

# Annual Report 2020-2021

Collaboration | Innovation | Action



**Benalla Health**

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Benalla Victoria 3672  
Australia

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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.

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# Disclosure Index

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

<b>Legislation</b>	<b>Requirement</b>	<b>Page Reference</b>
<b>MINISTERIAL DIRECTIONS</b>		
<b>REPORT OF OPERATIONS</b>		
<b>Charter and purpose</b>		
FRD 221	Manner of establishment and the relevant Ministers	Part 1 – 3 & 10
FRD 221	Purpose, functions, powers and duties	Part 1 – 3 & 6-9
FRD 221	Nature and range of services provided	Part 1 – 34
FRD 221	Activities programs and achievements for the reporting period	Part 1 – 6-8
FRD 221	Significant changes in key initiatives and expectations for the future	Part 1 – 6-8
<b>Management and Structure</b>		
FRD 221	Organisational structure	Part 1 - 18
FRD 221	Workforce data/employment and conduct principles	Part 1 – 31
FRD 221	Occupational Health and Safety	Part 1 - 32
<b>Financial information</b>		
FRD 221	Summary of the financial results for the year	Part 1 - 20
FRD 221	Significant changes in financial position during the year	Part 1 - 20
FRD 221	Operational and budgetary objectives and performance against objectives	Part 1 – 25-26
FRD 221	Details of consultancies under \$10,000	Part 1 - 21
FRD 221	Details of consultancies over \$10,000	Part 1 - 21
FRD 221	Disclosure of ICT expenditure	Part 1 - 21
<b>Legislation</b>		
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FRD 221	Application and operation of Public Interest Disclosure 2012	Part 1 - 28
FRD 221	Statement on National Competition Policy	Part 1 - 28
FRD 221	Application and operation of Carers Recognition Act 2012	Part 1 - 29
FRD 221	Summary of the entity's environmental performance	Part 1 - 27
FRD 221	Additional information available on request	Part 1 - 30
<b>Other relevant reporting directives</b>		
FRD 25D	Local Jobs First Act disclosures	Part 1 - 29
SD 5.1.4	Financial Management Compliance attestation	Part 1 - 22
SD 5.2.3	Declaration in report of operations	Part 1 - 8
<b>Attestations</b>		
	Attestation on Data Integrity	Part 1 - 22
	Attestation on managing Conflicts of Interest	Part 1 - 22
	Attestation on Integrity, fraud and corruption	Part 1 - 22
<b>Other reporting requirements</b>		
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	Occupational Violence reporting	Part 1 – 32
	Gender Equality Act	Part 1 – 29
	Asset Management Accountability Framework	Part 1 - 28
	Reporting obligations under the Safe Patient Care Act 2015	Part 1 – 29



PART 1

# Report Of Operations

for the year ending 30 June 2021

# Board Chair and Chief Executive Officer's Report

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**Dr Dennis O'Brien**  
*Board Chair*



**Andrew Nitschke**  
*Interim Chief Executive Officer*

On behalf of the Board of Directors and all staff we are pleased to present the 2020-2021 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.

I 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. Two of our respected Board Directors retired this year; Terry Trounson (3 years of service) and David Elford (9 years of service). Their significant contributions are noted and valued. We wish them all the very best with their future endeavours.

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 on in this report.

The Benalla Health Strategic Plan 2020-2025 was launched in November 2020. Spark Strategy were engaged to facilitate conversations with our community, staff, general practitioners and other key stakeholders to ensure that as many

people as possible were involved in the process. We also participated in joint strategic planning sessions with the Board and Executive staff of Northeast Health Wangaratta.

## **The five Priorities outlined in the Strategic Plan are:**

1. Deliver responsive high quality services – that drive wellness, support healthy ageing and are responsive to the evolving needs of our community.
2. Strengthen our workforce and culture- so we recruit and retain a resilient, engaged and skilled team, who have pathways for growth and development.
3. Enhance community trust and engagement – so people know and use our services, we understand their needs, provide person-centred care, and support them to achieve their health goals.
4. Build lasting, effective partnerships – that enable us to share resources and services, and take a holistic approach to our region's health.
5. Consolidate our financial and environmental sustainability – to empower us to innovate and determine our own path forward.



The Staff Excellence Awards were presented at a COVID safe event on 5th November 2020. The following staff members were nominated by their peers and received due recognition for their superb performance during the 2019-2020 financial year:

- Melissa Jackson and Jenny Hooper - Award for Excellence in Leadership
- Stephanie Johnson and Cara Hammond – Award for Excellence in Innovation and Sustainability
- Melanie Stretton and Adele Myconos – Award for Excellence in Consumer Care and Engagement
- Merryn Howell and Simone Sammon - Award for Excellence in Quality Service.

COVID-19 commendations were awarded to Kate Marshall, Tanya Allan, Mary Steel and Casey Cowie.

An enjoyable Christmas breakfast was held for all staff and volunteers on 18th December 2020 with the event being well attended. This is just one way in which we can publically recognise our highly valued staff and thank them for all their hard work during the year.

We continued to provide a range of acute inpatient, obstetric and surgical services and remain committed to continuing to provide these services into the future. Our inpatient activity was higher this year in comparison to previous years.

We did, once again achieve our community health activity targets and this is a reflection of the dedication of our staff.

Our partnership with Goulburn Valley Health remains strong and we completed approximately 490 eye surgeries from their surgical waitlist. Patient satisfaction with this service remains very high, which is a credit to the surgeons, and our Perioperative staff.

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

Our impact on our environment is decreasing each year. We take great pride in the outcomes we have achieved which are highlighted later in this report.

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

- Installation of additional solar panels - \$136,267
- Olinqua Messaging System - \$89,414
- Gastroscope - \$40,875
- 2 Scope cameras - \$31,710

As in previous years, Benalla Health received terrific support from the Benalla and District Memorial Hospital Auxiliary, community groups and individuals who generously donated their

time and money to support the health service to deliver a broad range of high calibre services. The assistance provided to staff from our volunteers and the extra equipment we purchased through donations is greatly appreciated. We genuinely thank everyone for their sustained efforts.

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



**Dr Dennis O'Brien**  
*Board Chair*



**Andrew Nitschke**  
*Interim 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 2021.



**Dr Dennis O'Brien**  
*Board Chair*

*14th September 2020*

# Corporate Governance - Board

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

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

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

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

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

## **Board Committees**

### **Audit Committee**

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

### **Appointments Committee**

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

### **Medical Consultative Committee**

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

### **Quality and Safety Committee**

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

### **Community Advisory Committee**

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

### **Pecuniary Interest**

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

## Responsible Ministers during the Financial Year

### THE RESPONSIBLE MINISTER IS THE MINISTER FOR HEALTH

#### From 1 July 2020 to 26 September 2020

Jenny Mikakos, MP  
Minister for Health  
Minister for Ambulance Services

#### From 26 September to 30 June 2021

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

### THE MINISTER FOR MENTAL HEALTH

#### From 1 July 2020 to 26 September 2020

The Hon Martin Foley MP  
*Minister for Mental Health*  
*Minister for Ambulance Services*  
*Minister for Equality*

#### From 29 September 2020 to 30 June 2021

The Hon James Merlino MP  
Minister for Mental Health

### AUDITORS

RSD Chartered Accountants, Agents for the Auditor General

### BANKER

National Australia Bank

### SOLICITORS

HDC Legal

## Government Policy

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

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

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

# Board of Directors

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Chair

## **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 current 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.



Vice Chair

## **Lisa Marta**

*BPharm, MPS, AACPA*

### **Committee Membership**

- Quality and Safety (Chair)

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



Vice Chair

**David Elford**

*AAPI CPV, BAppSci (Val), DipAcc*

**Committee Membership**

- Appointments
- Audit
- Medical Consultative
- Quality and Safety

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



Treasurer

**Peter McNeill**

*BEC, CA*

**Committee Membership**

- Audit (Chair)

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
- Quality and Safety

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



### **Terry Trounson**

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

#### **Committee Membership**

- Audit
- Quality and Safety

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



### **Dr 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.



### **Associate Professor Janet Chapman**

*Adj. Assoc. Professor LTU; MHSM: GDPHUMNUT,  
GDIPED; BSC*

#### **Committee Membership**

- Medical Consultative
- Quality and Safety

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.



## **John Papatheohari**

*BBus, CA, CIO Certification (College of Healthcare Information Management Executives)*

### **Committee Membership**

- Audit

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 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 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

# Executive Team

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Chief Executive Officer

**Janine Holland**

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

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



Executive Director of Clinical Services  
(4th January to 30th June)

**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 Clinical Services  
(1st July to 3rd January)

**Dr Sue Wilson**

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



Executive Director of Medical Services

**Dr Campbell Miller**

*MBChB, MBA, FRACMA*

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



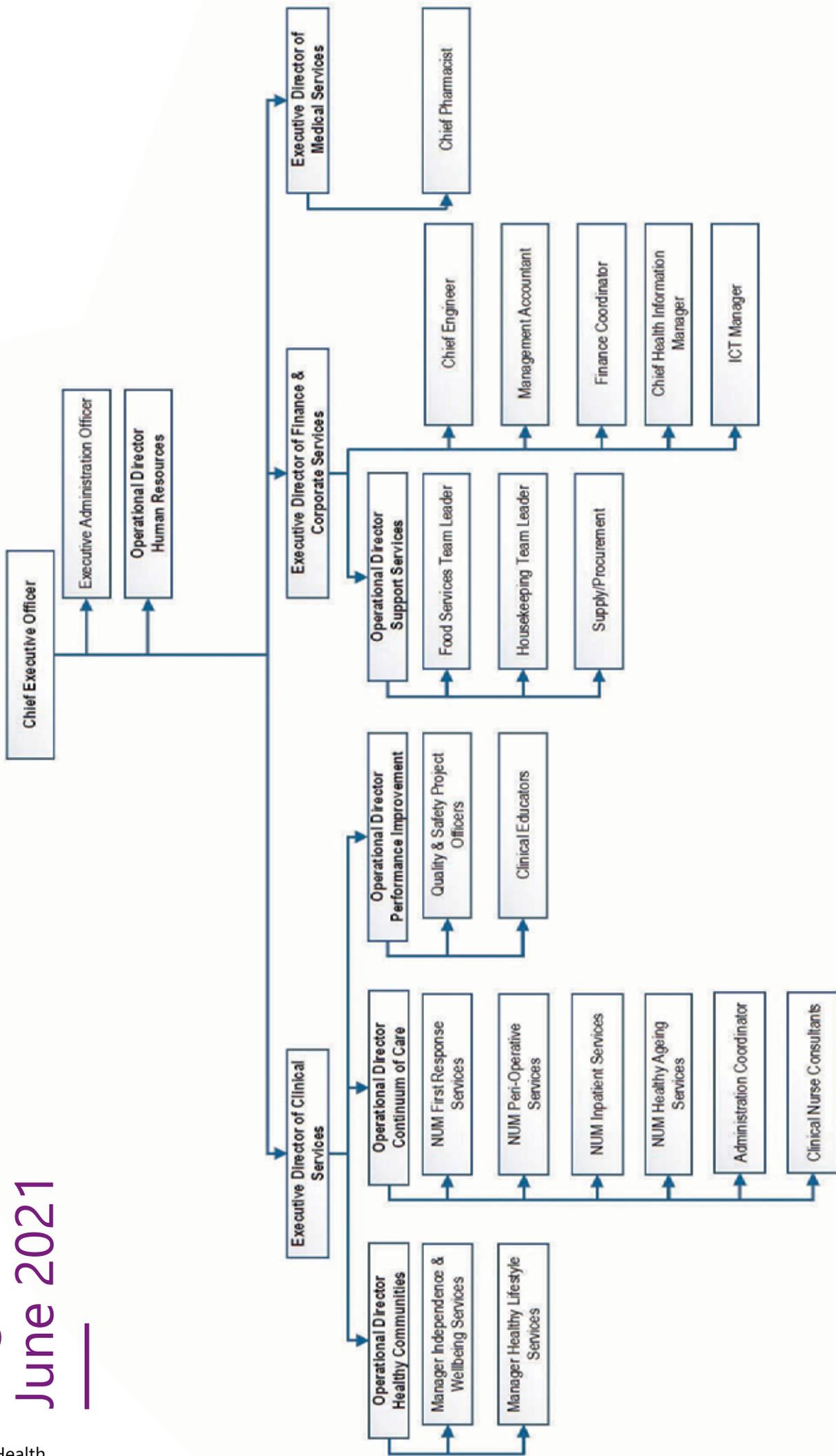
Executive Director of Finance and Corporate Services

**Andrew Nitschke**

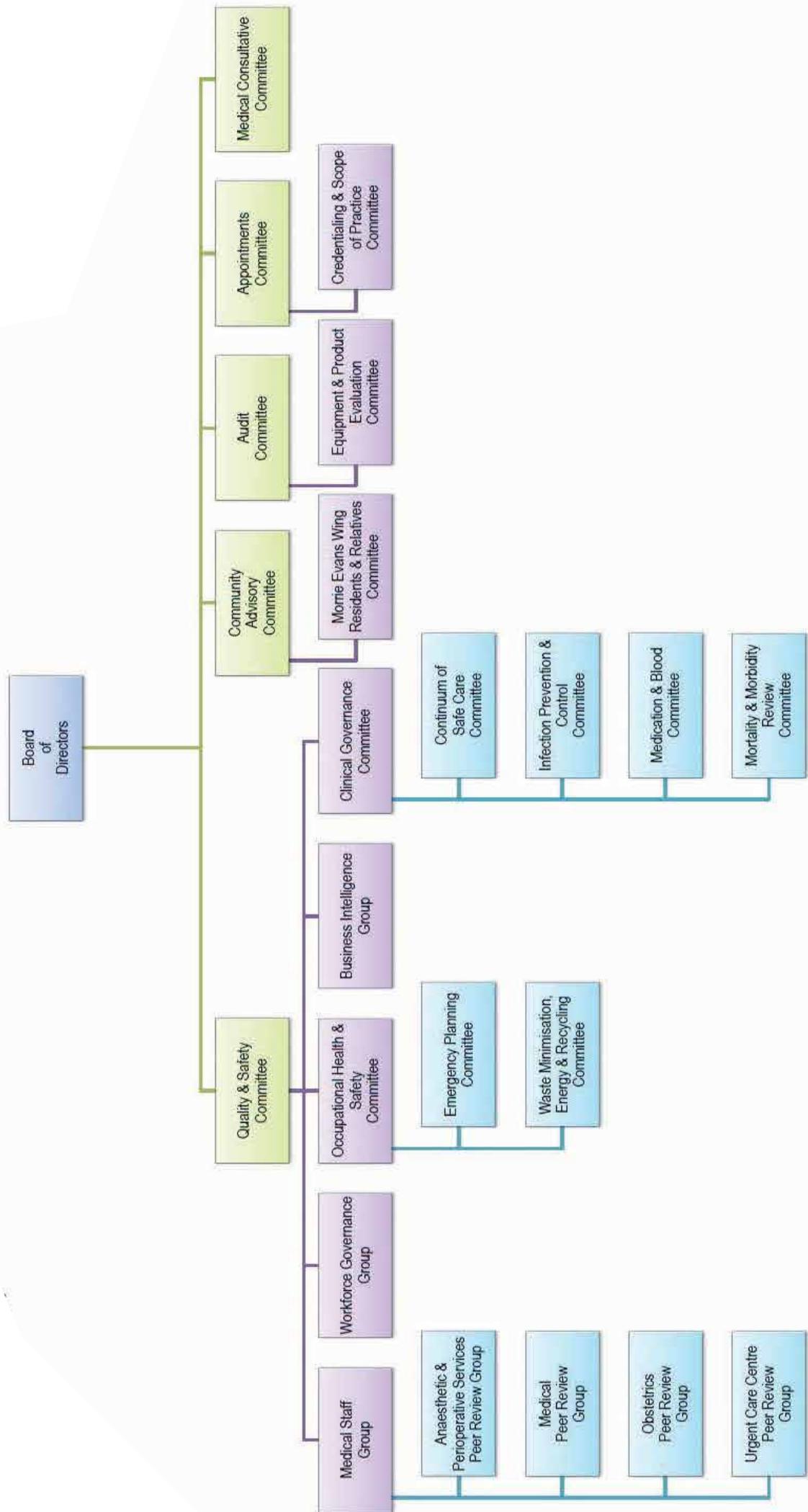
*BBus (Accounting), CPA, MBA, GAICD*

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

# Organisational Structure June 2021



# Committee Structure



# 5 Year Performance

	2021 \$000	2020 \$000	2019 \$000	2018 \$000	2017 \$000
<b>Operating Result</b>	<b>197</b>	<b>134</b>	<b>244</b>	<b>379</b>	<b>728</b>
Total Revenue	32,005	32,555	29,207	32,218	28,733
Total Expenses	33,861	32,637	30,656	30,760	29,473
<b>Net Result from transactions</b>	<b>(1,856)</b>	<b>(82)</b>	<b>(1,445)</b>	<b>1,458</b>	<b>(740)</b>
Total other economic flows	225	(42)	(136)	7	132
<b>Net result</b>	<b>(1,631)</b>	<b>(124)</b>	<b>(1,581)</b>	<b>1,465</b>	<b>(608)</b>
Total Assets	46,553	47,100	47,126	36,653	35,129
Total Liabilities	9,143	8,309	8,211	7,779	7,720
<b>Net Assets/Total Equity</b>	<b>37,410</b>	<b>38,791</b>	<b>38,915</b>	<b>28,874</b>	<b>27,409</b>

<b>Reconciliation of Net Results from Transactions and Operating Result</b>	2021 \$000	2020 \$000	2019 \$000
<b>Net operating result</b>	<b>197</b>	<b>134</b>	<b>244</b>
<b>Capital and specific items</b>			
Capital purpose income	337	1,501	425
Specific income	0	436	0
COVID 19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	247	42	N/A
State supply items consumed up to 30 June 2021	247	42	N/A
Assets provided free of charge	0	0	0
Assets received free of charge	16	64	N/A
Expenditure for capital purpose	72	7	33
Depreciation and amortisation	2,334	2,200	2,081
Impairment of non-financial assets	0	0	0
Finance costs (other)	0	10	4
<b>Net result from transactions</b>	<b>(1856)</b>	<b>(82)</b>	<b>(1,449)</b>

## Consultancies

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

In 2020-2021 there were no consultancies where the total fees payable to the consultants were less than \$10,000 (excl. GST).

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

In 2020-2021 there was one consultancy where the total fees payable to the consultants were \$10,000 (excl. GST) or greater. The total expenditure incurred during 2020-2021 in relation to these consultancies is \$25,156 (excl. GST).

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2020-2021 (excluding GST)	Future expenditure (excluding GST)
Workdynamic Australia	Review of Human Resource Department	July 2020	Oct 2020	\$25,156	\$25,156	\$0

## Information and Communication Technology (ICT)

The total ICT expenditure incurred during 2020-2021 was \$1.064m (excl. GST) with the details shown below:

Business As Usual (BAU) ICT expenditure	Non-Business As Usual (non-BAU) ICT Expenditure		
Total (excluding GST) (million)	Total=Operational expenditure and Capital Expenditure (excluding GST)	Operational expenditure (excluding GST) (million)	Capital expenditure (excluding GST) (million)
\$0.993	\$0.071	\$0	\$0.071

# Compliance

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

## Data Integrity

I, Andrew Nitschke, 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.



**Andrew Nitschke**  
*Interim Chief Executive Officer*  
**Accountable Officer**  
Benalla Health  
26/08/2021

## Integrity, Fraud and Corruption

I, Andrew Nitschke, 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.



**Andrew Nitschke**  
*Interim Chief Executive Officer*  
**Accountable Officer**  
Benalla Health  
26/08/2021

## Conflict of Interest

I, Andrew Nitschke, 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.



**Andrew Nitschke**  
*Interim Chief Executive Officer*  
**Accountable Officer**  
Benalla Health  
26/08/2021

## Ministerial Standing Direction 5.1.4 Financial Management

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



**Dr Dennis O'Brien, Board Chair**  
**Responsible Officer**  
Benalla Health  
26/08/2021

# Key Financial and Service Performance Reporting

## Strategic Priorities

The Minister of Health intends to work closely with the health care 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. Benalla Health is focused on the following immediate and ongoing priorities set by the Department of Health to support the above intention.

### Maintain robust COVID-19 readiness and response

Priority	2020-2021 Outcomes
Maintain robust COVID-19 readiness and response, working with the Department of Health to ensure we rapidly respond to outbreaks, if and when they occur, which includes providing to testing for your community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of our COVID-19 vaccine immunisation program rollout, ensuring your local community's confidence in the program.	<ul style="list-style-type: none"> <li>• Benalla Health Fever Clinic operating 7 days a week</li> <li>• Working with Goulburn Valley Health, Cluster Lead to ensure all rapid response testing and pop-up testing clinics are established quickly and effectively</li> <li>• Actively promoting COVID-19 vaccinations for staff, residents and the wider community.</li> </ul>

### Community Engagement

Priority	2020-2021 Outcomes
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.	<ul style="list-style-type: none"> <li>• Promotional activities to ensure community is aware Benalla Health is ready willing and able to work with them for care and support to keep their health goals on track.</li> <li>• Promotion of Benalla Health Fever Clinic to support travel and surgical needs.</li> <li>• Working with credentialed Surgeons to ensure Benalla Health Surgical Theatre lists and available times are maximised.</li> <li>• Commenced Implementation of the Aboriginal Cultural Safety Guidelines.</li> <li>• Annual Cultural "walk around" with community representatives to ensure Benalla Health is promoting a safe and accessible space.</li> <li>• "Yarn" sessions with local community representatives, promoting cultural awareness to staff.</li> <li>• Development of a Diversity / Inclusion calendar and action plan to ensure promotions and observances are adhered to.</li> </ul>

## Respond to the Recommendations of the Royal Commission – Aged Care/Mental Health

Goals	2020-2021 Outcomes
<p>As providers of care, respond to the recommendations of the Royal Commission into Victoria’s Mental health System and the Royal Commission into Aged Care Quality and Safety.</p>	<ul style="list-style-type: none"> <li>• The Reports have been fully reviewed and recommendations considered noting several recommendations are already usual practice at Benalla Health.</li> <li>• Action Plans will be developed to ensure the requirements of the Department are well met.</li> </ul>

## Develop and Foster Local Health Partnerships

Goals	2020-2021 Outcomes
<p>Develop and foster your local health partner relationships, which have been strengthened during the pandemic response, to continue delivering collaborative approaches to planning, procurement and service delivery at scale. This extends to prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform to deliver improved patient care through greater integration.</p>	<ul style="list-style-type: none"> <li>• Benalla Health is in discussions with neighbouring service providers and organisations to look at ways to meet this priority.</li> <li>• Discussions continue with Northeast Health Wangaratta regarding an integrated model of care, patient flow and capacity building in regards to rehabilitation services.</li> <li>• Benalla Health will continue to work closely with local General Practitioners and Northeast Health Wangaratta to sustain our level 3 maternity service.</li> </ul>

## Performance Priorities

### High Quality and Safe Care

Key performance measure	Target	Outcome
<b>Infection Prevention and Control</b>		
Compliance with the Hand Hygiene Australia program	83%	93%
Percentage of healthcare workers immunized for influenza	90%	98%
<b>Patient experience</b>		
Victorian healthcare Experience Survey – percentage of positive patient experience responses.	95%	No Surveys conducted in 2020-2021
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care.	75%	No Surveys conducted in 2020-2021
<b>Maternity and Newborn</b>		
Rate of singleton term infants without birth anomalies with Apgar score <7 to 5 minutes	≤1.4%	4.1%
Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤28.6%	0 <sup>1</sup>

<sup>1</sup> No cases of severe foetal growth restriction in singleton pregnancy recorded.

### Effective Financial Management

Key performance measure	2020-2021 Target	2020-2021 Actual
Operating result (\$m)	-\$0.19m	\$0.20
Average number of days to pay trade creditors	60 days	27 days
Average number of days to receive patient fee debtors	60 days	47 days
Public and Private WIES activity performance to target	100%	81.4%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	2.23%
Actual number of days available cash, measured on the last day of each month.	14 days	147.9 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤\$250,000	(190,000)

## Activity and Funding

Funding Type	2020-2021 Activity Achievement
<b>Acute Admitted</b>	
Acute WIES	2,163
WIES DVA	43
<b>Acute Non-Admitted</b>	
Home Enteral Nutrition	43
Specialist Clinics	1,018
<b>Subacute &amp; Non-Acute Admitted</b>	
Maintenance Public	55
Maintenance - DVA	4
<b>Aged Care</b>	
Residential Aged Care	10,560
HACC	1,824
<b>Primary Health</b>	
Community Health / Primary Care Programs	6,421

# Statutory Reporting

## Freedom of Information Act 1982

Benalla Health is an agency subject to the Freedom of Information (Victoria) Act 1982. The Chief Executive Officer is the nominated Freedom of Information Officer. Persons wishing to make an FOI request should do so by completing the FOI Request form (available from the Benalla Health Website or at the Hospital Reception Desk). The FOI Request form contains information relating to costs of accessing information, what information can be provided and timeline for provision of information to an applicant by Benalla Health. Further information about the Freedom of Information Act is available from the Office of the Victorian Information Commissioner ([www.ovic.gov.au](http://www.ovic.gov.au)). During 2020-21, 20 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.

## Environmental Performance Summary

Benalla Health is committed to protecting the environment. When developing changes or making improvements, consideration is always given to conserving energy and water, reducing greenhouse emissions and improving waste management. Benalla Health's energy and water consumption has decreased with the commissioning of our voltage optimisation equipment and load shedding supporting lower cost and more renewable power despite the variations in climatic conditions. Providing orientation and ongoing education for all staff in relation to waste management, segregation, recycling and disposal method cost efficiencies continue to be sought, there has been an increase in clinical and general waste this year during COVID-19.

Environmental Impacts & Energy Usage	2018-2019	2019-2020	2020-2021
<b>Energy Use</b>			
Electricity (MWH)	1615	1520	1489
Gas (Mj)	10.97	11.89	11.48
<b>Carbon Emissions (Thousand Tones of CO2e)</b>			
Electricity	1.73	1.55	1.46
Gas	0.57	1.61	4.59
Total Emissions	2.29	2.16	2.05
<b>Water Use (Millions Litres)</b>			
Potable Water	13.14	9.57	9.28

## Public Interest Disclosure Act 2012

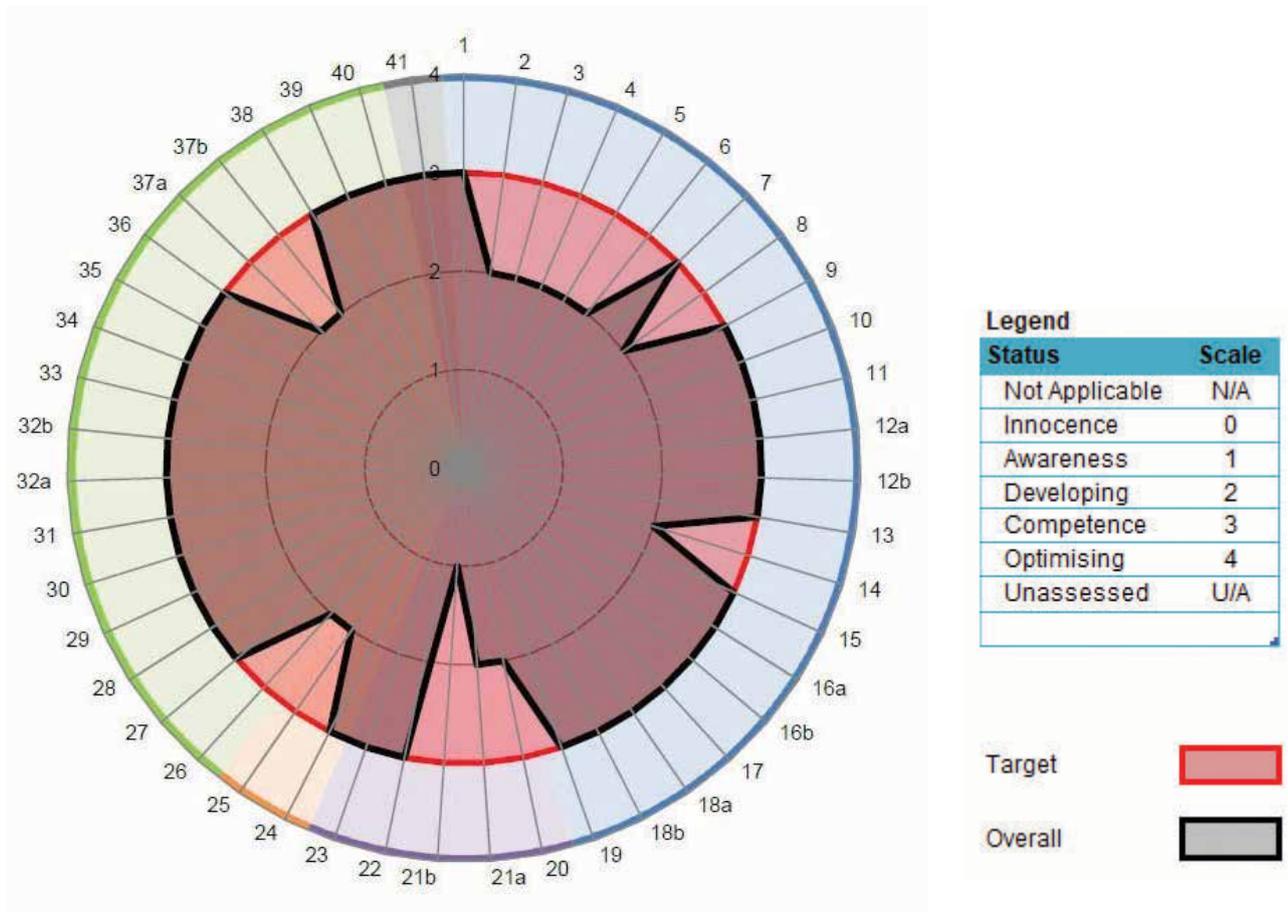
Benalla Health is an agency subject to the Public Interest Disclosure Act 2012. The Public Interest Disclosure Act 2012 enables people to make disclosures about improper conduct within the public sector without fear of reprisal. The Act aims to ensure openness and accountability by encouraging people 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 2020-2021.

## 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.

## Asset Management Accountability Framework

It is Government policy that publicly funded organisations adhere to the Asset Management Accountability Framework. Benalla Health complies with the management and reporting requirements of the Framework as it so applies in order to manage its asset portfolios and provide better services to Victorians through the Benalla Health Audit Committee. See also attestations within this Annual Report insofar as they relate to Benalla Health’s compliance with the Financial Management Act 1994.



## 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 2020-2021.

## Privacy

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

## Local Jobs First Act 2003

Benalla Health complied with the regulations within the Local Jobs First Act 2003. There were no contracts that required reporting under this act for the year 2020-2021.

## 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.

## Gender Equality Act 2020

Benalla Health is committed to working toward initiatives to support the Gender Equality Act 2020 which came into effect in March 2021. The Act itself is an outcome from the 2016 Royal Commission into Family Violence which illustrates Victoria's need to address gender inequality in order to reduce family violence and all forms of violence against women.

In line with the Victorian Health Services' commitment to the Gender Equality Act, Benalla Health has responded with a strategy to:

- develop policies, programs and services;
- implement a Gender Equality Action Plan; and
- undertake gender impact assessments.

In support of the Act, the Benalla Health Diversity Committee commenced June 2021. This Committee includes representatives across the organisation and community. The objectives of the Committee are to:

1. Coordinate, demonstrate oversight and support accountability for Benalla Health's Diversity Framework and associated guiding documents, legislative compliance and risk identification and mitigation.
2. Monitor performance indicators, action plans, data and evaluation in line with the strategic and operational plans.
3. Promote and support communication flow and/or participation in external stakeholder groups, professional bodies/associations and partner organisations to achieve best practice and improved health outcomes.

## Additional Information

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

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

# 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	
	2020	2021	2020	2021
Nursing	102.75	103.60	99.55	101.32
Administration and Clerical	37.08	36.80	36.17	36.80
Medical Support	7.34	8.96	6.93	7.87
Hotel and Allied Services	44.63	43.57	44.73	43.34
Medical Officers	0.00	0.32	0.00	0.16
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)	16.24	13.58	17.02	14.49
<b>Total</b>	<b>208.04</b>	<b>206.83</b>	<b>204.40</b>	<b>203.98</b>

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

## Employment and Conduct Principles

Benalla Health is committed to 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 Statistics	2020-2021	2019-2020	2018-2019
Number of reported hazards/incidents for the year per 100 FTE	60.19	58.7	34.4
Number of lost time standard WorkCover claims for the year per 100 FTE	2.91	1.47	2.49
Average cost per WorkCover claim for the year	\$67,038	\$4,687	\$8,683

## Occupational Violence

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

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

## Definitions

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

- **Occupational Violence:** Any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- **Incident:** An event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating are included. Code Grey reporting is not included, however if an incident occurs during the course of a planned or unplanned Code Grey, the incident is included.
- **Accepted WorkCover Claims:** Accepted WorkCover claims that were lodged in 2020-2021.
- **Lost Time:** Is defined as greater than one day.
- **Injury, illness or condition:** Includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.

# Benalla & District Memorial Hospital Auxiliary

*It is with pleasure to present the 2020-2021 Annual Report.*

We are a group of volunteers who enjoy working to raise funds for our hospital.

The last 12 months have been quite challenging for us due to the COVID but we have still been able to manage to raise some funds through markets and advertising online as well as a plant sale from a private home by using the COVID Rules.

Although we have had some quiet times there have been many busy hands potting plants making jams pickles etc. as well as knitting sewing and crocheting. Also getting our heads together to gather ideas for fundraising.

We have donated blankets to the Morrie Evans Wing also Fish and Chip jumpers and small blankets to the Maternity Ward for the Newborns.

Thank you to the hard working volunteers and also to the community and surrounds for their generosity donating goods and their time.

**Rosie Moulday,  
President**

Benalla & District Memorial Hospital Auxiliary



# Benalla Health Services

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## Hospital Services

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

## Healthy Communities

### Allied Health

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

### Support Groups

- Arthritis
- Carers
- Diabetes
- Parkinson's

### Health Independence Programs

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

## Home Nursing Service

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

## Other Services

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

## Community Services

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

### Ray Sweeney Centre

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

### Other Visiting Services Include

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

# Senior Staff

## (as at 30 June 2021)

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### **Chief Executive Officer**

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

### **Continuum Of Care**

#### **Executive Director of Clinical Services**

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

#### **Operational Director Continuum of Care**

Ms K. Marshall RN, MNurs, GradDipVED

#### **Nurse Unit Manager First Response Services**

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

#### **Nurse Unit Manager Peri-operative Services**

Ms Tanya Simms RN, GCert Perioperative ACN, Cert III Sterilisation Services, Nurse Immuniser, ACORN, GENCA, SRACA

#### **Nurse Unit Manager Inpatient Services**

Ms G. Robinson RN, Adv Dip M'gmt

#### **Infection Prevention & Control Co-ordinator**

Ms T. Allan RN, Nurse Immuniser, Clinical Educator

#### **Transfusion Trainer**

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

#### **Chief Pharmacist**

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

### **Healthy Communities**

#### **Operational Director Healthy Communities**

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

#### **Manager Healthy Lifestyle**

Ms M. Howell, BSW AMHSW BSc

### **Performance Improvement**

#### **Operational Director Performance Improvement**

Ms M. Butler, RN, DipApp Sci (Dental Therapy), Grad Dip Health Admin

### **Support Services**

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

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

#### **Engineering Manager**

Mr M. Charleston,

#### **Operational Director Human Resources**

Mrs L. Daldy BBus (HR), MAHRI

#### **Chief Health Information Manager**

Ms V. Young BAppSc (Medical Records Admin)

#### **Operational Director Support Services**

Mr P. Edwards

#### **Management Accountant**

Mr I. Hatton BBus (Accounting), CPA

#### **ICT Manager**

Mr P. Hurley BIT

#### **Media Relations**

Mrs S. Beattie

#### **Administration Coordinator**

Mrs S. Downey

#### **Food Services Team Leader**

Ms D. Corcoran

#### **Housekeeping Team Leader**

Mrs P. Winzer



PART 2

# Financial Statements

for the year ending 30 June 2021

# Financial Statements

## Financial Year ended 30 June 2021

### ***Board Director'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 2021 and the financial position of Benalla Health at 30 June 2021.

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

We authorise the attached financial statements for issue on 26th August, 2021.

#### **Board Director**



Dr Dennis O'Brien

Chair

Benalla  
26th August, 2021

#### **Accountable Officer**



Andrew Nitschke

Interim Chief Executive Officer

Benalla  
26th August, 2021

#### **Chief Finance & Accounting Officer**



Andrew Nitschke

Chief Finance and Accounting Officer

Benalla  
26th August, 2021

# Independent Auditor's Report

## To the Board of Benalla Health

**Opinion** I have audited the financial report of Benalla Health (the health service) which comprises the:

- Balance Sheet as at 30 June 2021
- 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.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

**Basis for Opinion** I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975*. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

**Board's responsibilities for the financial report** The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the Board is responsible for assessing the 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.

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

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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.

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

MELBOURNE  
14 September 2021

**Benalla Health**  
**Comprehensive Operating Statement**  
**For the Financial Year Ended 30 June 2021**

		<b>Total 2021 \$'000</b>	<b>Total 2020 \$'000</b>
<b>Revenue and income from transactions</b>			
Operating activities	2.1	31,960	32,406
Non-operating activities	2.1	45	149
<b>Total revenue and income from transactions</b>		<b>32,005</b>	<b>32,555</b>
<b>Expenses from transactions</b>			
Employee expenses	3.1	(24,526)	(24,057)
Supplies and consumables	3.1	(3,113)	(2,455)
Finance costs	3.1	(7)	(10)
Depreciation and amortisation	3.1	(2,336)	(2,200)
Other administrative expenses	3.1	(2,247)	(2,266)
Other operating expenses	3.1	(1,632)	(1,649)
<b>Total Expenses from transactions</b>		<b>(33,861)</b>	<b>(32,637)</b>
<b>Net result from transactions - net operating balance</b>		<b>(1,856)</b>	<b>(82)</b>
<b>Other economic flows included in net result</b>			
Net gain/(loss) on sale of non-financial assets	3.4	63	4
Net gain/(loss) on financial instruments	3.4	(4)	(10)
Other gain/(loss) from other economic flows	3.4	166	(36)
<b>Total other economic flows included in net result</b>		<b>225</b>	<b>(42)</b>
<b>Net result for the year</b>		<b>(1,631)</b>	<b>(124)</b>
<b>Other comprehensive income</b>			
<b>Items that will not be reclassified to net result</b>			
Changes in property, plant and equipment revaluation surplus	4.1(b)	250	-
<b>Total other comprehensive income</b>		<b>250</b>	<b>-</b>
<b>Comprehensive result for the year</b>		<b>(1,381)</b>	<b>(124)</b>

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

**Benalla Health**  
**Balance Sheet**  
**As at 30 June 2021**

	Total 2021 \$'000	Total 2020 \$'000
<b>Current assets</b>		
Cash and cash equivalents	6.2 13,929	12,687
Receivables and contract assets	5.1 620	713
Inventories	4.4 26	23
Prepaid expenses	156	219
<b>Total current assets</b>	<b>14,731</b>	<b>13,642</b>
<b>Non-current assets</b>		
Receivables and contract assets	5.1 795	862
Property, plant and equipment	4.1 (a) 31,021	32,568
Intangible assets	4.2 6	28
<b>Total non-current assets</b>	<b>31,822</b>	<b>33,458</b>
<b>Total assets</b>	<b>46,553</b>	<b>47,100</b>
<b>Current liabilities</b>		
Payables and contract liabilities	5.2 2,707	2,016
Borrowings	6.1 136	79
Employee benefits	3.2 4,485	4,455
Other liabilities	5.3 1,134	985
<b>Total current liabilities</b>	<b>8,462</b>	<b>7,535</b>
<b>Non-current liabilities</b>		
Borrowings	6.1 321	310
Employee benefits	3.2 360	464
<b>Total non-current liabilities</b>	<b>681</b>	<b>774</b>
<b>Total liabilities</b>	<b>9,143</b>	<b>8,309</b>
<b>Net assets</b>	<b>37,410</b>	<b>38,791</b>
<b>Equity</b>		
Property, plant and equipment revaluation surplus	4.1(f) 26,480	26,230
General purpose surplus	SCE 399	405
Restricted specific purpose reserve	SCE 113	79
Contributed capital	SCE 13,293	13,293
Accumulated surplus/(deficit)	SCE (2,875)	(1,216)
<b>Total equity</b>	<b>37,410</b>	<b>38,791</b>

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

**Benalla Health**  
**Statement of Changes in Equity**  
**For the Financial Year Ended 30 June 2021**

	Property, Plant and Equipment Revaluation Surplus	Restricted Specific Purpose Reserve	General Purpose Surplus	Contributed Capital	Accumulated Surplus/(Deficits)	Total
Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance at 30 June 2019</b>	26,230	118	434	13,293	(1,160)	38,915
Effect of adoption of AASB 15, 16 and 1058	-	-	-	-	-	-
<b>Restated Balance at 1 July 2019</b>	26,230	118	434	13,293	(1,160)	38,915
Net result for the year	-	-	-	-	(124)	(124)
Transfer from/(to) accumulated deficits	-	(39)	(29)	-	68	-
<b>Balance at 30 June 2020</b>	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)	-
<b>Balance at 30 June 2021</b>	26,480	113	399	13,293	(2,875)	37,410

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

**Benalla Health**  
**Cash Flow Statement**  
**For the Financial Year Ended 30 June 2021**

	Total 2021 \$'000	Total 2020 \$'000
<b>Cash Flows from operating activities</b>		
Operating grants from government	27,062	26,927
Capital grants from government - State	249	1,501
Patient fees received	1,501	1,384
Private practice fees received	224	261
Donations and bequests received	39	-
Net GST received from ATO	15	-
Interest and investment income received	45	149
Commercial Income Received	246	275
Other receipts	1,988	1,718
<b>Total receipts</b>	<b>31,369</b>	<b>32,215</b>
Employee expenses paid	(24,240)	(23,837)
Payments for supplies and consumables	(1,923)	(2,372)
Payments for medical indemnity insurance	(342)	(361)
Payments for repairs and maintenance	(740)	(732)
Finance Costs	(7)	(10)
Net GST paid to ATO	-	(10)
Other payments	(2,745)	(2,882)
<b>Total payments</b>	<b>(29,997)</b>	<b>(30,204)</b>
<b>Net cash flows from operating activities</b>	<b>1,372</b>	<b>2,011</b>
	8.1	
<b>Cash Flows from investing activities</b>		
Purchase of property, plant and equipment	(387)	(1,298)
Capital donations and bequests received	49	22
Other capital receipts	41	-
Purchase of Intangible assets	1	(4)
Proceeds from disposal of property, plant and equipment	135	11
<b>Net cash flows used in investing activities</b>	<b>(161)</b>	<b>(1,269)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	(120)	162
Receipt/(Refund) of accommodation deposits	151	(257)
<b>Net cash flows from /(used in) financing activities</b>	<b>31</b>	<b>(95)</b>
<b>Net increase in cash and cash equivalents held</b>	<b>1,242</b>	<b>647</b>
Cash and cash equivalents at beginning of year	12,687	12,040
<b>Cash and cash equivalents at end of year</b>	<b>13,929</b>	<b>12,687</b>
	6.2	

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 2021**

## **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 2021

## Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Benalla Health for the year ended 30 June 2021. 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 and identifies the key accounting estimates and judgements.

#### **Note 1.1: Basis of preparation of the financial statements**

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

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

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.

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

- Donation and Fundraising Funds
- Specific Program Reserves

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 26th August, 2021.

# Benalla Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2021

#### **Note 1.2 Impact of COVID-19 pandemic**

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

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

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

As restrictions have eased towards the end of the financial year Benalla Health has been able to revise some measures where appropriate including resuming elective surgery.

The financial impacts of the pandemic are disclosed at:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services.
- Note 4: Key assets to support service delivery
- Note 5: Other assets and liabilities
- Note 6: How we finance our operations.

#### **Note 1.3 Abbreviations and terminology used in the financial statements**

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

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

# Benalla Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2021

#### **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.

#### **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: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-8: <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2</i>	Reporting periods on or after 1 January 2021.	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.

# Benalla Health

## Notes to the Financial Statements

### For the Financial Year Ended 30 June 2021

#### ***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.

#### ***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.

## 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.

Funding provided included:

- COVID-19 grants to fund the costs of running a 24/7 drive through testing clinic.
- State repurposed grants to compensate for loss of WIES 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.

## 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>

## Note 2.1 Revenue and income from transactions

	<b>Total 2021 \$'000</b>	<b>Total 2020 \$'000</b>
<b>Operating activities</b>		
<b>Revenue from contracts with customers</b>		
Government grants (State) - Operating	11,868	12,891
Government grants (Commonwealth) - Operating	1,954	1,905
Patient and resident fees	1,414	1,442
Private practice fees	224	261
Commercial activities <sup>1</sup>	246	275
<b>Total revenue from contracts with customers</b>	<b>15,706</b>	<b>16,774</b>
<b>Other sources of income</b>		
Government grants (State) - Operating	12,532	10,447
Government grants (Commonwealth) - Operating	1,103	1,050
Government grants (State) - Capital	249	1,501
Other capital purpose income	41	-
Capital donations	49	-
Assets received free of charge or for nominal consideration	302	64
Other revenue from operating activities (including non-capital donations)	1,978	2,570
<b>Total other sources of income</b>	<b>16,254</b>	<b>15,632</b>
<b>Total revenue and income from operating activities</b>	<b>31,960</b>	<b>32,406</b>
<b>Non-operating activities</b>		
<b>Income from other sources</b>		
Other interest	45	149
<b>Total other sources of income</b>	<b>45</b>	<b>149</b>
<b>Total income from non-operating activities</b>	<b>45</b>	<b>149</b>
<b>Total revenue and income from transactions</b>	<b>32,005</b>	<b>32,555</b>

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

## Note 2.1 Revenue and income from transactions

### How we recognise revenue and income from transactions

#### Government operating grants

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

When both these conditions are satisfied, the health service:

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

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

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as ‘casemix’) in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.</p> <p>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.</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 Department of Health that have performance obligations linked to the Statement of Priorities agreed upon between the health service and DH. The performance obligation is a requirement to provide a stipulated number of service contacts or hours of service delivery.</p> <p>Revenue is recognised over time as the services are delivered.</p>

## **Note 2.1 Revenue and income from transactions**

### **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 over 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 over 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 at a point in time, upon provision of the goods or service to the customer.

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

	<b>Total 2021 \$'000</b>	<b>Total 2020 \$'000</b>
Cash donations and gifts	39	22
Plant and equipment	16	-
Personal protective equipment	247	42
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>302</b>	<b>64</b>

### 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.

#### Contributions

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

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

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

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

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

### Voluntary Services

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

### 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 set out in the relevant Department of Health Hospital Circular.

## Note 2.3 Other income

	<b>Total 2021 \$'000</b>	<b>Total 2020 \$'000</b>
<b>Operating</b>		
Salary and wage recoveries	260	180
Recoveries - sale of services	1,339	1,900
Joint venture alliance revenue	373	477
Other Revenue	6	13
<b>Total other income - Operating</b>	<b>1,978</b>	<b>2,570</b>
<b>Non-Operating</b>		
Interest	45	149
<b>Total other income - Non Operating</b>	<b>45</b>	<b>149</b>

### 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 Employee benefits in the balance sheet*

#### *3.3 Superannuation*

#### *3.4 Other economic flows*

### 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 employment costs and additional equipment purchases.
- Implement COVID safe practices throughout Benalla Health, including increased cleaning, increased security and consumption of personal protective equipment.

### Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring and 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> <p>The health service also applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value. All other entitlements are measured at their nominal value.</p>

### Note 3.1 Expenses from transactions

	Total 2021 \$'000	Total 2020 \$'000
Salaries and wages	19,354	18,638
On-costs	1,715	1,700
Agency expenses	609	886
Fee for service medical officer expenses	2,658	2,677
Workcover premium	190	156
<b>Total employee expenses</b>	<b>24,526</b>	<b>24,057</b>
Drug supplies	240	248
Medical and surgical supplies (including Prostheses)	1,660	1,272
Diagnostic and radiology supplies	474	196
Other supplies and consumables	739	739
<b>Total supplies and consumables</b>	<b>3,113</b>	<b>2,455</b>
Finance costs	7	10
<b>Total finance costs</b>	<b>7</b>	<b>10</b>
Other administrative expenses	2,247	2,266
<b>Total other administrative expenses</b>	<b>2,247</b>	<b>2,266</b>
Fuel, light, power and water	480	549
Repairs and maintenance	460	517
Maintenance contracts	280	215
Medical indemnity insurance	342	361
Expenditure for capital purposes	70	7
<b>Total other operating expenses</b>	<b>1,632</b>	<b>1,649</b>
<b>Total operating expense</b>	<b>31,525</b>	<b>30,437</b>
Depreciation and amortisation	2,336	2,200
<b>Total depreciation and amortisation</b>	<b>2,336</b>	<b>2,200</b>
<b>Total non-operating expense</b>	<b>2,336</b>	<b>2,200</b>
<b>Total expenses from transactions</b>	<b>33,861</b>	<b>32,637</b>

## Note 3.1 Expenses from transactions

### 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.

### Note 3.2 Employee benefits in the balance sheet

	<b>Total 2021 \$'000</b>	<b>Total 2020 \$'000</b>
<b>Current provisions</b>		
<i>Accrued days off</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	40	52
	<b>40</b>	<b>52</b>
<i>Annual leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	1,309	1,303
Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>	735	605
	<b>2,044</b>	<b>1,908</b>
<i>Long service leave</i>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	419	428
Unconditional and expected to be settled wholly after 12 months <sup>ii</sup>	1,561	1,663
	<b>1,980</b>	<b>2,091</b>
<i>Provisions related to employee benefit on-costs</i>		
Unconditional and expected to be settled within 12 months <sup>i</sup>	175	170
Unconditional and expected to be settled after 12 months <sup>ii</sup>	246	234
	<b>421</b>	<b>404</b>
	<b>4,485</b>	<b>4,455</b>
<b>Total current employee benefits</b>		
<b>Non-current provisions</b>		
Conditional long service leave <sup>i</sup>	324	419
Provisions related to employee benefit on-costs <sup>ii</sup>	36	45
<b>Total non-current employee benefits</b>	<b>360</b>	<b>464</b>
	<b>4,845</b>	<b>4,919</b>
<b>Total employee benefits</b>	<b>4,845</b>	<b>4,919</b>

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

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

## Note 3.2 Employee benefits in the balance sheet

### How we recognise employee benefits

#### Employee benefit recognition

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

#### Provisions

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

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

#### Annual leave and accrued days off

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

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

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

#### Long service leave

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability even where 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.

#### On-costs related to employee benefits

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

**Note 3.2 (a) Employee benefits and related on-costs**

	<b>Total 2021 \$'000</b>	<b>Total 2020 \$'000</b>
Unconditional accrued days off	44	58
Unconditional annual leave entitlements	2,238	2,081
Unconditional long service leave entitlements	2,203	2,316
<b>Total current employee benefits and related on-costs</b>	<b>4,485</b>	<b>4,455</b>
Conditional long service leave entitlements	360	464
<b>Total non-current employee benefits and related on-costs</b>	<b>360</b>	<b>464</b>
<b>Total employee benefits and related on-costs</b>	<b>4,845</b>	<b>4,919</b>
<b>Carrying amount at start of year</b>	4,919	4,779
Additional provisions recognised	1,961	2,263
Unwinding of discount and effect of changes in the discount rate	166	(36)
Amounts incurred during the year	(2,201)	(2,087)
<b>Carrying amount at end of year</b>	<b>4,845</b>	<b>4,919</b>

### Note 3.3 Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total	Total	Total	Total
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
<b>Defined benefit plans:<sup>i</sup></b>				
First State Super	41	61	-	-
<b>Defined contribution plans:</b>				
First State Super	1,055	1,067	11	43
Hesta	619	572	-	-
<b>Total</b>	<b>1,715</b>	<b>1,700</b>	<b>11</b>	<b>43</b>

<sup>i</sup> 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 3.4 Other economic flows

	<b>Total 2021 \$'000</b>	<b>Total 2020 \$'000</b>
Net gain/(loss) on disposal of property plant and equipment	63	4
<b>Total net gain/(loss) on non-financial assets</b>	<b>63</b>	<b>4</b>
Allowance for impairment losses of contractual receivables	(3)	(12)
Other gains/(losses) from other economic flows	(1)	2
<b>Total net gain/(loss) on financial instruments</b>	<b>(4)</b>	<b>(10)</b>
Net gain/(loss) arising from revaluation of long service liability	166	(36)
<b>Total other gains/(losses) from other economic flows</b>	<b>166</b>	<b>(36)</b>
<b>Total gains/(losses) from other economic flows</b>	<b>225</b>	<b>(42)</b>

#### 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 and
- reclassified amounts relating to equity instruments from the reserves to retained surplus/(deficit) due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

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

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

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

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

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

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

## Note 4: Key assets to support service delivery

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

### Structure

#### 4.1 Property, plant & equipment

#### 4.2 Intangible assets

#### 4.3 Depreciation and amortisation

#### 4.4 Inventories

### 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
Measuring fair value of property, plant and equipment	<p>Benalla Health obtains independent valuations for its non-current assets at least once every five years.</p> <p>If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices.</p> <p>Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.</p>
Estimating useful life and residual value of property, plant and equipment	<p>Benalla Health assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset.</p> <p>The health service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>
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 restoration costs at the end of a lease	Where a lease agreement requires Benalla Health to restore a right-of-use asset to its original condition at the end of a lease, the health service estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.
Estimating the useful life of intangible assets	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"> <li>▪ If an asset's value has declined more than expected based on normal use</li> <li>▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset</li> <li>▪ If an asset is obsolete or damaged</li> <li>▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life</li> <li>▪ If the performance of the asset is or will be worse than initially expected.</li> </ul> <p>Where an impairment trigger exists, the health 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 2021 \$'000	Total 2020 \$'000
Land at fair value - Crown	504	504
Land at fair value - Freehold	1,848	1,598
<b>Total land at fair value</b>	<b>2,352</b>	<b>2,102</b>
Buildings at fair value	28,695	28,695
Less accumulated depreciation	(3,166)	(1,538)
<b>Total buildings at fair value</b>	<b>25,529</b>	<b>27,157</b>
Works in progress at cost	111	16
<b>Total land and buildings</b>	<b>27,992</b>	<b>29,275</b>
Plant and equipment at fair value	3,498	3,348
Less accumulated depreciation	(2,263)	(2,162)
<b>Total plant and equipment at fair value</b>	<b>1,235</b>	<b>1,186</b>
Motor vehicles at fair value	464	686
Less accumulated depreciation	(372)	(473)
<b>Total motor vehicles at fair value</b>	<b>92</b>	<b>213</b>
Medical equipment at fair value	3,897	3,871
Less accumulated depreciation	(3,094)	(2,969)
<b>Total medical equipment at fair value</b>	<b>803</b>	<b>902</b>
Computer equipment at fair value	1,776	1,843
Less accumulated depreciation	(1,303)	(1,204)
<b>Total computer equipment at fair value</b>	<b>473</b>	<b>639</b>
Furniture and fittings at fair value	596	567
Less accumulated depreciation	(455)	(432)
<b>Total furniture and fittings at fair value</b>	<b>141</b>	<b>135</b>
Right of use computer equipment and vehicles at fair value	354	243
Less accumulated depreciation	(69)	(25)
<b>Total right of use computer equipment and vehicles at fair value</b>	<b>285</b>	<b>218</b>
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>3,029</b>	<b>3,293</b>
<b>Total property, plant and equipment</b>	<b>31,021</b>	<b>32,568</b>

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

	Land \$'000	Buildings \$'000	Building works in progress \$'000	Plant & equipment \$'000	Motor vehicles \$'000	Medical Equipment \$'000	Computer Equipment \$'000
<b>Balance at 1 July 2019</b>	<b>2,102</b>	<b>23,867</b>	<b>4,594</b>	<b>719</b>	<b>299</b>	<b>890</b>	<b>615</b>
Additions	-	1	249	562	-	226	253
Disposals	-	-	-	-	-	(4)	-
Net transfers between classes	-	4,827	(4,827)	-	-	-	-
Depreciation	-	(1,538)	-	(95)	(86)	(210)	(229)
<b>Balance at 30 June 2020</b>	<b>2,102</b>	<b>27,157</b>	<b>16</b>	<b>1,186</b>	<b>213</b>	<b>902</b>	<b>639</b>
Additions	-	1	95	158	-	121	71
Disposals	-	-	-	-	(72)	-	-
Revaluation increments/(decrements)	250	-	-	-	-	-	-
Net Transfers between classes	-	-	-	-	-	-	-
Depreciation	-	(1,629)	-	(109)	(49)	(220)	(237)
<b>Balance at 30 June 2021</b>	<b>2,352</b>	<b>25,529</b>	<b>111</b>	<b>1,235</b>	<b>92</b>	<b>803</b>	<b>473</b>

	Furniture & Fittings \$'000	Right of use - PE, MV's \$'000	Total \$'000
<b>Balance at 1 July 2019</b>	<b>154</b>	<b>42</b>	<b>33,282</b>
Additions	7	187	1,485
Disposals	(3)	-	(7)
Net transfers between classes	-	-	-
Depreciation	(23)	(11)	(2,192)
<b>Balance at 30 June 2020</b>	<b>135</b>	<b>218</b>	<b>32,568</b>
Additions	30	114	590
Disposals	-	-	(72)
Revaluation increments/(decrements)	-	-	250
Net Transfers between classes	-	-	-
Depreciation	(24)	(47)	(2,315)
<b>Balance at 30 June 2021</b>	<b>141</b>	<b>285</b>	<b>31,021</b>

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

##### **Land and Buildings and Leased Assets Carried at Valuation**

The Valuer-General Victoria undertook to re-value all of Benalla Healths owned and leased 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 (excluding right-of-use assets) are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

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

Further information regarding fair value measurement is disclosed below.

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

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

Where an independent valuation has not been undertaken at balance date, 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 2021 indicated an overall:

- increase in fair value of land of 11.9% (\$250,000)
- Buildings were deemed an immaterial movement by the Valuer General Victoria for health agencies in 2021.

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

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

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

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

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

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

##### Impairment

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

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

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

Where 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

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

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

##### 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.

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

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

**Impairment**

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

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

#### Note 4.1 (c) Fair value measurement hierarchy for assets

	Note	Total carrying amount 30 June 2021 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 <sup>i</sup> \$'000	Level 2 <sup>i</sup> \$'000	Level 3 <sup>i</sup> \$'000
Non-specialised land		632	-	632	-
Specialised land		1,720	-	-	1,720
<b>Total land at fair value</b>	4.1 (a)	<b>2,352</b>	-	<b>632</b>	<b>1,720</b>
Non-specialised buildings		1,074	-	1,074	-
Specialised buildings		24,455	-	-	24,455
<b>Total buildings at fair value</b>	4.1 (a)	<b>25,529</b>	-	<b>1,074</b>	<b>24,455</b>
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
Right of use assets	4.1 (a)	285	-	-	285
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>		<b>3,029</b>	-	-	<b>3,029</b>
<b>Total property, plant and equipment at fair value</b>		<b>30,910</b>	-	<b>1,706</b>	<b>29,204</b>

	Note	Total carrying amount 30 June 2020 \$'000	Fair value measurement at end of reporting period using:		
			Level 1 <sup>i</sup> \$'000	Level 2 <sup>i</sup> \$'000	Level 3 <sup>i</sup> \$'000
Non-specialised land		632	-	632	-
Specialised land		1,470	-	-	1,470
<b>Total land at fair value</b>	4.1 (a)	<b>2,102</b>	-	<b>632</b>	<b>1,470</b>
Non-specialised buildings		1,074	-	1,074	-
Specialised buildings		26,083	-	-	26,083
<b>Total buildings at fair value</b>	4.1 (a)	<b>27,157</b>	-	<b>1,074</b>	<b>26,083</b>
Plant and equipment at fair value	4.1 (a)	1,186	-	-	1,186
Motor vehicles at fair value	4.1 (a)	213	-	-	213
Medical equipment at Fair Value	4.1 (a)	902	-	-	902
Computer equipment at fair value	4.1 (a)	639	-	-	639
Furniture and fittings at fair value	4.1 (a)	135	-	-	135
Right of use assets	4.1 (a)	218	-	-	218
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>		<b>3,293</b>	-	-	<b>3,293</b>
<b>Total Property, Plant and Equipment</b>		<b>32,552</b>	-	<b>1,706</b>	<b>30,846</b>

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

#### 4.1 (d): Reconciliation of level 3 fair value measurement

	Land \$'000	Buildings \$'000	Plant and equipment \$'000	Motor vehicles \$'000	Medical equipment \$'000	Computer equipment \$'000	Furniture & fittings \$'000	ROU Assets \$'000
<b>Total</b>								
<b>Balance at 1 July 2019</b>	1,470	22,734	719	299	890	615	154	42
Additions/(Disposals)	-	1	562	-	222	253	4	187
Net Transfers between classes	-	4,827	-	-	-	-	-	-
- Depreciation and amortisation	-	(1,479)	(95)	(86)	(210)	(229)	(23)	(11)
<b>Balance at 30 June 2020</b>	<b>1,470</b>	<b>26,083</b>	<b>1,186</b>	<b>213</b>	<b>902</b>	<b>639</b>	<b>135</b>	<b>218</b>
Additions/(Disposals)	-	1	158	(72)	121	71	30	114
Assets provided free of charge	-	-	-	-	-	-	-	-
- Depreciation and Amortisation	-	(1,629)	(109)	(49)	(220)	(237)	(24)	(47)
Items recognised in other comprehensive income								
- Revaluation	250	-	-	-	-	-	-	-
<b>Balance at 30 June 2021</b>	<b>1,720</b>	<b>24,455</b>	<b>1,235</b>	<b>92</b>	<b>803</b>	<b>473</b>	<b>141</b>	<b>285</b>

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

#### Note 4.1 (e) Property, plant and equipment (fair value determination)

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 <sup>(i)</sup>
Non-specialised buildings	Market approach	N/A
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Dwellings	Market approach	N/A
	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Depreciated replacement cost approach	- Cost per unit - Useful life
Plant and equipment	Depreciated replacement cost approach	- Cost per unit - Useful life

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

#### 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.

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

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

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

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

## **Note 4.1 (e) Property, plant and equipment (fair value determination)**

### **Valuation hierarchy**

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

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

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

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

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

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

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

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

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 and non-specialised buildings**

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by 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.

## **Note 4.1 (e) Property, plant and equipment (fair value determination)**

### **Specialised land and specialised buildings**

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

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

The market approach is also used for specialised land 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**

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 2021.

**Note 4.1 (f) Property, plant and equipment revaluation surplus**

	<b>Total 2021 \$'000</b>	<b>Total 2020 \$'000</b>
<b>Note</b>		
Balance at the beginning of the reporting period	26,230	26,230
<b>Revaluation increment</b>		
- Land	250	-
<b>Balance at the end of the Reporting Period*</b>	<b>26,480</b>	<b>26,230</b>
<b>* Represented by:</b>		
- Land	1,281	1,031
- Buildings	25,199	25,199
	<b>26,480</b>	<b>26,230</b>

## Note 4.2 Intangible assets

### Note 4.2 (a) Intangible assets - Gross carrying amount and accumulated amortisation

	Total 2021 \$'000	Total 2020 \$'000
Intangible assets - software	30	54
Less accumulated amortisation	(24)	(26)
<b>Total intangible assets - software</b>	<b>6</b>	<b>28</b>
<b>Total intangible assets</b>	<b>6</b>	<b>28</b>

### Note 4.2 (b) Intangible assets - Reconciliations of the carrying amounts of each class of asset

	Note	Software \$'000	Total \$'000
<b>Balance at 1 July 2019</b>		<b>32</b>	<b>32</b>
Additions		4	4
Disposals		-	-
Depreciation	4.3	(8)	(8)
<b>Balance at 30 June 2020</b>	4.2 (a)	<b>28</b>	<b>28</b>
Additions		-	-
Disposals		(1)	(1)
Depreciation	4.3	(21)	(21)
<b>Balance at 30 June 2021</b>	4.2 (a)	<b>6</b>	<b>6</b>

#### 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.

#### Impairment

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

### Note 4.3 Depreciation and amortisation

	Total 2021 \$'000	Total 2020 \$'000
<b>Depreciation</b>		
Buildings	1,629	1,538
Plant and equipment	109	95
Motor vehicles	49	86
Medical equipment	220	210
Computer equipment	237	229
Furniture and fittings	24	23
Right of use - computer equipment and motor vehicles	47	11
<b>Total depreciation</b>	<b>2,315</b>	<b>2,192</b>
<b>Amortisation</b>		
Software	21	8
<b>Total amortisation</b>	<b>21</b>	<b>8</b>
<b>Total depreciation and amortisation</b>	<b>2,336</b>	<b>2,200</b>

#### How we recognise depreciation

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

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

#### 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.

	2021	2020
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 4.4 Inventories

Pharmacy supplies at cost

**Total inventories**

<b>Total 2021 \$'000</b>	<b>Total 2020 \$'000</b>
26	23
<b>26</b>	<b>23</b>

#### How we recognise inventories

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

## 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 deferred capital grant income	<p>Where Benalla Health has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed.</p> <p>Benalla Health applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.</p>
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.

## Note 5.1 Receivables and contract assets

Notes	Total 2021 \$'000	Total 2020 \$'000
<b>Current receivables and contract assets</b>		
<b>Contractual</b>		
Trade debtors	117	164
Patient fees	150	237
Provision for impairment	(3)	(8)
Accrued revenue	56	72
Amounts receivable from governments and agencies	211	158
<b>Total contractual receivables</b>	<b>531</b>	<b>623</b>
<b>Statutory</b>		
Accrued Revenue - Department of Health	14	-
GST receivable	75	90
<b>Total statutory receivables</b>	<b>89</b>	<b>90</b>
<b>Total current receivables and contract assets</b>	<b>620</b>	<b>713</b>
<b>Non-current receivables and contract assets</b>		
<b>Contractual</b>		
Long service leave - Department of Health	795	862
<b>Total contractual receivables</b>	<b>795</b>	<b>862</b>
<b>Total non-current receivables and contract assets</b>	<b>795</b>	<b>862</b>
<b>Total receivables and contract assets</b>	<b>1,415</b>	<b>1,575</b>
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>		
Total receivables and contract assets	1,415	1,575
Provision for impairment	3	8
GST receivable	(75)	(90)
<b>Total financial assets</b>	<b>1,343</b>	<b>1,493</b>

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

	Total 2021 \$'000	Total 2020 \$'000
<b>Balance at the beginning of the year</b>	8	3
Increase in allowance	-	5
Amounts written off during the year	-	-
Reversal of allowance written off during the year as uncollectable	(5)	-
<b>Balance at the end of the year</b>	<b>3</b>	<b>8</b>

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

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

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

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.

## Note 5.2 Payables and contract liabilities

Note	Total 2021 \$'000	Total 2020 \$'000
<b>Current payables and contract liabilities</b>		
<b>Contractual</b>		
Trade creditors	289	124
Accrued salaries and wages	639	445
Accrued expenses	822	742
Contract liabilities	149	595
Inter hospital creditors	210	98
Amounts payable to governments and agencies	598	12
<b>Total contractual payables</b>	<b>2,707</b>	<b>2,016</b>
<b>Total current payables and contract liabilities</b>	<b>2,707</b>	<b>2,016</b>
<b>Total payables and contract liabilities</b>	<b>2,707</b>	<b>2,016</b>
<i>(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))</i>		
Total payables and contract liabilities	2,707	2,016
Deferred grant income	-	-
Contract liabilities	(149)	(595)
Department of Health	-	-
<b>Total financial liabilities</b>	<b>2,558</b>	<b>1,421</b>

### 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**, which most includes amount payable to the Victorian Government and Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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

## Note 5.2 (a) Contract liabilities

	<b>Total 2021 \$'000</b>	<b>Total 2020 \$'000</b>
<b>Opening balance of contract liabilities</b>	595	-
Payments received for performance obligations not yet fulfilled	13,376	15,391
Revenue recognised for the completion of a performance obligation	(13,822)	(14,796)
<b>Total contract liabilities</b>	<b>149</b>	<b>595</b>
<b>* Represented by:</b>		
- Current contract liabilities	149	595
	<b>149</b>	<b>595</b>

### 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 was significantly lower than the previous reporting period due to reduced funding recalls implemented by the Department of Health

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

### Maturity analysis of payables

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

### Note 5.3 Other liabilities

	Total 2021 \$'000	Total 2020 \$'000
Notes		
<b>Current monies held in trust</b>		
Patient monies	-	2
Refundable accommodation deposits	1,134	983
<b>Total current monies held in trust</b>	<b>1,134</b>	<b>985</b>
<b>Total other liabilities</b>	<b>1,134</b>	<b>985</b>
<b>* Represented by:</b>		
- Cash assets	6.2 1,134	983
	<b>1,134</b>	<b>983</b>

#### 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*.

## Note 6: How we finance our operations

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

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

### Structure

#### *6.1 Borrowings*

#### *6.2 Cash and cash equivalents*

#### *6.3 Commitments for expenditure*

#### *6.4 Non-cash financing and investing activities*

### Telling the COVID-19 story

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

## Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Determining if a contract is or contains a lease	<p>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"> <li>• has the right-to-use an identified asset</li> <li>• has the right to obtain substantially all economic benefits from the use of the leased asset and</li> <li>• can decide how and for what purpose the asset is used throughout the lease.</li> </ul>
Determining if a lease meets the short-term or low value asset lease exemption	<p>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"> <li>• If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>• If any leasehold improvements are expected to have a significant remaining value, the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>• The health service considers historical lease durations and the costs and business disruption to replace such leased assets.</li> </ul>

## Note 6.1 Borrowings

	Total 2021 \$'000	Total 2020 \$'000
<b>Current borrowings</b>		
Lease liability <sup>(i)</sup>	103	79
Advances from government (ii)	33	-
<b>Total current borrowings</b>	<b>136</b>	<b>79</b>
<b>Non-current borrowings</b>		
Lease liability <sup>(i)</sup>	189	145
Advances from government (ii)	132	165
<b>Total non-current borrowings</b>	<b>321</b>	<b>310</b>
<b>Total borrowings</b>	<b>457</b>	<b>389</b>

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

<sup>ii</sup> 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 either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

### Subsequent measurement

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

### Maturity analysis

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

### Defaults and breaches

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

## Note 6.1 (a) Lease liabilities

Benalla Health's lease liabilities are summarised below:

	<b>Total 2021 \$'000</b>	<b>Total 2020 \$'000</b>
Total undiscounted lease liabilities	303	231
Less unexpired finance expenses	(11)	(7)
<b>Net lease liabilities</b>	<b>292</b>	<b>224</b>

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

	<b>Total 2021 \$'000</b>	<b>Total 2020 \$'000</b>
Not longer than one year	105	79
Longer than one year but not longer than five years	198	152
<b>Minimum future lease liability</b>	<b>303</b>	<b>231</b>
Less unexpired finance expenses	(11)	(7)
<b>Present value of lease liability</b>	<b>292</b>	<b>224</b>
<b>* Represented by:</b>		
- Current liabilities	103	79
- Non-current liabilities	189	145
	<b>292</b>	<b>224</b>

### 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:

<b>Type of asset leased</b>	<b>Lease term</b>
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.

## Note 6.2 Cash and Cash Equivalents

Note	Total 2021 \$'000	Total 2020 \$'000
Cash on hand (excluding monies held in trust)	2	2
Cash at bank (excluding monies held in trust)	767	781
Cash at bank - CBS (excluding monies held in trust)	12,026	10,921
<b>Total cash held for operations</b>	<b>12,795</b>	<b>11,704</b>
Cash at bank (monies held in trust)	1	1
Cash at bank - CBS (monies held in trust)	1,133	982
<b>Total cash held as monies in trust</b>	<b>1,134</b>	<b>983</b>
<b>Total cash and cash equivalents</b>	<b>13,929</b>	<b>12,687</b>

### How we recognise cash and cash equivalents

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

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

## Note 6.3 Commitments for expenditure

There are no capital or operating commitments at 30 June 2021 (2020 \$Nil)

## Note 6.4 Non-cash financing and investing activities

	Total 2021 \$'000	Total 2020 \$'000
Acquisition of plant and equipment by means of Leases	79	187
<b>Total non-cash financing and investing activities</b>	<b>79</b>	<b>187</b>

## 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*

### **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 30 June 2021	Financial Assets at Amortised Cost	Financial Liabilities at Amortised Cost	Total
	\$'000	\$'000	\$'000
<b>Contractual Financial Assets</b>			
Cash and Cash Equivalents	13,929	-	13,929
Receivables and contract assets	1,343	-	1,343
<b>Total Financial Assets<sup>1</sup></b>	<b>15,272</b>	<b>-</b>	<b>15,272</b>
<b>Financial Liabilities</b>			
Payables	-	2,558	2,558
Borrowings	-	457	457
Other Financial Liabilities - Refundable Accommodation Deposits	-	1,134	1,134
<b>Total Financial Liabilities<sup>1</sup></b>	<b>-</b>	<b>4,149</b>	<b>4,149</b>

6.2

5.1

5.2

6.1

5.3

### Note 7.1 (a) Categorisation of financial instruments

		Financial Assets at		Financial Liabilities		
		Amortised Cost	at Amortised Cost	Amortised Cost	at Amortised Cost	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Total</b>						
<b>30 June 2020</b>						
<b>Contractual Financial Assets</b>						
Cash and cash equivalents	6.2	12,687	-	-	-	12,687
Receivables and contract assets	5.1	1,493	-	-	-	1,493
<b>Total Financial Assets<sup>i</sup></b>		<b>14,180</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>14,180</b>
<b>Financial Liabilities</b>						
Payables	5.2	-	1,421	1,421	-	1,421
Borrowings	6.1	-	389	389	-	389
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	983	983	-	983
<b>Total Financial Liabilities<sup>i</sup></b>		<b>-</b>	<b>2,793</b>	<b>2,793</b>	<b>-</b>	<b>2,793</b>

<sup>i</sup> 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.

## Note 7.1 (a) Categorisation of financial instruments

### 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).

## Note 7.1 (a) Categorisation of financial instruments

### 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
  - Benalla Health has transferred its rights to receive cash flows from the asset and either:
    - has transferred substantially all the risks and rewards of the asset or
    - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

### Derecognition of financial liabilities

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

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

### Reclassification of financial instruments

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 2020-21.

**Note 7.2 (a) Credit risk**

**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:

		Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total
<b>30 June 2021</b>							
<b>Expected loss rate</b>		0.0%	0.0%	5.0%	5.0%	0.0%	
Gross carrying amount of contractual receivables	5.1	458	30	24	36	0	548
<b>Loss allowance</b>		-	-	(1)	(2)	-	(3)
<b>30 June 2020</b>							
<b>Expected loss rate</b>		0.0%	0.0%	5.0%	15.0%	0.0%	
Gross carrying amount of contractual receivables	5.1	481	58	62	30	0	631
<b>Loss allowance</b>		-	-	(3)	(5)	-	(8)

### **Note 7.2 (a) Credit risk**

#### **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.

**Note 7.2 (b) Payables and borrowings maturity analysis**

	Carrying Amount	Nominal Amount	Maturity Dates				
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Total 30 June 2021</b>							
Payables	2,558	2,558	2,558	-	-	-	-
Borrowings	457	457	6	18	54	379	-
Other Financial Liabilities - Refundable Accommodation Deposits	1,134	1,134	-	-	395	739	-
<b>Total Financial Liabilities</b>	<b>4,149</b>	<b>4,149</b>	<b>2,564</b>	<b>18</b>	<b>449</b>	<b>1,118</b>	<b>-</b>

	Carrying Amount	Nominal Amount	Maturity Dates				
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	Over 5 years
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Total 30 June 2020</b>							
Financial Liabilities at amortised cost							
Payables	1,421	1,421	1,421	-	-	-	-
Borrowings	389	389	2	6	17	364	-
Other Financial Liabilities - Refundable Accommodation Deposits	983	983	-	-	983	-	-
Other Financial Liabilities - Patient monies held in trust	2	2	-	2	-	-	-
<b>Total Financial Liabilities</b>	<b>2,795</b>	<b>2,795</b>	<b>1,423</b>	<b>8</b>	<b>1,000</b>	<b>364</b>	<b>-</b>

<sup>i</sup> 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 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 Jointly controlled operations***

***8.7 Equity***

***8.8 Economic dependency***

### Telling the COVID-19 story

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

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

	Total 2021 \$'000	Total 2020 \$'000
<b>Net result for the year</b>	(1,631)	(124)
<b>Non-cash movements:</b>		
(Gain)/Loss on sale or disposal of non-financial assets	3.4 (63)	(4)
Depreciation and amortisation of non-current assets	4.3 2,336	2,200
Assets and services received free of charge	2.2 (16)	-
Bad and doubtful debt expense	3.1 (5)	5
Discount (interest) / expense on loan	1	(2)
Other non-cash movements	(90)	(22)
<b>Movements in Assets and Liabilities:</b>		
(Increase)/Decrease in receivables and contract assets	165	3
(Increase)/Decrease in inventories	(3)	2
(Increase)/Decrease in prepaid expenses	63	(55)
Increase/(Decrease) in payables and contract liabilities	691	751
Increase/(Decrease) in employee benefits	(74)	140
Increase/(Decrease) in other liabilities	(2)	(883)
<b>Net cash inflow from operating activities</b>	<b>1,372</b>	<b>2,011</b>

## 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
The Honourable Martin Foley:	
Minister for Mental Health	1 Jul 2020 - 29 Sep 2020
Minister for Health	26 Sep 2020 - 30 Jun 2021
Minister for Ambulance Services	26 Sep 2020 - 30 Jun 2021
Minister for the Coordination of Health and Human Services: COVID-19	26 Sep 2020 - 9 Nov 2020
The Honourable Jenny Mikakos:	
Minister for Health	1 Jul 2020 - 26 Sep 2020
Minister for Ambulance Services	1 Jul 2020 - 26 Sep 2020
Minister for the Coordination of Health and Human Services: COVID-19	1 Jul 2020 - 26 Sep 2020
The Honourable Luke Donnellan:	
Minister for Child Protection	1 Jul 2020 - 30 Jun 2021
Minister for Disability, Ageing and Carers	1 Jul 2020 - 30 Jun 2021
The Honourable James Merlino:	
Minister for Mental Health	29 Sep 2020 - 30 Jun 2021
<b>Governing Boards</b>	
Dr Dennis O'Brien	1 Jul 2020 - 30 Jun 2021
David Elford	1 Jul 2020 - 30 Jun 2021
Lisa Marta	1 Jul 2020 - 30 Jun 2021
Peter McNeill	1 Jul 2020 - 30 Jun 2021
Dr Sarah Chaplin	1 Jul 2020 - 30 Jun 2021
Assoc Prof. Janet Chapman	1 Jul 2020 - 30 Jun 2021
John Papatheohari	1 Jul 2020 - 30 Jun 2021
Tammy Smith	1 Jul 2020 - 30 Jun 2021
Terry Trounson	1 Jul 2020 - 30 Jun 2021
<b>Accountable Officers</b>	
J. Holland (Chief Executive Officer)	1 Jul 2020 - 30 Jun 2021

## Note 8.2 Responsible persons (continued)

### Remuneration of Responsible Persons

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

#### Income Band

\$0 - \$9,999

\$220,000 - \$229,999

\$280,000 - \$289,999

**Total Numbers**

<b>Total 2021 No</b>	<b>Total 2020 No</b>
9	9
1	-
-	1
<b>10</b>	<b>10</b>
<b>Total 2021 \$'000</b>	<b>Total 2020 \$'000</b>
<b>\$229</b>	<b>\$329</b>

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

## Note 8.3 Remuneration of executives

### Remuneration of executive officers

	Total Remuneration	
	2021 \$'000	2020 \$'000
Short-term benefits	427	307
Post-employment benefits	46	44
Other long-term benefits	12	7
Termination benefits	-	-
<b>Total remuneration<sup>i</sup></b>	<b>485</b>	<b>358</b>
Total number of executives	3	2
Total annualised employee equivalent <sup>ii</sup>	3.0	2.0

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

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

Total remuneration payable to executives during the year included an additional executive officer and payments made for higher duties.

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	Dr Dennis O'Brien	Chair of the Board
Benalla Health	David Elford	Board Member
Benalla Health	Lisa Marta	Board Member
Benalla Health	Peter McNeill	Board Member
Benalla Health	Dr Sarah Chaplin	Board Member
Benalla Health	Assoc Prof. Janet Chapman	Board Member
Benalla Health	John Papatheohari	Board Member
Benalla Health	Tammy Smith	Board Member
Benalla Health	Terry Trounson	Board Member
Benalla Health	Ms J. Holland	Chief Executive Officer
Benalla Health	A. Nitschke	Executive Director of Finance & Corporate Services
Benalla Health	L. Pryor	Executive Director of Clinical Services
Benalla Health	S. Wilson	Executive Director of Clinical Services

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

	Total 2021 \$'000	Total 2020 \$'000
<b>Compensation - KMPs</b>		
Short-term Employee Benefits <sup>i</sup>	628	606
Post-employment Benefits	67	68
Other Long-term Benefits	18	13
Termination Benefits	-	-
<b>Total<sup>ii</sup></b>	<b>713</b>	<b>687</b>

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

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

## Note 8.4: Related Parties

### Significant transactions with government related entities

Benalla Health received funding from the Department of Health of \$24.66 m (2020: \$24.85 m) and indirect contributions of \$0.305 m (2020: \$0.058 m). Balances outstanding as at 30 June 2021 are \$0.587 m (2020 \$0.564 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 2021 (2020: 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 2021.

	Total 2021 \$'000	Total 2020 \$'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.	9	7

**Note 8.5: Remuneration of Auditors**

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

<b>Total 2021 \$'000</b>	<b>Total 2020 \$'000</b>
20	22
<b>20</b>	<b>22</b>

## Note 8.6 Joint arrangements

	Principal Activity	Ownership Interest	
		2021 %	2020 %
Hume Region Health Alliance	Information Technology Services	5.75	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:

	2021 \$'000	2020 \$'000
<b>Current assets</b>		
Cash and cash equivalents	676	527
Receivables	53	57
Prepaid expenses	15	7
<b>Total current assets</b>	<b>744</b>	<b>591</b>
<b>Non-current assets</b>		
Investments and other financial assets	-	28
Property, plant and equipment	34	39
<b>Total non-current assets</b>	<b>34</b>	<b>67</b>
<b>Total assets</b>	<b>778</b>	<b>658</b>
<b>Current liabilities</b>		
Payables	410	258
Borrowings	4	11
<b>Total current liabilities</b>	<b>414</b>	<b>269</b>
<b>Non-current liabilities</b>		
Borrowings	12	16
<b>Total non-current liabilities</b>	<b>12</b>	<b>16</b>
<b>Total liabilities</b>	<b>426</b>	<b>285</b>
<b>Net assets</b>	<b>352</b>	<b>373</b>
<b>Equity</b>		
Accumulated surplus	352	373
<b>Total equity</b>	<b>352</b>	<b>373</b>

## Note 8.6 Joint arrangements

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

	<b>2021</b>	<b>2020</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Revenue</b>		
Operating Activities	354	378
Non Operating Activities	1	3
Capital Purpose Income	18	97
<b>Total revenue</b>	<b>373</b>	<b>478</b>
<b>Expenses</b>		
Information Technology and Administrative Expense	118	112
Other Expenses from Continuing Operations	199	288
Finance Lease Charges	1	1
Depreciation	46	33
Capital Purpose Expenditure	31	-
<b>Total expenses</b>	<b>395</b>	<b>434</b>
<b>Net result</b>	<b>(22)</b>	<b>44</b>

### Contingent liabilities and capital commitments

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

**Note 8.7: 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 8.8: 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.



**Benalla Health**

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