director

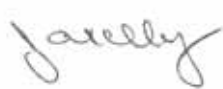


Mr John Papatheohari

Chair

Benalla
21st September, 2022

Accountable Officer



Jackie Kelly

Chief Executive Officer

Benalla
21st September, 2022

Chief Finance & Accounting Officer



Andrew Nitschke

Chief Finance and Accounting Officer

Benalla
21st September, 2022



Independent Auditor's Report

To the Board of Benalla Health

Opinion	<p>I have audited the financial report of Benalla Health (the health service) which comprises the:</p> <ul style="list-style-type: none"> • balance Sheet as at 30 June 2022 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's, and chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service 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>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

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

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

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

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



MELBOURNE
19 October 2022

Dominika Ryan
as delegate for the Auditor-General of Victoria

Benalla Health
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2022

		Total 2022 \$'000	Total 2021 \$'000
	Note		
Revenue and income from transactions			
Operating activities	2.1	33,160	31,960
Non-operating activities	2.1	48	45
Total revenue and income from transactions		33,208	32,005
Expenses from transactions			
Employee expenses	3.1	(24,523)	(24,526)
Supplies and consumables	3.1	(3,418)	(3,113)
Finance costs	3.1	(15)	(7)
Depreciation and amortisation	3.1	(2,288)	(2,336)
Other administrative expenses	3.1	(2,571)	(2,247)
Other operating expenses	3.1	(1,560)	(1,632)
Other non-operating expenses	3.1	(7)	-
Total Expenses from transactions		(34,382)	(33,861)
Net result from transactions - net operating balance		(1,174)	(1,856)
Other economic flows included in net result			
Net gain/(loss) on sale of non-financial assets	3.2	127	63
Net gain/(loss) on financial instruments	3.2	7	(4)
Other gain/(loss) from other economic flows	3.2	93	166
Total other economic flows included in net result		227	225
Net result for the year		(947)	(1,631)
Other comprehensive income			
Items that will not be reclassified to net result			
Changes in property, plant and equipment revaluation surplus	4.3	2,754	250
Total other comprehensive income		2,754	250
Comprehensive result for the year		1,807	(1,381)

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

Benalla Health
Balance Sheet
As at 30 June 2022

		Total 2022 \$'000	Total 2021 \$'000
	Note		
Current assets			
Cash and cash equivalents	6.2	14,645	13,929
Receivables and contract assets	5.1	695	620
Inventories		26	26
Prepaid expenses		196	156
Total current assets		15,562	14,731
Non-current assets			
Receivables and contract assets	5.1	982	795
Property, plant and equipment	4.1 (a)	31,870	30,736
Right of use assets	4.2 (a)	402	285
Intangible assets	4.4	4	6
Total non-current assets		33,258	31,822
Total assets		48,820	46,553
Current liabilities			
Payables and contract liabilities	5.2	2,428	2,707
Borrowings	6.1	234	136
Employee benefits	3.3	4,286	4,485
Other liabilities	5.3	1,878	1,134
Total current liabilities		8,826	8,462
Non-current liabilities			
Borrowings	6.1	306	321
Employee benefits	3.3	471	360
Total non-current liabilities		777	681
Total liabilities		9,603	9,143
Net assets		39,217	37,410
Equity			
Property, plant and equipment revaluation surplus	4.3	29,234	26,480
General purpose surplus	SCE	399	399
Restricted specific purpose reserve	SCE	113	113
Contributed capital	SCE	13,293	13,293
Accumulated deficit	SCE	(3,822)	(2,875)
Total equity		39,217	37,410

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 2022

	Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Reserve	General Purpose Surplus	Contributed Capital	Accumulated Deficit	Total
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total						
Balance at 30 June 2020	26,230	79	405	13,293	(1,216)	38,791
Net result for the year	-	-	-	-	(1,631)	(1,631)
Other comprehensive income for the year	250	-	-	-	-	250
Transfer from/(to) accumulated deficits	-	34	(6)	-	(28)	-
Balance at 30 June 2021	26,480	113	399	13,293	(2,875)	37,410
Net result for the year	-	-	-	-	(947)	(947)
Other comprehensive income for the year	2,754	-	-	-	-	2,754
Transfer from/(to) accumulated deficits	-	-	-	-	-	-
Balance at 30 June 2022	29,234	113	399	13,293	(3,822)	39,217

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

Benalla Health

Cash Flow Statement

For the Financial Year Ended 30 June 2022

	Note	Total 2022 \$'000	Total 2021 \$'000
Cash Flows from operating activities			
Operating grants from government		28,574	27,062
Capital grants from government - State		347	249
Patient fees received		1,180	1,501
Private practice fees received		193	224
Donations and bequests received		72	39
Net GST received from ATO		745	651
Interest and investment income received		48	45
Commercial income received		234	246
Other receipts		2,110	1,988
Total receipts		33,503	32,005
Employee expenses paid		(24,593)	(24,240)
Payments for supplies and consumables		(3,642)	(2,115)
Payments for medical indemnity insurance		(332)	(342)
Payments for repairs and maintenance		(805)	(814)
Finance costs		(15)	(7)
Other payments		(3,464)	(3,115)
Total payments		(32,851)	(30,633)
Net cash flows from operating activities	8.1	652	1,372
Cash Flows from investing activities			
Purchase of property, plant and equipment		(517)	(387)
Capital donations and bequests received		3	49
Other capital receipts		21	41
Purchase of Intangible assets		-	1
Proceeds from disposal of property, plant and equipment		208	135
Net cash flows used in investing activities		(285)	(161)
Cash flows from financing activities			
Repayment of borrowings		(40)	-
Repayment of principal portion of lease liabilities		(127)	(120)
Net Receipt/(Refund) of accommodation deposits		516	151
Net cash flows from financing activities		349	31
Net increase in cash and cash equivalents held		716	1,242
Cash and cash equivalents at beginning of year		13,929	12,687
Cash and cash equivalents at end of year	6.2	14,645	13,929

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 2022

Note 1: Basis of preparation

Structure

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

Benalla Health

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Benalla Health for the year ended 30 June 2022. The report provides users with information about Benalla Health's stewardship of the resources entrusted to it.

This section explains the basis of preparing the financial statements.

Note 1.1 Basis of preparation of the financial statements

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

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

Benalla Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to a "not-for-profit" health service under the Australian Accounting Standards.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

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

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

The financial statements are in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of Benalla Health on 21st September, 2022.

Benalla Health

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Note 1.2 Impact of COVID-19 pandemic

In March 2020 a state of emergency was declared in Victoria due to the global coronavirus pandemic, known as COVID-19. On 2 August 2020 a state of disaster was added with both operating concurrently. The state of disaster in Victoria concluded on 28 October 2020 and the state of emergency concluded 15 December 2021.

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

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

- introduced restrictions on non-essential visitors
- utilised telehealth services
- deferred elective surgery and reduced activity
- performed COVID-19 testing
- changed infection control practices
- implemented work from home arrangements where appropriate.

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

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

Note 1.3 Abbreviations and terminology used in the financial statements

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

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

Benalla Health

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Note 1.4 Joint arrangements

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

Benalla Health has the following joint arrangements:

- Hume Region Health Alliance - Joint Operation

Details of the joint arrangements are set out in Note 8.6.

Note 1.5 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

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

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

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

Benalla Health Notes to the Financial Statements For the Financial Year Ended 30 June 2022

Note 1.6 Accounting standards issued but not yet effective

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

Standard	Adoption Date	Impact
AASB 17: <i>Insurance Contracts</i>	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-6: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections.	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

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

Note 1.7 Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of GST, except where the GST incurred is not recoverable from the Australian Taxation Office (ATO). In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

Benalla Health

Notes to the Financial Statements

For the Financial Year Ended 30 June 2022

Note 1.8 Reporting Entity

The financial statements include all the 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.

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

Note 2: Funding delivery of our services

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

Structure

2.1 Revenue and income from transactions

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

2.3 Other income

Telling the COVID-19 story

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

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

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

- pathology testing costs due to COVID-19 tests
- increased personal protective equipment costs
- costs related to the expansion of urgent care services

Funding provided included:

- COVID-19 grants to fund the costs of running a drive through testing clinic.
- State repurposed grants to compensate for loss of NWAU income due to reduced throughput.
- Additional elective surgery funding for increasing capacity to perform additional lists, reducing waiting times.
- Better @ home funding for increased Hospital in the home.

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

In accordance with directive's from the Department of Health, Benalla Health has recognised a recall of \$1M in 2022, reflecting excess funds received during the year. The recall is not directly linked to activity based targets in this year and is therefore not recognised as a contract liability.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

Note 2.1 Revenue and income from transactions

	Total 2022 \$'000	Total 2021 \$'000
Operating activities		
Revenue from contracts with customers		
Government grants (State) - Operating	13,820	11,868
Government grants (Commonwealth) - Operating	1,842	1,954
Patient and resident fees	1,224	1,414
Private practice fees	193	224
Commercial activities ¹	234	246
Total revenue from contracts with customers	Note 2.1(a) 17,313	15,706
Other sources of income		
Government grants (State) - Operating	11,857	12,532
Government grants (Commonwealth) - Operating	1,045	1,103
Government grants (State) - Capital	347	249
Other capital purpose income	21	41
Capital donations	3	49
Assets received free of charge or for nominal consideration	Note 2.2 667	302
Other revenue from operating activities (including non-capital donations)	Note 2.3 1,907	1,978
Total other sources of income	15,847	16,254
Total revenue and income from operating activities	33,160	31,960
Non-operating activities		
Income from other sources		
Other interest	48	45
Total other sources of income	48	45
Total income from non-operating activities	48	45
Total revenue and income from transactions	33,208	32,005

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

Note 2.1 Revenue and income from transactions

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

Benalla Health disaggregates revenue by the timing of revenue recognition.

Goods and services transferred to customers:

At a point in time

Over time

Total 2022 \$'000	Total 2021 \$'000
17,079	15,460
234	246
17,313	15,706

Total revenue from contracts with customers

How we recognise revenue and income from transactions

Government operating grants

To recognise revenue, Benalla Health assesses each grant to determine whether there is a contract that is enforceable and has sufficiently specific performance obligations in accordance with AASB 15: *Revenue from Contracts with Customers*.

When both these conditions are satisfied, the health service:

- Identifies each performance obligation relating to the revenue
- recognises a contract liability for its obligations under the agreement
- recognises revenue as it satisfied its performance obligations, at the time or over time when services are rendered.

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

- recognises the asset received in accordance with the recognition requirements of other applicable Accounting Standards (for example, AASB 9, AASB 16, AASB 116 and AASB 138)
- recognises related amounts (being contributions by owners, lease liabilities, financial instruments, provisions, revenue or contract liabilities from a contract with a customer), and
 - recognises income immediately in profit or loss as the difference between the initial carrying amount of the asset and the related amount in accordance with AASB 1058 *Income for not-for-profit entities*.

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

How we recognise revenue and income from transactions

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	<p>NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p> <p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</p>
Commonwealth Residential Aged Care Grants	<p>Funding is provided for the provision of care for aged care residents within facilities at Benalla Health.</p> <p>The performance obligations include provision of residential accommodations and care from nursing staff and personal care workers.</p> <p>Revenue is recognised at the point in time when the service is provided within the residential aged care facility.</p>
Department of Health grants linked to Statement of Priorities	<p>Funding is received from DH that have performance obligations linked to the Statement of Priorities agreed upon between the health service and DH.</p> <p>The performance obligation is a requirement to provide a stipulated number of service contacts or hours of service delivery.</p> <p>Revenue is recognised at a point in time as the services are delivered.</p>

Capital grants

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

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

Patient and resident fees

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

Private practice fees

Private practice fees include recoupments from various private practice organisations for the use of hospital facilities. Private practice fees are recognised at a point in time as the performance obligation, the provision of facilities, is provided to customers.

Commercial activities

Revenue from commercial activities includes items such as meal sales and provision of accommodation. Commercial activity revenue is recognised over time, upon provision of the goods or service to the customer.

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

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

	Total 2022 \$'000	Total 2021 \$'000
Cash donations and gifts	72	39
Plant and equipment	90	16
Personal protective equipment	505	247
Total fair value of assets and services received free of charge or for nominal consideration	667	302

How we recognise the fair value of assets and services received free of charge or for nominal consideration

Donations and bequests

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

Personal protective equipment

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

Generally, the State Supply Arrangement stipulates that Health Purchasing Victoria (trading as HealthShare Victoria) sources, secures and agrees terms for the purchase of PPE. The purchases are funded by the Department of Health, while Monash Health takes delivery and distributes an allocation of the products to health services. Benalla Health received these resources free of charge and recognised them as income.

Voluntary Services

Benalla Health receives volunteer services from members of the community to support and assist our residents in aged care and patients within the hospital setting.

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

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

Non-cash contributions from the Department of Health

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

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

Note 2.3 Other income

Operating

Salary and wage recoveries

Recoveries - sale of services

Joint venture alliance revenue

Other Revenue

Total other income - Operating

Non-Operating

Interest

Total other income - Non Operating

Total 2022 \$'000	Total 2021 \$'000
131	260
1,388	1,339
380	373
8	6
1,907	1,978
48	45
48	45

How we recognise other income

Recovery Income

Revenue from recovery activities includes items such secondment of staff and provision of support services to other health services. Recovery activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

Joint Venture Alliance Revenue

Our share of joint venture alliance revenue is recognised in accordance with the Joint Arrangement agreement, with Benalla Health recording our share of revenue.

Other Revenue

Other revenue is recorded as revenue as received.

Interest Income

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

Note 3: The cost of delivering our services

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

Structure

3.1 Expenses from transactions

3.2 Other economic flows

3.3 Employee benefits in the balance sheet

3.4 Superannuation

Telling the COVID-19 story

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

Additional costs were incurred to deliver the following additional services:

- establish facilities within Benalla Health for the treatment of suspected and admitted COVID-19 patients resulting in an increase in employee costs and additional equipment purchases.
- implement COVID safe practices throughout Benalla Health including increased cleaning, increased security and consumption of personal protective equipment provided as resources free of charge.
- assist with COVID-19 case management, contact tracing and outbreak management contributing to an increase in employee costs.
- establish COVID-19 testing facilities for staff and the community, resulting in an increase in employee costs and consumables.
- implement work from home arrangements resulting in increased ICT infrastructure costs and additional equipment purchases.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Classifying employee benefit liabilities	<p>Benalla Health applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Benalla Health does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if Benalla Health has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p>
Measuring employee benefit liabilities	<p>Benalla Health applies significant judgment when measuring its employee benefit liabilities.</p> <p>The health service applies judgement to determine when it expects its employee entitlements to be paid.</p> <p>With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value, being the expected future payments to employees.</p> <p>Expected future payments incorporate anticipated future wage and salary levels, durations of service and employee departures, and are discounted at rates determined by reference to market yields on government bonds at the end of the reporting period.</p> <p>All other entitlements are measured at their nominal value.</p>

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

Note 3.1 Expenses from transactions

Note	Total 2022 \$'000	Total 2021 \$'000
Salaries and wages	18,961	19,354
On-costs	1,791	1,715
Agency expenses	514	609
Fee for service medical officer expenses	3,078	2,658
Workcover premium	179	190
Total employee expenses	24,523	24,526
Drug supplies	272	240
Medical and surgical supplies (including Prostheses)	2,160	1,660
Diagnostic and radiology supplies	215	474
Other supplies and consumables	771	739
Total supplies and consumables	3,418	3,113
Finance costs	15	7
Total finance costs	15	7
Other administrative expenses	2,571	2,247
Total other administrative expenses	2,571	2,247
Fuel, light, power and water	476	480
Repairs and maintenance	451	460
Maintenance contracts	281	280
Medical indemnity insurance	332	342
Expenditure for capital purposes	20	70
Total other operating expenses	1,560	1,632
Total operating expense	32,087	31,525
Depreciation and amortisation	2,288	2,336
Total depreciation and amortisation	2,288	2,336
Bad and doubtful debt expense	7	-
Total other non-operating expenses	7	-
Total non-operating expense	2,295	2,336
Total expenses from transactions	34,382	33,861

How we recognise expenses from transactions

Expense recognition

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

Employee expenses

Employee expenses include:

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

Supplies and consumables

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

Finance costs

Finance costs include:

- amortisation of discounts or premiums relating to borrowings
- 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 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.

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

Note 3.2 Other economic flows

	Total 2022 \$'000	Total 2021 \$'000
Net gain/(loss) on disposal of property plant and equipment	127	63
Total net gain/(loss) on non-financial assets	127	63
Allowance for impairment losses of contractual receivables	-	(3)
Other gains/(losses) from other economic flows	7	(1)
Total net gain/(loss) on financial instruments	7	(4)
Net gain/(loss) arising from revaluation of long service liability	93	166
Total other gains/(losses) from other economic flows	93	166
Total gains/(losses) from other economic flows	227	225

How we recognise other economic flows

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

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates.

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:

- net gain/(loss) on disposal of non-financial assets, recognised at the date of disposal.

Net gain/(loss) on financial instruments

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value
- impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 7.1 Investments and other financial assets).

Note 3.3 Employee benefits in the balance sheet

Current employee benefits and related on-costs

Accrued days off

Unconditional and expected to be settled wholly within 12 months ⁱ

Total 2022 \$'000	Total 2021 \$'000
53	40
53	40

Annual leave

Unconditional and expected to be settled wholly within 12 months ⁱ

Unconditional and expected to be settled wholly after 12 months ⁱⁱ

1,556	1,309
296	735
1,852	2,044

Long service leave

Unconditional and expected to be settled wholly within 12 months ⁱ

Unconditional and expected to be settled wholly after 12 months ⁱⁱ

436	419
1,487	1,561
1,923	1,980

Provisions related to employee benefit on-costs

Unconditional and expected to be settled within 12 months ⁱ

Unconditional and expected to be settled after 12 months ⁱⁱ

232	175
226	246
458	421

Total current employee benefits and related on-costs

4,286	4,485
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Non-current provisions and related on-costs

Conditional long service leave ⁱⁱ

Provisions related to employee benefit on-costs ⁱⁱ

Total non-current employee benefits and related on-costs

416	324
55	36
471	360

Total employee benefits and related on-costs

4,757	4,845
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ⁱ The amounts disclosed are nominal amounts.

ⁱⁱ The amounts disclosed are discounted to present values.

Benalla Health
Notes to the Financial Statements
the financial year ended 30 June 2022

Note 3.3 (a) Employee benefits and related on-costs

	Total 2022 \$'000	Total 2021 \$'000
Current employee benefits and related on-costs		
Unconditional accrued days off	53	44
Unconditional annual leave entitlements	2,068	2,238
Unconditional long service leave entitlements	2,165	2,203
Total current employee benefits and related on-costs	4,286	4,485
Conditional long service leave entitlements	471	360
Total non-current employee benefits and related on-costs	471	360
Total employee benefits and related on-costs	4,757	4,845
Attributable to:		
Employee benefits	4,244	4,388
Provision for related on-costs	513	457
Total employee benefits and related on-costs	4,757	4,845

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

	Total 2022 \$'000	Total 2021 \$'000
Carrying amount at start of year	457	449
Additional provisions recognised	317	232
Net gain/(loss) arising from revaluation of long service liability	(10)	18
Amounts incurred during the year	(251)	(242)
Carrying amount at end of year	513	457

Employee benefit recognition

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

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

Annual leave and accrued days off

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

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

Provision for on-costs related to employee benefits

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

Note 3.4 Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total 2022 \$'000	Total 2021 \$'000	Total 2022 \$'000	Total 2021 \$'000
Defined benefit plans:ⁱ				
Aware Super	20	41	-	-
Defined contribution plans:				
Aware Super	1,058	1,055	57	11
Hesta	444	383	-	-
Other	269	236	-	-
Total	1,791	1,715	57	11

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

How we recognise superannuation

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

Defined benefit superannuation plans

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by 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 DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of 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.

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.

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

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	Benalla Health assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. The health service reviews the useful life and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.
Estimating useful life of right-of-use assets	<p>The useful life of each right-of-use asset is typically the respective lease term, except where the health service is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.</p> <p>Benalla Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>

Key judgements and estimates (continued)

Key judgements and estimates	Description
Estimating the useful life of intangible assets	Benalla Health assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	<p>At the end of each year, Benalla Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment.</p> <p>The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> ▪ If an asset's value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. <p>Where an impairment trigger exists, the health service applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

Note 4.1 Property, plant and equipment

Note 4.1 (a) Gross carrying amount and accumulated depreciation

	Total 2022 \$'000	Total 2021 \$'000
Land at fair value - Crown	504	504
Land at fair value - Freehold	2,120	1,848
Total land at fair value	2,624	2,352
Buildings at fair value	26,381	28,695
Less accumulated depreciation	-	(3,166)
Total buildings at fair value	26,381	25,529
Works in progress at cost	216	111
Total land and buildings	29,221	27,992
Plant and equipment at fair value	3,633	3,498
Less accumulated depreciation	(2,381)	(2,263)
Total plant and equipment at fair value	1,252	1,235
Motor vehicles at fair value	247	464
Less accumulated depreciation	(209)	(372)
Total motor vehicles at fair value	38	92
Medical equipment at fair value	4,008	3,897
Less accumulated depreciation	(3,097)	(3,094)
Total medical equipment at fair value	911	803
Computer equipment at fair value	1,818	1,776
Less accumulated depreciation	(1,500)	(1,303)
Total computer equipment at fair value	318	473
Furniture and fittings at fair value	609	596
Less accumulated depreciation	(479)	(455)
Total furniture and fittings at fair value	130	141
Total plant, equipment, furniture, fittings and vehicles at fair value	2,649	2,744
Total property, plant and equipment	31,870	30,736

Note 4.1 (b) Reconciliations of the carrying amounts of each class of asset

	Land \$'000	Buildings \$'000	Works in progress \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Medical Equipment \$'000	Computer Equipment \$'000
Balance at 1 July 2020	2,102	27,157	16	1,186	213	902	639
Additions	-	1	95	158	-	121	71
Disposals	-	-	-	-	(72)	-	-
Revaluation increments/(decrements)	250	-	-	-	-	-	-
Depreciation	-	(1,629)	-	(109)	(49)	(220)	(237)
Balance at 30 June 2021	2,352	25,529	111	1,235	92	803	473
Balance at 1 July 2021	-	-	105	136	-	311	42
Additions	-	-	-	-	(36)	(1)	-
Disposals	272	2,482	-	-	-	-	-
Revaluation increments/(decrements)	-	(1,630)	-	(119)	(18)	(202)	(197)
Depreciation	-	-	-	-	-	-	-
Balance at 30 June 2022	2,624	26,381	216	1,252	38	911	318

	Furniture & Fittings \$'000	Total \$'000
Balance at 1 July 2020	135	32,350
Additions	30	476
Disposals	-	(72)
Revaluation increments/(decrements)	-	250
Depreciation	(24)	(2,268)
Balance at 30 June 2021	141	30,736
Balance at 1 July 2021	13	607
Additions	-	(37)
Disposals	-	2,754
Revaluation increments/(decrements)	(24)	(2,190)
Depreciation	-	-
Balance at 30 June 2022	130	31,870

Land and Buildings Carried at Valuation

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

How we recognise property, plant and equipment

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

Initial recognition

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

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

Subsequent measurement

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

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

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

Revaluation

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

Where an independent valuation has not been undertaken at balance date, Benalla Health perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) Indices.

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

An independent valuation of Benalla Health's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 30 June 2022 indicated an overall:

- increase in fair value of land of 11.6% (\$271,703)
- increase in fair value of buildings of 10.4% (\$2,481,858)

As the cumulative movement was greater than 10% for land and buildings since the last revaluation a managerial revaluation adjustment was required as at 30 June 2022.

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

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

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

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

Note 4.2 Right-of-use assets

Note 4.2(a) Gross carrying amount and accumulated depreciation

	Total 2022 \$'000	Total 2021 \$'000
Right of use equipment and vehicles at fair value	522	354
Less accumulated depreciation	(120)	(69)
Total right of use equipment and vehicles at fair value	402	285
 Total right of use equipment and vehicles at fair value	 402	 285

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

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

	Note	Right-of-use - Equipment & Vehicles \$'000	Total \$'000
Balance at 1 July 2020		218	218
Additions		114	114
Depreciation	4.5	(47)	(47)
Balance at 30 June 2021	4.2(a)	285	285
Additions		257	257
Disposals		(44)	(44)
Depreciation	4.5	(96)	(96)
Balance at 30 June 2022	4.2(a)	402	402

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased computer equipment	3 to 5 years
Leased vehicles	1 to 3 years

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

Initial recognition

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

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

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

Benalla Health has no lease agreements that contain purchase option at the completion of the lease.

Subsequent measurement

Right-of-use assets are subsequently measured at fair value less accumulated depreciation and accumulated impairment losses where applicable.

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

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

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

Note 4.3 Revaluation surplus

	Total 2022 \$'000	Total 2021 \$'000
Balance at the beginning of the reporting period	26,480	26,230
Revaluation increment		
- Land	4.1 (b) 272	250
- Buildings	4.1 (b) 2,482	-
Balance at the end of the Reporting Period*	29,234	26,480
* Represented by:		
- Land	1,553	1,281
- Buildings	27,681	25,199
	29,234	26,480

Note 4.4 Intangible assets

Note 4.4 (a) Intangible assets - Gross carrying amount and accumulated amortisation

	Total 2022 \$'000	Total 2021 \$'000
Intangible assets - software	30	30
Less accumulated amortisation	(26)	(24)
Total intangible assets - software	4	6
Total intangible assets	4	6

Note 4.4 (b) Intangible assets - Reconciliations of the carrying amounts of each class of asset

	Note	Software \$'000	Total \$'000
Balance at 1 July 2020		28	28
Additions		-	-
Disposals		(1)	(1)
Depreciation	4.5	(21)	(21)
Balance at 30 June 2021	4.4 (a)	6	6
Additions		-	-
Disposals		-	-
Depreciation	4.5	(2)	(2)
Balance at 30 June 2022	4.4 (a)	4	4

How we recognise intangible assets

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

Initial recognition

Purchased intangible assets are initially recognised at cost.

Benalla Health has no internally generated intangible assets.

Subsequent measurement

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

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

Note 4.5 Depreciation and amortisation

	Total 2022 \$'000	Total 2021 \$'000
Depreciation		
Buildings	1,630	1,629
Plant and equipment	119	109
Motor vehicles	18	49
Medical equipment	202	220
Computer equipment	197	237
Furniture and fittings	24	24
Total depreciation - property, plant and equipment	2,190	2,268
Right-of-use assets		
Right of use - equipment and vehicles	96	47
Total depreciation - right-of-use assets	96	47
Amortisation		
Software	2	21
Total amortisation	2	21
Total depreciation and amortisation	2,288	2,336

How we recognise depreciation

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

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

How we recognise amortisation

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

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

	2022	2021
Buildings		
- Structure shell building fabric	10 to 25 years	10 to 25 years
- Site engineering services and central plant	10 to 20 years	10 to 20 years
Central Plant		
- Fit Out	7 to 12 years	7 to 12 years
- Trunk reticulated building system	8 to 12 years	8 to 12 years
Plant and equipment	3 to 30 years	3 to 30 years
Medical equipment	4 to 20 years	4 to 20 years
Computers and communication	3 to 12 years	3 to 12 years
Furniture and fitting	5 to 20 years	5 to 20 years
Motor Vehicles	4 to 7 years	4 to 7 years
Software	2 to 5 years	2 to 5 years

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

Note 4.6 Impairment of assets

How we recognise impairment

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

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

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

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

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

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

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

Benalla Health did not record any impairment losses in property, plant and equipment for the year ended 30 June 2022.

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 and contract liabilities

5.3 Other liabilities

Telling the COVID-19 story

Other assets and liabilities used to support the delivery of our services during the financial year were not materially impacted by the COVID-19 coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

Note 5.1 Receivables and contract assets

		Total 2022 \$'000	Total 2021 \$'000
Notes			
Current receivables and contract assets			
Contractual			
		157	117
		194	150
	5.1 (a)	(6)	(3)
		50	56
		202	211
Total contractual receivables		597	531
Statutory			
		-	14
		98	75
Total statutory receivables		98	89
Total current receivables and contract assets		695	620
Non-current receivables and contract assets			
Contractual			
		982	795
Total contractual receivables		982	795
Total non-current receivables and contract assets		982	795
Total receivables and contract assets		1,677	1,415
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>			
		1,677	1,415
		(98)	(75)
Total financial assets	7.1(a)	1,579	1,340

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

	Total 2022 \$'000	Total 2021 \$'000
Balance at the beginning of the year	3	8
Increase in allowance	3	-
Amounts written off during the year	-	-
Reversal of allowance written off during the year as uncollectable	-	(5)
Balance at the end of the year	6	3

How we recognise receivables

Receivables consist of:

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

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

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

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.

Impairment losses of contractual receivables

Refer to Note 7.1 (a) for Benalla Health's contractual impairment losses.

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

Note 5.2 Payables and contract liabilities

	Total 2022 \$'000	Total 2021 \$'000
Note		
Current payables and contract liabilities		
Contractual		
Trade creditors	112	289
Accrued salaries and wages	564	639
Accrued expenses	701	822
Contract liabilities	332	149
Inter hospital creditors	169	210
Amounts payable to governments and agencies	550	598
Total contractual payables	2,428	2,707
Total current payables and contract liabilities	2,428	2,707
Total payables and contract liabilities	2,428	2,707
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))</i>		
Total payables and contract liabilities	2,428	2,707
Contract liabilities	(332)	(149)
Total financial liabilities	2,096	2,558

How we recognise payables and contract liabilities

Payables consist of:

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

The normal credit terms for accounts payable are usually Net 30 days.

Note 5.2 (a) Contract liabilities

	Total 2022 \$'000	Total 2021 \$'000
Opening balance of contract liabilities	149	595
Grant consideration for sufficiently specific performance obligations received during the year	15,845	13,376
Revenue recognised for the completion of a performance obligation	(15,662)	(13,822)
Total contract liabilities	332	149
 * Represented by:		
- Current contract liabilities	332	149
	332	149

How we recognise contract liabilities

Contract liabilities include consideration received in advance from customers in respect of activity based services. The balance of contract liabilities increased this year due to reintroduction of specific activity based recalls, the majority of which were deferred in the first year of Covid operations.

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

Maturity analysis of payables

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

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

Note 5.3 Other liabilities

	Total 2022 \$'000	Total 2021 \$'000
Current monies held in trust		
Refundable accommodation deposits	1,650	1,134
Other monies	228	-
Total current monies held in trust	1,878	1,134
Total other liabilities	1,878	1,134
* Represented by:		
- Cash assets	6.2 1,878	1,134
	1,878	1,134

How we recognise other liabilities

Refundable Accommodation Deposit (RAD)/Accommodation Bond liabilities

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

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

Other monies in trust are held by the Hume Rural Health Alliance in relation to a Patient Administration System to be utilised by Health Services in the Hume Region.

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

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 6.1 Borrowings

	Total 2022 \$'000	Total 2021 \$'000
Note		
Current borrowings		
Lease liability ⁽ⁱ⁾	201	103
Advances from government ⁽ⁱⁱ⁾	33	33
Total current borrowings	234	136
Non-current borrowings		
Lease liability ⁽ⁱ⁾	214	189
Advances from government ⁽ⁱⁱ⁾	92	132
Total non-current borrowings	306	321
Total borrowings	540	457

ⁱ Secured by the assets leased.

ⁱⁱ These are secured loans which bear no interest.

How we recognise borrowings

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

Initial recognition

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

Subsequent measurement

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

Maturity analysis

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

Defaults and breaches

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

Benalla Health
Notes to the Financial Statements
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Note 6.1 (a) Lease liabilities

Benalla Health's lease liabilities are summarised below:

	Total 2022 \$'000	Total 2021 \$'000
Total undiscounted lease liabilities	427	303
Less unexpired finance expenses	(12)	(11)
Net lease liabilities	415	292

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

	Total 2022 \$'000	Total 2021 \$'000
Not longer than one year	220	105
Longer than one year but not longer than five years	207	198
Minimum future lease liability	427	303
Less unexpired finance expenses	(12)	(11)
Present value of lease liability	415	292
* Represented by:		
- Current liabilities	201	103
- Non-current liabilities	214	189
	415	292

How we recognise lease liabilities

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

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to 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.

Benalla Health's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased computer equipment	3 to 5 years
Leased vehicles	1 to 3 years

Note 6.1 (a) Lease liabilities

Separation of lease and non-lease components

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

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Benalla Health's incremental borrowing rate. Our lease liability has been discounted by rates of between 3% to 5%.

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

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

Subsequent measurement

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

Benalla Health
Notes to the Financial Statements
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Note 6.2 Cash and Cash Equivalents

	Total 2022 \$'000	Total 2021 \$'000
Cash on hand (excluding monies held in trust)	2	2
Cash at bank (excluding monies held in trust)	717	767
Cash at bank - CBS (excluding monies held in trust)	12,048	12,026
Total cash held for operations	12,767	12,795
Cash at bank (monies held in trust)	1	1
Cash at bank - CBS (monies held in trust)	1,877	1,133
Total cash held as monies in trust	1,878	1,134
Total cash and cash equivalents	14,645	13,929

How we recognise cash and cash equivalents

Cash and cash equivalents recognised on the balance sheet comprise cash on hand and in banks and deposits at call.

Note 6.3 Commitments for expenditure

There are no capital or operating commitments at 30 June 2022 (2021 \$Nil).

Note 6.4 Non-cash financing and investing activities

	Total 2022 \$'000	Total 2021 \$'000
Acquisition of plant and equipment by means of Leases	187	79
Total non-cash financing and investing activities	187	79

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Fair value is measured with reference to highest and best use, that is, the use of the asset by a market participant that is physically possible, legally permissible, financially feasible, and which results in the highest value, or to sell it to another market participant that would use the same asset in its highest and best use.</p> <p>In determining the highest and best use, Benalla Health has assumed the current use is its highest and best use. Accordingly, characteristics of the health service's assets are considered, including condition, location and any restrictions on the use and disposal of such assets.</p>

Key judgements and estimates (continued)

Key judgements and estimates	Description
Measuring fair value of non-financial assets	<p>Benalla Health uses a range of valuation techniques to estimate fair value, which include the following:</p> <ul style="list-style-type: none"> ▪ Market approach, which uses prices and other relevant information generated by market transactions involving identical or comparable assets and liabilities. The fair value of Benalla Health's [specialised land, non-specialised land, non-specialised buildings, investment properties and cultural assets] are measured using this approach. ▪ Cost approach, which reflects the amount that would be required to replace the service capacity of the asset (referred to as current replacement cost). The fair value of Benalla Health's [specialised buildings, furniture, fittings, plant, equipment and vehicles] are measured using this approach. <p>The health service selects a valuation technique which is considered most appropriate, and for which there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.</p> <p>Subsequently, the health service applies significant judgement to categorise and disclose such assets within a fair value hierarchy, which includes:</p> <ul style="list-style-type: none"> ▪ Level 1, using quoted prices (unadjusted) in active markets for identical assets that the health service can access at measurement date. Benalla Health does not categorise any fair values within this level. ▪ Level 2, inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. Benalla Health categorises non-specialised land and non-specialised buildings in this level. ▪ Level 3, where inputs are unobservable. Benalla Health categorises specialised land, specialised buildings, medical equipment, plant and equipment, furniture and fittings, motor vehicles, right-of-use buildings and right-of-use equipment and vehicles in this level.

Benalla Health
Notes to the Financial Statements
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Note 7.1: Financial instruments

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

Note 7.1 (a) Categorisation of financial instruments

Total		Amortised Cost		Total
30 June 2022		\$'000	at Amortised Cost	\$'000
Note				
Contractual Financial Assets				
6.2	Cash and Cash Equivalents	14,645	-	14,645
5.1	Receivables and contract assets	1,579	-	1,579
Total Financial Assetsⁱ		16,224	-	16,224
Financial Liabilities				
5.2	Payables	-	2,096	2,096
6.1	Borrowings	-	540	540
5.3	Other Financial Liabilities - Refundable Accommodation Deposits	-	1,650	1,650
5.3	Other Financial Liabilities - other monies held in trust	-	228	228
Total Financial Liabilitiesⁱ		-	4,514	4,514

	Note	Financial Assets at			Total
		Amortised Cost	Financial Liabilities at Amortised Cost	\$'000	
		\$'000	\$'000	\$'000	
Total					
30 June 2021					
Contractual Financial Assets					
Cash and cash equivalents	6.2	13,929	-		13,929
Receivables and contract assets	5.1	1,340	-		1,340
Total Financial Assetsⁱ		15,269	-		15,269
Financial Liabilities					
Payables	5.2	-	2,558		2,558
Borrowings	6.1	-	457		457
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	1,134		1,134
Total Financial Liabilitiesⁱ		-	4,149		4,149

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

How we categorise financial instruments

Categories of financial assets

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

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

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

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

Financial assets at amortised cost

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

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

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

Benalla Health recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables)

Categories of financial liabilities

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

Financial liabilities at amortised cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Benalla Health recognises the following liabilities in this category:

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

Offsetting financial instruments

Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, 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
 - has transferred substantially all the risks and rewards of the asset
 - 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

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

A financial liability reclassification is not permitted.

Note 7.2: Financial risk management objectives and policies

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

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

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

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

Note 7.2 (a) Credit risk

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

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

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

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

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

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

There has been no material change to Benalla Health's credit risk profile in 2021-21.

Impairment of financial assets under AASB 9

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

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

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

Contractual receivables at amortised cost

Benalla Health applies AASB 9's simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. 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, Benalla Health determines the closing loss allowance at the end of the financial year as follows:

30 June 2022		Current	Less than 1 month	1–3 months	3 months–1 year	1–5 years	Total
Expected loss rate		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		0.0%	0.0%	5.0%	8.0%	0.0%	
Gross carrying amount of contractual receivables		484	39	12	68	0	603
Loss allowance		-	-	(1)	(5)	-	(6)
30 June 2021		Current	Less than 1 month	1–3 months	3 months–1 year	1–5 years	Total
Expected loss rate		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
		0.0%	0.0%	5.0%	5.0%	0.0%	
Gross carrying amount of contractual receivables		458	30	24	36	0	548
Loss allowance		-	-	(1)	(2)	-	(3)

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 requirements as if those receivables are financial instruments.

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

Note 7.2 (b) Liquidity risk

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

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

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

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

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 Dates						
		Carrying Amount \$'000	Nominal Amount \$'000	Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000	Over 5 years \$'000
Note								
5.2	Payables	2,096	2,096	2,096	-	-	-	-
6.1	Borrowings	540	540	16	32	146	346	-
5.3	Other Financial Liabilities - Refundable Accommodation Deposits	1,650	1,650	-	-	1,650	-	-
5.3	Other Financial Liabilities - Other monies held in trust	228	228	-	-	228	-	-
	Total Financial Liabilities	4,514	4,514	2,112	32	2,024	346	-
		Maturity Dates						
		Carrying Amount \$'000	Nominal Amount \$'000	Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000	Over 5 years \$'000
Note								
5.2	Payables	2,558	2,558	2,558	-	-	-	-
6.1	Borrowings	457	457	6	18	54	379	-
5.3	Other Financial Liabilities - Refundable Accommodation Deposits	1,134	1,134	-	-	1,134	-	-
	Total Financial Liabilities	4,149	4,149	2,564	18	1,188	379	-

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

Note 7.3 Contingent assets and contingent liabilities

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

How we measure and disclose contingent assets and contingent liabilities

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

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

Contingent assets

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

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

Contingent liabilities

Contingent liabilities are:

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

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

Note 7.4 Fair Value Determination

How we measure fair value

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

The following assets and liabilities are carried at fair value:

- Property, plant and equipment
- Right-of-use assets
- Lease liabilities

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

Valuation hierarchy

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

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

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. There have been no transfers between levels during the period.

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

Note 7.4 (a) Fair value determination of non financial physical assets

	Note	Total carrying amount 30 June 2022 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Non-specialised land		632	-	632	-
Specialised land		1,992	-	-	1,992
Total land at fair value	4.1 (a)	2,624	-	632	1,992
Non-specialised buildings		1,074	-	1,074	-
Specialised buildings		25,307	-	-	25,307
Total buildings at fair value	4.1 (a)	26,381	-	1,074	25,307
Plant and equipment at fair value	4.1 (a)	1,252	-	-	1,252
Motor vehicles at fair value	4.1 (a)	38	-	-	38
Medical equipment at Fair Value	4.1 (a)	911	-	-	911
Computer equipment at fair value	4.1 (a)	318	-	-	318
Furniture and fittings at fair value	4.1 (a)	130	-	-	130
Total plant, equipment, furniture, fittings and vehicles at fair value		2,649	-	-	2,649
Right of use assets	4.2 (a)	402	-	-	402
Total right-of-use assets at fair value		402	-	-	402
Total property, plant and equipment at fair value		32,056	-	1,706	30,350

	Note	Total carrying amount 30 June 2021 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 ⁱ \$'000	Level 2 ⁱ \$'000	Level 3 ⁱ \$'000
Non-specialised land		632	-	632	-
Specialised land		1,720	-	-	1,720
Total land at fair value	4.1 (a)	2,352	-	632	1,720
Non-specialised buildings		1,074	-	1,074	-
Specialised buildings		24,455	-	-	24,455
Total buildings at fair value	4.1 (a)	25,529	-	1,074	24,455
Plant and equipment at fair value	4.1 (a)	1,235	-	-	1,235
Motor vehicles at fair value	4.1 (a)	92	-	-	92
Medical equipment at Fair Value	4.1 (a)	803	-	-	803
Computer equipment at fair value	4.1 (a)	473	-	-	473
Furniture and fittings at fair value	4.1 (a)	141	-	-	141
Total plant, equipment, furniture, fittings and vehicles at fair value		2,744	-	-	2,744
Right of use assets	4.2 (a)	285	-	-	285
		285	-	-	285
Total Property, Plant and Equipment		30,910	-	1,706	29,204

ⁱ Classified in accordance with the fair value hierarchy.

How we measure fair value of non-financial physical assets

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

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

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 highest and best use unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

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

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 and freehold 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 and freehold Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

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

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

For 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 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).

Furniture, fittings, plant and equipment

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

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

7.4 (b) Reconciliation of level 3 fair value measurement

	Note	Land \$'000	Buildings \$'000	Plant, equipment, vehicles, furniture & fittings \$'000	ROU Assets \$'000
Total					
Balance at 1 July 2020		1,470	26,083	3,075	218
Additions/(Disposals)		-	1	308	114
- Depreciation and amortisation		-	(1,629)	(639)	(47)
Items recognised in other comprehensive income					
- Revaluation		250	-	-	-
Balance at 30 June 2021	7.4 (a)	1,720	24,455	2,744	285
Additions/(Disposals)		-	-	465	213
- Depreciation and Amortisation		-	(1,630)	(560)	(96)
Items recognised in other comprehensive income					
- Revaluation		272	2,482	-	-
Balance at 30 June 2022	7.4 (a)	1,992	25,307	2,649	402

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

Asset class	Likely valuation approach	Significant inputs (Level 3 only)
Non-specialised land	Market approach	N/A
Specialised land (Crown/freehold)	Market approach	Community Service Obligations Adjustments ⁽ⁱ⁾
Non-specialised buildings	Market approach	N/A
Specialised buildings	Current replacement cost approach	- Cost per square metre - Useful life
Dwellings	Current replacement cost approach	- Cost per square metre - Useful life
Vehicles	Current replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Current replacement cost approach	- Cost per unit - Useful life

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

Note 8: Other disclosures

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

Structure

8.1 Reconciliation of net result for the year to net cash flow from operating activities

8.2 Responsible persons disclosure

8.3 Remuneration of executives

8.4 Related parties

8.5 Remuneration of auditors

8.6 Events occurring after the balance sheet date

8.7 Jointly controlled operations

8.8 Equity

8.9 Economic dependency

Telling the COVID-19 story

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

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

Note 8.1 Reconciliation of net result for the year to net cash flows from operating activities

		Total 2022 \$'000	Total 2021 \$'000
	Note		
Net result for the year		(947)	(1,631)
Non-cash movements:			
(Gain)/Loss on sale or disposal of non-financial assets	3.2	(127)	(63)
Depreciation and amortisation of non-current assets	4.5	2,288	2,336
Assets and services received free of charge	2.2	(90)	(16)
Bad and doubtful debt expense	3.1	3	(5)
Discount (interest) / expense on loan		(7)	1
Other non-cash movements		(24)	(90)
Movements in Assets and Liabilities:			
(Increase)/Decrease in receivables and contract assets		(265)	165
(Increase)/Decrease in inventories		-	(3)
(Increase)/Decrease in prepaid expenses		(40)	63
Increase/(Decrease) in payables and contract liabilities		(279)	691
Increase/(Decrease) in employee benefits		(88)	(74)
Increase/(Decrease) in other liabilities		228	(2)
Net cash inflow from operating activities		652	1,372

Note 8.2 Responsible persons

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

	Period
Minister for Health	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
Minister for Ambulance Services	
The Honourable Martin Foley	1 Jul 2021 - 27 Jun 2022
The Honourable Mary-Anne Thomas	27 Jun 2022 - 30 Jun 2022
Minister for Mental Health	
The Honourable James Merlino	1 Jul 2021 - 27 Jun 2022
The Honourable Gabrielle Williams	27 Jun 2022 - 30 Jun 2022
Minister for Disability, Ageing and Carers	
The Honourable Luke Donnellan	1 Jul 2021 - 11 Oct 2021
The Honourable James Merlino	11 Oct 2021 - 06 Dec 2021
The Honourable Anthony Carbines	06 Dec 2021 - 27 Jun 2022
The Honourable Colin Brooks	27 Jun 2022 - 30 Jun 2022
Governing Boards	
J. Papatheohari	1 Jul 2021 - 30 Jun 2022
Dr S. Chaplin	1 Jul 2021 - 30 Jun 2022
Assoc Prof. J. Chapman	1 Jul 2021 - 31 May 2022
B. Gokhale	1 Jul 2021 - 30 Jun 2022
Dr D. O'Brien	1 Jul 2021 - 30 Jun 2022
L. Marta	1 Jul 2021 - 30 Jun 2022
P. McNeill	1 Jul 2021 - 30 Jun 2022
T. Smith	1 Jul 2021 - 30 Jun 2022
L. Turner	1 Jul 2021 - 30 Jun 2022
Accountable Officers	
J. Holland (Chief Executive Officer)	1 Jul 2021 - 4 Jul 2021
A. Nitschke (Acting Chief Executive Officer)	5 Jul 2021 - 6 Feb 2022
J. Kelly (Chief Executive Officer)	7 Feb 2022 - 30 Jun 2022

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

Remuneration of Responsible Persons

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

Income Band	Total 2022 No	Total 2021 No
\$0 - \$9,999	9	9
\$70,000 - \$79,999	1	-
\$80,000 - \$89,999	1	-
\$110,000 - \$119,999	1	-
\$220,000 - \$229,999	-	1
Total Numbers	12	10
	Total 2022 \$'000	Total 2021 \$'000
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$310	\$229

Note 8.3 Remuneration of executives

Remuneration of executive officers

	Total Remuneration	
	2022 \$'000	2021 \$'000
Short-term benefits	283	427
Post-employment benefits	23	46
Other long-term benefits	9	12
Termination benefits	-	-
Total remunerationⁱ	315	485
Total number of executives	3	3
Total annualised employee equivalent ⁱⁱ	2.3	3.0

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

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

Total remuneration payable to executives declined during the year due to the Director of Finance & Corporate Services assuming the role of Chief Executive Officer for seven months of the year, which is reported under Accountable Officers.

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

Short-term employee benefits

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

Post-employment benefits

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

Other long-term benefits

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

Termination benefits

Termination of employment payments, such as severance packages.

Note 8.4 Related Parties

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

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

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

Key management personnel

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

Entity	KMPs	Position Title
Benalla Health	J. Papatheohari	Chair of the Board
Benalla Health	Dr S. Chaplin	Board Member
Benalla Health	Assoc Prof. J. Chapman	Board Member
Benalla Health	B. Gokhale	Board Member
Benalla Health	Dr D. O'Brien	Board Member
Benalla Health	L. Marta	Board Member
Benalla Health	P. McNeill	Board Member
Benalla Health	T. Smith	Board Member
Benalla Health	L. Turner	Board Member
Benalla Health	J. Kelly	Chief Executive Officer (from 7/02/2022)
Benalla Health	J. Holland	Chief Executive Officer (to 4/07/2021)
Benalla Health	A. Nitschke	Executive Director of Finance & Corporate Services
Benalla Health	L. Pryor	Executive Director of Clinical Services
Benalla Health	C. Miller	Executive Director of Medical Services (to 30/07/2021)

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

	Total 2022 \$'000	Total 2021 \$'000
Compensation - KMPs		
Short-term Employee Benefits ⁱ	567	628
Post-employment Benefits	41	67
Other Long-term Benefits	17	18
Termination Benefits	-	-
Totalⁱⁱ	625	713

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

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

Significant transactions with government related entities

Benalla Health received funding from the Department of Health of \$25.27 m (2021: \$24.66 m) and indirect contributions of \$0.262 m (2021: \$0.305 m). Balances outstanding as at 30 June 2022 are \$0.550 m (2021 \$0.587 m).

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

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

The Standing Directions of the Assistant Treasurer require Benalla Health to hold cash (in excess of working capital) in accordance with the State of Victoria's centralised banking arrangements. All borrowings are required to be sourced from Treasury Corporation Victoria unless an exemption has been approved by the Minister for Health and the Treasurer.

Transactions with KMPs and other related parties

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

Outside of normal citizen type transactions with Benalla Health, there were no related party transactions that involved key management personnel, their close family members or their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2022 (2021: none).

Except for the transaction listed below, there were no related party transactions required to be disclosed for Benalla Health Board of Directors, Chief Executive Officer and Executive Directors in 2022.

	Total 2022 \$'000	Total 2021 \$'000
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.	10	9

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

Note 8.5 Remuneration of Auditors

Victorian Auditor-General's Office
Audit of the financial statements
Total remuneration of auditors

Total 2022 \$'000	Total 2021 \$'000
21	20
21	20

Note 8.6 Events occurring after the balance sheet date

There are no events occurring after the balance sheet date.

Note 8.7 Joint arrangements

	Principal Activity	Ownership Interest	
		2022 %	2021 %
Hume Region Health Alliance	Information Technology Services	5.79	5.75

Benalla Health's interest in the above joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2022 \$'000	2021 \$'000
Current assets		
Cash and cash equivalents	631	676
Receivables	64	53
Prepaid expenses	14	15
Total current assets	709	744
Non-current assets		
Property, plant and equipment	25	34
Total non-current assets	25	34
Total assets	734	778
Current liabilities		
Payables	140	410
Monies held in Trust	228	-
Borrowings	4	4
Total current liabilities	372	414
Non-current liabilities		
Borrowings	8	12
Total non-current liabilities	8	12
Total liabilities	380	426
Net assets	354	352
Equity		
Accumulated surplus	354	352
Total equity	354	352

Benalla Health
Notes to the Financial Statements
for the financial year ended 30 June 2022

Benalla Health's interest in revenues and expenses resulting from joint arrangements are detailed below:

	2022 \$'000	2021 \$'000
Revenue		
Operating Activities	378	354
Non Operating Activities	2	1
Capital Purpose Income	21	18
Total revenue	401	373
Expenses		
Information Technology and Administrative Expense	128	118
Other Expenses from Continuing Operations	237	199
Finance Lease Charges	-	1
Depreciation	13	46
Capital Purpose Expenditure	20	31
Total expenses	398	395
Net result	3	(22)

Contingent liabilities and capital commitments

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

Note 8.8 Equity

Contributed capital

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

The specific restricted purpose reserve 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.

General purpose surplus

The general purpose surplus reserve is established to recognise funds provided via surpluses achieved in health service programs. Reserves are used by those programs for future activities.

Note 8.9: Economic dependency

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





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