

Continuing our
high quality care
in a new era



**Barwon
Health**

ANNUAL REPORT 2019-20

VISION

Together with our community we build healthier lives, inspired by world class standards.

MISSION

With our consumers at the forefront, we excel in delivering efficient integrated care, education and research to advance health and wellbeing for all.

VALUES

Respect: We respect the people we connect with.

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

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

Accountability: We take accountability for what we do.

Innovation: We drive innovation for better care.



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

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

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About this Report

MANNER OF ESTABLISHMENT AND THE RELEVANT MINISTER

This Annual Report is prepared in accordance with Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994. The following disclosures are made regarding responsible persons for the reporting period.

RESPONSIBLE MINISTERS

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

Martin Foley MP, Minister for Mental Health

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

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

MESSAGE FROM THE BOARD CHAIR AND CHIEF EXECUTIVE

In early 2020, Barwon Health commenced looking at a 30 year horizon in order to determine our strategic priorities for the next five years.

We believe looking beyond 2025 positions us to respond to the longer term challenges of our region. By considering the long-term environment of our community and the health industry, we can forge a better path for the provision of healthcare to ensure we meet the community's needs.

Many people would have noticed the changing face of Barwon Health in recent years, with new locations and a focus on providing care in a community setting. Opening in January 2020, Barwon Health North in the northern suburbs of Geelong has been a marvellous demonstration of this so far. The model of care at Barwon Health North has paved the way for planning of a similar facility to address the growing population of Torquay and surrounding Surf Coast Shire communities. We have seen the improved access and efficiency of new community-based health facilities bringing care closer to home.

It's hard to imagine a more challenging 12-month period for a health service. The cyber security incident that impacted Barwon Health in 2019 and the COVID-19 pandemic of 2020 have been challenging periods for our organisation. The prolonged IT outage showcased our resilience and innovation, driving us to create new ways of communicating with each other and with our patients and clients. It became a prelude to our response to the world's largest health crisis since the Spanish flu. The ramifications and learnings

of each experience, while still ongoing, have been widespread, but we can proudly stand back and say the effort of our staff has been exemplary, with the health and safety of our community remaining at the forefront of everything we do. The road is long and we still have much to do before things return to a new normal, but we expect Barwon Health to recover from the pandemic as we did from the cyber security incident with new knowledge and skills, and an even greater connection to our community.

Connection to our community has been a huge part of the COVID-19 response, particularly the testing, contact tracing and monitoring teams. These teams have been integral in slowing outbreaks across the Barwon south west region.

Barwon Health's central hospital precinct has benefited greatly from the expansion of services into University Hospital Geelong Building B (former Geelong Private Hospital) during our pandemic response. New investment has allowed us to reactivate the building, with its value to the organisation becoming evident when we were able to rapidly transform part of Building B into an Acute Respiratory Assessment Clinic, with room for a potential influx of COVID-19 positive inpatients. We also look forward to the evolution of the central hospital precinct with planning well-underway for a dedicated women's and children's area on the main University Hospital Geelong site,

and the significant refurbishment of the Swanston Centre underway, improving experiences and safety for patients and staff.

Culture has been a key focus for improvement at Barwon Health, and the People Matter Survey has allowed us to act on staff feedback to develop organisational priority areas to make Barwon Health a better place to work. One of these priorities was increased recognition for staff, bringing about the implementation of a new Living our Values peer recognition program. Since March 2020, more than 50 staff have been recognised through the program by a peer for their ability to demonstrate and champion our organisation's values in everything that they do.

As our region's major provider of mental health services and residential aged care services, we have taken a great deal of interest in the findings of the Royal Commissions into mental health and aged care. The focus on both aged care and mental health has highlighted areas we need to improve, while affirming much of what we are already doing well.

Our position as a provider of research was cemented in June 2020 with the announcement of a significant donation from the Costa family. A \$2.5million donation to establish the Adrian Costa Clinical Trials Centre in Geelong, facilitated by the Barwon Health Foundation, heralds a new era in research for our region with a more connected and cohesive approach to clinical trials and research application.

The year marked the first year of the Barwon Health Foundation operating as a separate entity, with the sole purpose of the organisation being to raise funds for Barwon Health. Under this new model, the Barwon Health Foundation raised \$5.7 million with the fundraising endeavours boosted by the establishment of a Coronavirus Response Fund in early 2020; one of the first funds of its kind in Australia. The emergence of the pandemic saw the Barwon Health Foundation pivot their focus, driving donations not only for patient care but also for staff health and wellbeing support as they worked under pressure to respond to COVID demand. We thank the Barwon Health Foundation for their commitment and look forward to continuing to work closely with them.

Our volunteers supported Barwon Health in 2019-2020, however the COVID-19 pandemic bought about a suspension of onsite volunteering in May 2020. Our volunteer coordinators have adapted to the current climate by creating virtual and remote volunteer roles to support aged care residents and palliative care clients. The roles preserve the health and safety of both volunteers and patients, while also ensuring a meaningful and rewarding experience for all participants.

In a year that has seen our people respond to crisis we are heartened by the continuing focus on innovation to ensure the community has ongoing access to high quality care.

We would like to take this opportunity to thank all staff, volunteers, board directors, stakeholders and the wider community for their service and patience throughout this challenging financial year.



Brian Cook

Brian Cook
Chair



Frances Diver

Frances Diver
Chief Executive



REPORT OF OPERATIONS

Responsible Bodies Declaration

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Barwon Health for the year ending 30 June 2020.

Brian Cook
Barwon Health Board Chair
Geelong 15 September 2020

BARWON HEALTH AT A GLANCE



73,345
EMERGENCY DEPARTMENT PRESENTATIONS



85,042
INPATIENTS SEPARATIONS



19,879
OPERATIONS



2,628
BABIES BORN



154,941
OUTPATIENT APPOINTMENTS



7,467
STAFF (HEAD COUNT)

YEAR IN REVIEW

In a year full of challenges, we have continued to prioritise delivering uninterrupted patient-centred care, focusing on efficiency and integration, as well as education and research that advances the community's health and wellbeing.

July 2019

PEOPLE MATTER SURVEY RESULTS PUBLISHED

The People Matter Survey is a pulse-check across the organisation, with a goal of making Barwon Health the best workplace it can be. By reviewing the way we operate and provide care to the community, our staff have had a say in shaping the organisation. Changes have been rolled out in response to feedback, with improvements in senior leadership visibility, staff recognition, reduction of workplace stress and feeling safe at work.

BARWON HEALTH FOUNDATION ESTABLISHED AS A SEPARATE ENTITY

The Barwon Health Foundation took a bold new step to become a separate entity charged with the sole responsibility of raising funds to support patient care and staff wellbeing at Barwon Health.

LIFT REPLACEMENT

Lifts in our Bellarine Centre were replaced providing quicker and smoother access to all floors of the Bellerine Centre at University Hospital Geelong.





THE BARWON HEALTH FOUNDATION
CORONAVIRUS RESPONSE FUND CONTRIBUTED
TO AN EXCEPTIONAL OUTCOME FOR
THE YEAR, WITH A SURPLUS OF
\$5.7 MILLION,
HELPING TO SUPPORT A NUMBER OF INITIATIVES,
INCLUDING A MOBILE COFFEE CART

Staff at University Hospital Geelong enjoy a sponsored coffee thanks to the Coronavirus Response Fund.

August 2019

PALLIATIVE CARE SERVICE

Palliative Care funding announced to support a new Palliative Care at Home model, enabling extended home care for patients who may otherwise need to be cared for in hospital.

EMERGENCY DEPARTMENT PREMIERED SHORT FILM AT INAUGURAL 'YOU NEVER KNOW' ROAD TRAUMA FORUM FOR YOUNG PEOPLE

Barwon Health Emergency Department (ED) and Public Affairs Department premiered a short film to more than 1200 Year 11 and 12 students at the region's first You Just Never Know road trauma awareness forum. The film follows the journey of young person through our ED after a serious car accident and explores the impact to the patient, his family and staff. The film is told from the perspective of emergency physician Dr David Eddy who also lost his brother to road trauma.

September 2019

60 YEARS OF THE MCKELLAR CENTRE

9 September 2019 marked the 60th anniversary of the McKellar Centre, which opened as Grace McKellar House on 9 September 1959.

October 2019

CYBER SECURITY INCIDENT

Barwon Health, along with other health services in south west Victoria and Gippsland experienced a cyber-attack. The sophisticated attack impacted most of our applications and extensive work was required with both Commonwealth and State agencies to restore our systems to full functionality. This attack whilst challenging saw the organisation work hard to minimise the impact on patients and clients.

NSQHS ACCREDITATION

Barwon Health was fully accredited after being assessed against the National Safety and Quality Health Service (NSQHS). A new edition of the NSQHS Standards came into effect in January last year and we were among the first group of major health services to achieve the successful audit outcome against the new requirements. Staff played a significant role in preparing for this successful outcome, which was achieved while the organisation was experiencing significant disruptions to IT systems as a result of the cyber security incident.

ANNUAL RESPECT CUP

This annual event held at Kardinia Park saw Year 9 students from across the region come together to play netball with the aim of supporting students to take the lead in promoting healthy relationships, gender equity and respect.

This event was a collaborative effort, working with a broad range of agencies including Barwon Community Legal Service, Department of Education, Barwon Child, Youth and Family, Geelong Cats and Women's Health and Wellbeing Barwon South West.

HEART OF BARWON HEALTH MURAL

To celebrate our staff, we developed 100 Heart of Barwon Health profiles - a mural was unveiled in the University Hospital Geelong cafeteria.

November 2019

PROFESSOR MICHAEL BERK RECEIVES VICTORIA PRIZE FOR LIFE SCIENCES

Barwon Health Chair of Psychiatry, Professor Michael Berk was recognised as a world-leading scientist at the 2019 Victoria Prize and Fellowship Awards. This prize acknowledges his research into risk factors, novel therapies, and effective treatments of psychiatric conditions such as bipolar disorder.

BARWON BEST CARE AWARDS

The annual safety and quality awards had a new name this year - Barwon Best Care Awards, reflecting the new Barwon Best Care quality framework. The awards were expanded to include Clinical Education and Training awards and workforce culture awards.

VICTORIAN PUBLIC HEALTHCARE AWARDS

Barwon Health and Ambulance Victoria's Prehospital Response of Mental Health and Paramedic Team (PROMPT) won the Minister for Mental Health's Award for excellence in supporting the mental health and wellbeing of Victorians, and the Aboriginal Health Team and Barwon Health Foundation received "highly commended" honours for showing excellence in Koorie women's maternity health.

December 2019

LAUNCH OF BARWON HEALTH DISABILITY PARTICIPATION ACTION PLAN

The Barwon Health Disability Participation Action Plan 2020/2025 was launched on International Day of People with Disability. The action plan is a five-year strategy to support inclusion for all members of our community with a disability. Guided by the action plan, we are providing equitable opportunities for inclusion, participation and access to services, programs and facilities within our community.

BARWON INFANT STUDY (BIS)

The Barwon Infant Study (BIS) reached an important new milestone with the commencement of its primary school wave of reviews. BIS is a major birth cohort study being conducted by the Child Health Research Unit (CHRU) at Barwon Health in collaboration with the Murdoch Children's Research Institute (MCRI) and Deakin University.

January 2020

OPENING OF BARWON HEALTH NORTH

After years of planning and construction, Barwon Health North was completed and opened, as an integrated, community-based health hub offering services such as an urgent care centre, renal dialysis, medical imaging, audiology and child and family health services.

COVID-19 PANDEMIC RESPONSE COMMENCES

With a global public health emergency imminent, the organisation commenced planning to respond to the COVID-19 pandemic.

February 2020

NEXT-GEN CATH LAB TECHNOLOGY FIRST

University Hospital Geelong became the world's first hospital to install a new generation of cardiovascular x-ray technology outside of its founder city in Germany. The new Siemens ARTIS icono cardiovascular system was installed and has improved the efficiency of the Barwon Health Cardia Catheterisation Laboratory, allowing more patients to receive more accurate results with a quicker turnover. The new cutting-edge machine is one of two in operation and the first of its kind in the southern hemisphere.

BARWON HEALTH NORTH RENAL DIALYSIS

As part of a staged commissioning of Barwon Health North, a new state-of-the-art renal service was established enabling a large number of patients who previously travelled to other sites across town to have their treatment close to home.

March 2020

COVID-19 PANDEMIC RESPONSE – PREPARING OF BUILDING B

Building B was recommissioned to respond to the COVID-19 pandemic. The recommissioned site included consulting rooms, specialist clinics and refurbished wards. This work formed a vital part in the organisation's Pandemic Plan.

Acute respiratory clinics were established at Barwon Health North and Building B, along with pop-up clinics around the region, testing more than 26,000 people for COVID-19 up to June 30 2020 in our effort to manage the virus and prevent its spread in our community.

In addition to Building B being reactivated works were also undertaken to provide expanded high dependency spaces within the main University Hospital site.

PANDEMIC RESPONSE – RECRUITMENT

Work commenced on recruiting, redeploying and upskilling staff as part of our Pandemic response.

April 2020

NEW TECHNIQUE TO TARGET BRAIN CANCER

Providing better services and the latest technology close to home is incredibly important to the community. The provision of cranial stereotactic radiotherapy (SRT) at Barwon Health's Andrew Love Cancer Centre means that patients no longer have to travel to Melbourne for this vital therapy.

May 2020

COVID-19 CLINICAL TRIAL INTO TWO POTENTIAL TREATMENTS

Announcement that Barwon Health has been selected to participate in an international clinical trial (ASCOT Trial) aimed at testing the effectiveness and safety of two drugs as potential treatments for COVID-19.

MENTAL HEALTH, DRUGS AND ALCOHOL SERVICES

Relocating the Drug and Alcohol Service from 40 Little Malop Street to 126 Little Malop Street repositioned the service closer to the public transport hub on Moorabool Street and provided a more contemporary space for clients.

SMOKEFREE APPROACH EARNS GLOBAL RECOGNITION: GOLD FORUM MEMBERSHIP

The Global Network for Tobacco Free Healthcare Services awarded Barwon Health with Gold Forum Membership, highlighting its commitment to achieving the highest level of tobacco-free standards.

June 2020

ADRIAN COSTA CLINICAL TRIAL CENTRE ANNOUNCED

2019/2020 was an exciting year for the Barwon Health research community, finishing with the announcement of a clinical trials centre. This new facility is a key part of Barwon Health's strategy to embed research excellence into every aspect of clinical care, whilst improving training opportunities, research capacity and consumer access to the best available treatments.

Funding for this Centre was secured by the Barwon Health Foundation with a \$2.5 million donation from the Costa Family. In memory of the late Adrian Costa, this donation by the Costa family will allow Barwon Health's clinical research community



MASTERPLANNING
COMMENCED FOR A NEW
PAEDIATRIC
EMERGENCY
DEPARTMENT
AT UNIVERSITY HOSPITAL
GEELONG

to increase their capacity for ground-breaking and internationally-recognised findings, with improved collaboration across all research disciplines.

RESEARCH

In 2019/20, Barwon Health researchers published more than 460 journal articles in peer reviewed scientific journals. Some researchers received significant recognition for their work, including Professor Felice Jacka, receiving a \$2.2 million NHMRC Investigator Grant into Nutritional Psychiatry.

PLANNING FOR THE FUTURE

Planning is underway for a range of infrastructure projects that address acute, community and mental health needs of the community.

Emergency Department Mental Health, Alcohol and Other Drugs Hub. This project will see the creation of a specialised Mental Health, Alcohol and Other Drugs Crisis Hub and behavioural assessment room in the Emergency Department at University Hospital Geelong.

Emergency Triage: As part of the Crisis Hub and Behavioural Assessment room, planning is also underway to redesign the triage area to improve privacy, safety and comfort for patients and staff.

The Swanston Centre redevelopment project: Planning commenced with construction scheduled to commence in October 2020. The redevelopment will provide a more contemporary space for patients and staff and include four discrete areas, a high dependency unit and a seclusion wing.

Paediatric Emergency Department: Masterplanning commenced for a new paediatric emergency department at University Hospital Geelong.

Women's and Children's: Planning works commenced to upgrade existing facilities at Barwon Health, supporting the construction of a purpose built comprehensive women's and children's facility to be integrated into the existing University Hospital Geelong campus.

ABOUT BARWON HEALTH

STRATEGIC PLAN

The past five years have been governed by the Strategic Plan that expired on June 2020. This Strategic Plan had a focus on consumers with the aim being to position the organisation to deliver care that is 'consumer directed'.

The Strategic Plan has three key enablers:

- Leadership: clinical and business leadership that has the ambition and capability to deliver on the vision.
- Prosperity: generating the capacity to deliver on the vision.
- Knowledge: Using the power of our data and world knowledge as integrated information for care to deliver on the vision.

The Strategic plan 2015/2020 is divided into five pillars:

Pillar: Our consumers at the forefront

- Access to trusted health knowledge on demand.
- Confidence to sit at the forefront of one's own health management.
- Pathways of care, adapted to meet each person's needs.
- Lead the transition from consumer-centred care to consumers at the forefront of care.

Pillar: Our people at their best

- Living the values in every action and interaction.
- Harnessing our diversity, capabilities and integrating our efforts through high performing teams.
- Well-informed and consulted when decisions are made.
- Capable of responding with resilience in an environment of rapid change.

Pillar: Right care, right time, right place

- Quality and safety to the highest standard all day, every day.
- Putting consumers at the forefront of care delivery and service design.
- Transforming the timing of services and care.
- With our partners develop a wider range of services closer to local communities.

Pillar: Research, education and training for excellence

- Excel in population and preventative health research.
- Generating and adopting leading health practices.
- Training and educating our people for excellence in care delivery, teaching and research.
- Be the leading partner for education and training providers and learners.

Pillar: Our community's wellbeing

- Prevention and wellness services tailored to individual and local community needs.
- Pathways of care are focused on health and wellbeing outcomes.
- Understanding the health literacy profile of the community to address differences in access, self-management and engagement.
- With our partners encourage healthier living during childhood.

NATURE AND RANGE OF SERVICES

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

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

With more than 7100 staff, we are one of Australia's largest regional employers and the largest employer in Geelong.

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

As the regional health service, we provide leadership and tertiary referral services across the Barwon South Western Region.

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

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

In January 2020 we opened our newest site, Barwon Health North.

We provide community health services from Anglesea, Belmont, Corio, Newcomb, and Torquay and dental services from Belmont, Corio and Newcomb.

Mental health and alcohol and other drugs services are provided at the Swanston Centre at University Hospital Geelong, Prevention and Recovery Care (PARC) at Belmont Community Rehabilitation Facility, Blakiston Lodge Psychogeriatric Unit at the McKellar Centre and 10 community based locations including Belmont, central Geelong, Colac, Corio and Newcomb.

We have 363 residential aged care beds across two sites: Alan David Lodge in Charlemont and Percy Baxter Lodge, Wallace Lodge and Blakiston Lodge on the McKellar Centre campus in North Geelong.

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

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

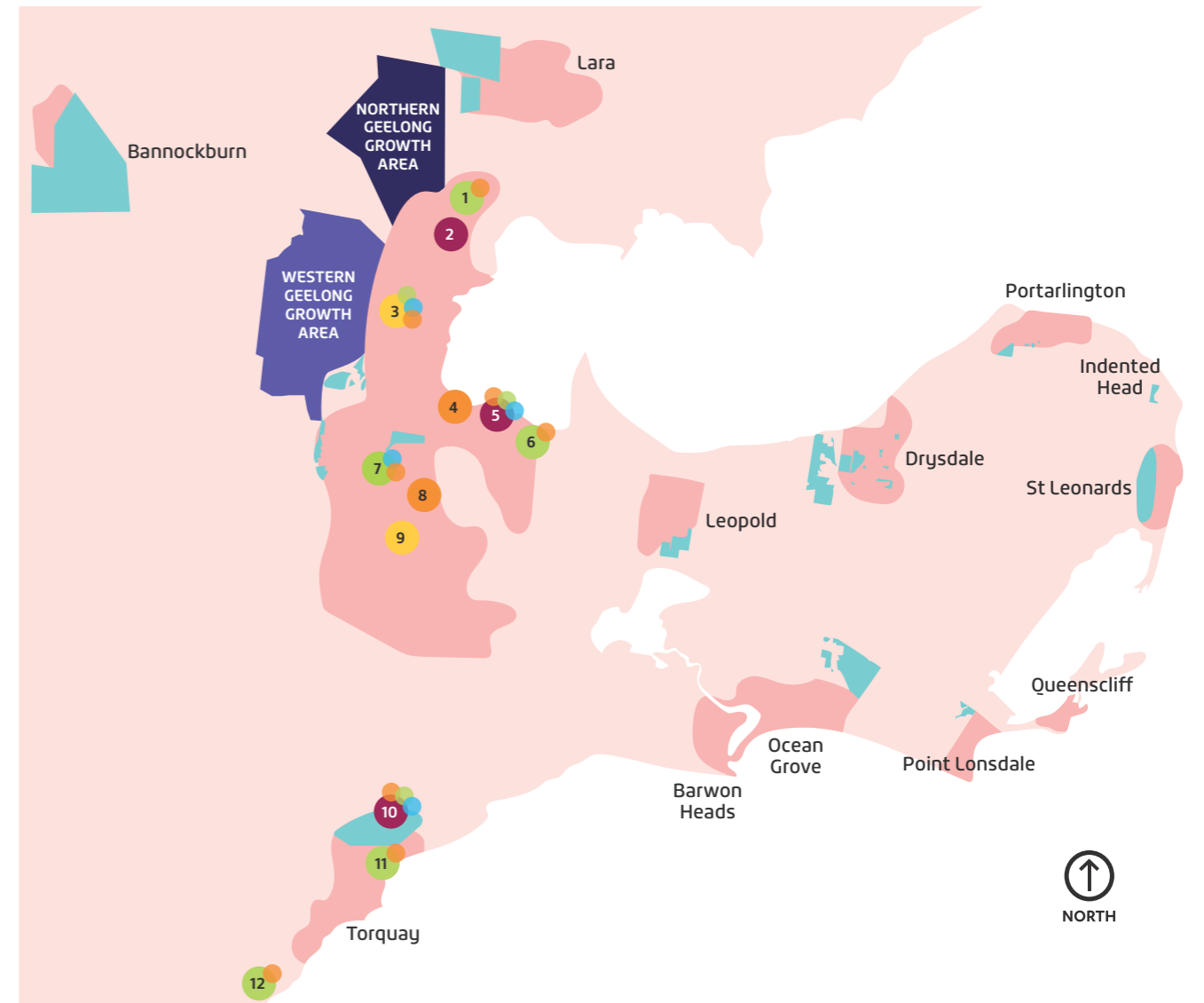
As a major teaching hospital, we have relationships with Deakin University, LaTrobe University, the Gordon Institute and other tertiary education providers including the University of Melbourne and Monash University. We provide teaching and training for all health professionals across all disciplines,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

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

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



Major Barwon Health service locations



Barwon Health Facilities

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

Care types

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

Growth areas

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

Population density

- < 500 People
- 500+ People

OUR BED CAPACITY

NUMBER OF BEDS	2019/20	2018/19
Acute	476	456
Transitional Care (off-site)	18*	18
Transitional Care (on-site)	34	34
Aged Residential Care	350	365
Mental Health Acute	32	32
Mental Health Rehabilitation and Secure Extended Care	12	12
Prevention and Recovery (PARC)	6	6
Sub-Acute	110	110

BREAKDOWN OF AGED CARE BEDS	2019/20	2018/19
Blakiston Lodge: consists of two secure units of 45 aged mental health beds and 45 dementia specific beds at the North Geelong campus of the McKellar Centre	90	90
Wallace Lodge: located at the North Geelong campus of the McKellar Centre	108	108
Alan David Lodge: located at the Charlemont campus of the McKellar Centre	74*	89
Percy Baxter Lodges: located at the North Geelong Campus of the McKellar Centre	78	78

*Note: Transitional Care (off-site) was moved to Alan David Lodge.

73,344

PRESENTATIONS TO THE
EMERGENCY DEPARTMENT
FOR TREATMENT

ADMINISTRATIVE STRUCTURE OF BARWON HEALTH

Board of Directors

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

Committees

FINANCE COMMITTEE

Chair / Mike Feehan
Members:
 Brian Cook
 Jennifer Williams
 Virginia Todd

AUDIT AND RISK MANAGEMENT COMMITTEE

Chair / Jennifer Williams
Members:
 Mike Feehan
 Robyn Davis
 Adjunct Professor Stephen Elder
 Tony Brain (external)

PRIMARY CARE AND POPULATION HEALTH COMMITTEE

Chair / Virginia Todd
Members:
 Jason Trethowan
 Professor Brendan Crotty

GOVERNANCE AND REMUNERATION COMMITTEE

Chair / Brian Cook
Members:
 Mike Feehan
 Jennifer Williams

MENTAL HEALTH, DRUGS AND ALCOHOL SERVICES SUB-COMMITTEE

Chair / Professor Brendan Crotty
Members: Christine Leahy

COMMUNITY ADVISORY COMMITTEE

Chair / Jason Trethowan
Members:
 Robyn Davis
 Virginia Todd
 Christine Leahy

QUALITY, SAFETY AND CLINICAL GOVERNANCE COMMITTEE

Chair / Professor Edward Janus
Members:
 Professor Brendan Crotty

Executive Team

CHIEF EXECUTIVE

Adjunct Professor / Frances Diver
BAppSci, MBA, GAICD
 (April 2019 to current)

CHIEF OPERATING OFFICER

Amanda Cameron
RN, BAppSc, Grad Dip
Critical Care, MHA
 (July 2018 to current)

CHIEF FINANCIAL OFFICER

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

CHIEF MEDICAL OFFICER (JOINT POSITION)

John Reeves to 9 June 2020
MBBS MD FANZCA FCICM EDIC MHA
 Simon Woods from
 7 November 2019
MBBS FRACS MBA FCSHK AFACHSM

CHIEF NURSING AND MIDWIFERY OFFICER

Adjunct Professor / Kate Gillan
RN, Gd dip Adv Nsg (M'ment), Gd dip Bus L'ship, FACHSM, GAICD
 (from 25 July 2019)

ACTING CHIEF NURSING & MIDWIFERY OFFICER

Jo Bourke to 25 July 2019
RN, GDCM, MAICD

ACTING CHIEF INFORMATION OFFICER

Andrew MacFarlane
 from 1 July 2019

CHIEF WORKFORCE AND CULTURE

Perry Muncaster to 22 September 2019
 Lee Jeffery from 14 April 2020
 Mikki Swindon 1 October 2019 to 8 April 2020

ACTING CHIEF WORKFORCE & CULTURE

Peter Brooke 23 September 2019 to 30 September 2019

EXECUTIVE DIRECTOR STRATEGY, PLANNING & PARTNERSHIPS

Anna Burgess from 16 September 2019
BSc(Hons), Grad Dip Health Management, Grad Dip Health Economics, FACHSM, FIPPA (Vic)

ACTING CHIEF EXECUTIVE DIRECTOR STRATEGY, PLANNING & PARTNERSHIPS

Keith Smith from 1 July 2019 to 15 September 2019

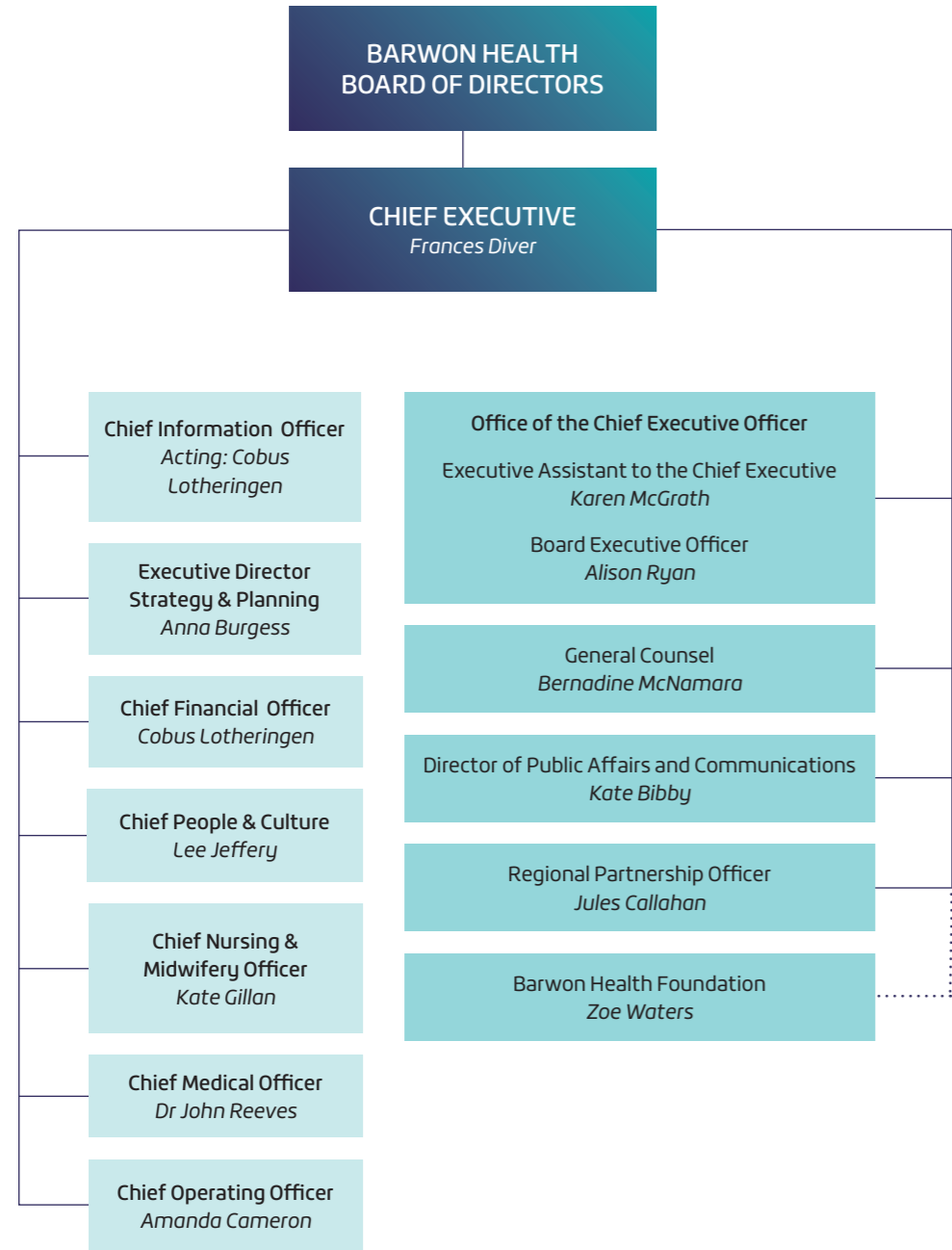
GENERAL COUNSEL

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

DIRECTOR PUBLIC AFFAIRS AND COMMUNICATIONS

Kate Bibby

ORGANISATIONAL STRUCTURE



OUR PEOPLE

Workforce Information

HOSPITALS LABOUR CATEGORY	JUNE CURRENT MONTH FTE*		AVERAGE MONTHLY FTE**	
	2019	2020	2019	2020
Nursing	1932.49	2044.79	1953.34	1987.36
Administration and Clerical	713.41	762.31	724.64	746.88
Medical Support	434.21	434.46	429.27	431.01
Hotel and Allied Services	519.43	554.36	528.62	541.47
Medical Officers	83.39	78.33	79.40	76.67
Hospital Medical Officers	359.37	389.24	379.11	386.46
Sessional Clinicians	107.38	114.61	109.38	113.00
Ancillary Staff (Allied Health)	388.46	412.71	395.16	406.15

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

STATEMENT ON EMPLOYMENT AND CONDUCT PRINCIPLES

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

WE EMPLOYED

2,045
NURSES

IN 2020 COMPARED
TO 1,932 IN 2019

OCCUPATIONAL HEALTH AND SAFETY

Barwon Health continues to implement measures designed to reduce the incidence of violence and aggression in the work place.

Barwon Health complies with the Occupational Health and Safety Act 2003 and continues to implement measures designed to reduce the incidence of violence and aggression in the work place. New initiatives for the year include:

- The implementation of body worn cameras for all security officers. Following an extensive consultation process, these cameras were successfully launched in April 2020 in order to better protect the safety and security of Barwon Health staff. The cameras are activated by security staff during incidents of violence and aggression (e.g. code greys) and have been found to provide a deterrent effect to aggressive behaviours, as well as providing useful evidence of incidents should the need arise.
- The relaunch of the MOVAIT training program. MOVAIT is Barwon Health's training program for the prevention and management of occupational violence and aggression. The program was significantly reviewed and updated into a new module style format in 2018-2019 to enable greater accessibility for staff. High risk wards/departments have been targeted to receive the new training initially, before a broader organisational roll out.
- The introduction of an in-house physiotherapy service at the StaffCare clinic, to enable timely assessment and treatment of staff who have been injured during the course of their work.

ALL STAFF ARE SUPPORTED BY AN IN-HOUSE GP CLINIC;

STAFFCARE.

THE STAFFCARE TEAM COORDINATE VACCINATIONS AND DRIVE WELLNESS CAMPAIGNS ACROSS THE ORGANISATION.

Occupational Health and Safety Data

OCCUPATIONAL HEALTH AND SAFETY STATISTICS	2019-20	2018-19	2017-18
The number of reported hazards/incidents for the year per 100 FTE	49.48	61.2	44.3
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.34	0.52	0.73
The average cost per WorkCover claim for the year ('000)	\$51,029	\$59,251	\$60,977

Occupational violence

OCCUPATIONAL VIOLENCE STATISTICS	2019-20
Workcover accepted claims with an occupational violence cause per 100 FTE	0.043
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0.26
Number of occupational violence incidents reported	803
Number of occupational violence incidents reported per 100 FTE	17.1
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	53%

Definitions of occupational violence

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

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

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2019-20.

Lost time – is defined as greater than one day.

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

GENERAL INFORMATION, DISCLOSURES AND ATTESTATIONS

Carers Recognition Act 2012

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

Safe Patient Care Act 2015

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

Car Parking Fees

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

Compliance with the Building Act

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

Actions that ensure that Barwon Health complies include:

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



Information and communication technology (ICT) expenditure

The total ICT expenditure incurred during the 2019-2020 financial year is \$24,670,343 (excluding GST) with the details shown below:

BUSINESS AS USUAL (BAU) ICT EXPENDITURE	NON-BUSINESS AS USUAL (NON-BAU) ICT EXPENDITURE		
Total (excl GST)	Total=Operational expenditure and capital expenditure (excl GST) (a) + (b)	Operational expenditure (excl GST) (a)	Capital expenditure (excl GST) (b)
\$20,874,608	\$3,795,736	\$691,979	\$3,103,757

Freedom of Information Act 1982

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

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

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

In the 2019/2020 financial year, 1,040 requests were received.

Public Interest Disclosures Act 2012

Under the legislation Barwon Health cannot accept protected disclosures. One mandatory notification was made by the Chief Executive to IBAC under the Act in 2019/2020.

Competitive Neutrality

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

Local Jobs Act 2003

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

During 2019-2020, Barwon Health commenced four Local Jobs First Standard Projects. Of those projects:

- One was awarded to a 100% regionally Victorian based company.
- One went to a company who service Barwon Health with a 100%Victorian based workforce.
- One was with an Australian company with 100% Australian based operations, servicing from Victorian based infrastructure and staff.
- One was to a multinational with a large Australian based resource pool with 90% Australian based workforce servicing the contract.



THREE ENVIRONMENTAL INITIATIVES COLLECTIVELY REDUCE BARWON HEALTH'S GREENHOUSE GAS EMISSIONS BY

757,203 KG OF CO₂

PER YEAR

Environmental Performance

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

The organisation has a 'Green Champions' group who look for ways to reduce the organisation's carbon footprint.

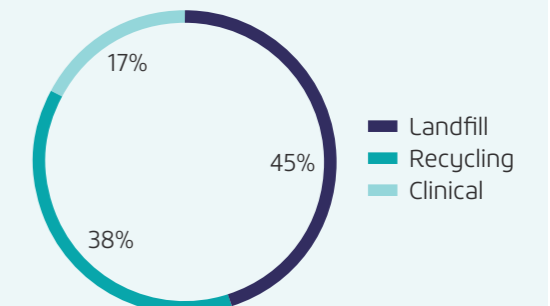
Each department is encouraged to set-up their own individualised focus group to develop a structured waste reduction plan suitable to their needs.

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

Food waste is also addressed by our food services team based at the McKellar Centre, which continues to recycle all food waste using the Closed Loop Organics system.

Energy and water usage is reported monthly to the Department of Health and Human Services and Sustainability Victoria.

University Hospital Geelong percentage by mass 2019-2020



To assist in reducing Greenhouse Gas Emissions, three projects were completed over the course of the year, the:

- removal of the Swanston Centre chiller;
- installation of a more efficient chiller in aged care facility, Wallace Lodge at the McKellar Centre in North Geelong; and
- installation of solar panels at the McKellar Centre in North Geelong.

The three initiatives:

- collectively reduce Barwon Health's Greenhouse Gas Emissions by 757,203 kg of CO₂/year; and
- contribute to a 10% reduction in electricity consumption at the McKellar Centre.



Additional information available on request

Details in respect of the items listed below have been retained by the health service and are available to the relevant Ministers, Members of Parliament and the public on request (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, 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.

Financial management compliance

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



Brian Cook
Chair
15 September 2020

Attestations and Declarations

CONFLICT OF INTEREST DECLARATION

I, Frances Diver, certify that Barwon Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of Hospital Circular 07/2017 Compliance reporting in health portfolio entities (Revised) in relation to conflict of interest and declarable associations and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Barwon Health and members of the Board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive and board meeting.



Frances Diver
Chief Executive, Barwon Health
15 September 2020

DATA INTEGRITY DECLARATION

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



Frances Diver
Chief Executive, Barwon Health
15 September 2020

INTEGRITY, FRAUD AND CORRUPTION DECLARATION

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



Frances Diver
Chief Executive, Barwon Health
15 September 2020



FINANCIAL RESULTS

REPORT FROM THE CHIEF FINANCIAL OFFICER

Barwon Health, in challenging conditions, achieved a successful 2019/2020 financial year result, returning a net surplus from operations of \$212,173.

There were two major interruptions to normal operations that impacted performance over the year. A cyber-attack in September/October 2019, which impacted on most operational IT systems and platforms and the Covid-19 pandemic event, which impacted from March 2020 onwards and curtailed both acute presentations and elective surgery. Despite these major disruptions Barwon Health still managed to provide great care and excellent services, delivering acute inpatient activity at 97% of target and sub-acute at 100.4% of target.



Cobus Lotheringen
Chief Financial Officer

Barwon Health continues to overcome these major challenges while increasing service provision and extending the service base, with the commissioning of the Barwon Health North facility, that includes walk-in urgent care services, renal, radiology, pharmacy, chronic care and women's and children's consulting services.

Major capital works completed over the year included:

- The completion of stage four of the BMI redevelopment work which included a new nuclear CT scanner at University Hospital Geelong.
- The completion of new \$33 million Barwon Health North facility with construction completed in August 2019.
- The decant and relocation of the Mental Health, Drugs and Alcohol Services from their accommodation at 126 Little Malop street to 40 Little Malop street to facilitate the stage 2 of the GPAC development.

BARWON HEALTH, IN CHALLENGING CONDITIONS, ACHIEVED A SUCCESSFUL 2019/2020 FINANCIAL YEAR RESULT, RETURNING A NET SURPLUS FROM OPERATIONS OF

\$212,173

An extremely busy construction period is envisaged for the Financial Year 2020/2021 with construction in planning for:

- The Mental Health, Drugs and Alcohol Services (MHADS) Swanston Centre redevelopment
- The Mental Health, Alcohol and Other Drugs Emergency Department hub and triage area re-development.
- The Paediatric Emergency Department facility
- The MHDAS central hub facility
- The McKellar acute adult mental health service 16 bed facility
- The McKellar Kidsrehabilitation centre at the McKellar site
- The McKellar early parenting centre
- The recommissioning of Building B to assist with COVID-19 response, which included four theatres, 24 ICU POC and three levels of inpatient wards.

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

From an operational perspective, staff labour costs increased to \$600 million for the year mainly due to negotiated Enterprise Bargaining Agreements (EBA) settling high and the commissioning of

new services at Barwon Health North and more homebased sub-acute programs established. Overall, labour costs grew by 8.3 per cent from 2018/2019, 1.3 per cent above the prior year EBA adjusted rate, while non-labour costs decreased by 3.7 per cent, index adjusted.

Due to the Covid 19 response effort, high costs were incurred on pathology whilst own source revenue has been depressed. All cost impacts that were related to the COVID-19 event have been additionally funded by the Department of Health and Human Services.

Costs associated with the code yellow cyber incident that have been preliminarily assessed as recoverable from VMIA, have been removed from the Year To Date operating result (\$3m+). They now sit as a recoverable item on the Balance sheet. The insurance recovery activity is ongoing.

The re-constituted Barwon Health Foundation Fund, managed by an independent Board in a more progressive and professional manner, delivered an impressive year end result of \$5.7 million surplus from a prior year of \$2.9 million, with a number of fundraising events and also major donations to assist Barwon Health in delivering great care and patient outcomes.

The reduction in interest rates by 75 basis points since October 2019 have resulted in a reduction in interest earned on cash and investment fund accounts.

Summary of Consolidated Financial Results

	2020 \$000	2019 \$000	2018 \$000	2017 \$000	2016 \$000
OPERATING RESULT*					
Total revenue	812,352	781,476	715,101	670,230	622,849
Total expenses	(812,140)	(781,206)	(712,666)	(667,040)	(632,635)
Net result from transactions	212	270	2,435	3,190	(9,786)
Total other economic flows	-	-	-	-	-
Net result	212	270	2,435	3,190	(9,786)
Total assets	922,184	923,093	728,244	715,299	714,589
Total liabilities	253,973	227,086	206,569	190,627	174,487
Net assets / Total equity	668,211	696,007	521,675	524,672	540,102

*The Operating Result is the result for which Barwon Health is monitored in the annual Statement of Priorities.

Reconciliation of Net Result from transactions and Operating Result

	2020 \$000	2019 \$000	2018 \$000	2017 \$000	2016 \$000
NET OPERATING RESULT*					
Capital purpose income	28,205	44,612	33,766	20,107	41,738
Specific income	-	-	-	907	530
Assets provided free of charge	-	-	-	-	-
Assets received free of charge	-	-	-	-	-
Expenditure for capital purpose	(2,815)	(3,729)	(3,583)	(1,252)	(10,126)
Depreciation and amortisation	(54,435)	(47,566)	(44,602)	(43,894)	(43,332)
Impairment of non-financial assets	-	-	-	-	-
Finance costs (other)	-	-	-	-	-
Total other economic flows	(2,897)	(4,995)	(438)	-	-
Net result for the year	(31,730)	(11,408)	(12,422)	(20,942)	(20,976)

*The Net Operating Result is the result which the health service is monitored against in its Statement of Priorities.

ii. STATEMENT ON SUBSEQUENT EVENTS

Refer to Note 8.6 Events Occurring after the Balance Sheet Date.



Consultancies

DETAILS OF CONSULTANCIES UNDER \$10,000

In 2019-2020, there were 21 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2019-2020 in relation to these consultancies is \$68,580 (excl GST).

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

In 2019-2020, there were 15 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019-2020 in relation to these consultancies is \$523,858 (excl GST). Details of individual consultancies can be viewed upon request and are subject to the Freedom of Information Act 1982. The following table details these consultancies.

CONSULTANT	PURPOSE OF CONSULTANCY	TOTAL APPROVED PROJECT FEE (EXCL GST)	EXPENDITURE 2019-2020 (EXCL GST)	FUTURE EXPENDITURE (EXCL GST)
AMEC Foster Wheeler	BH Project Love - good manufacturing practice (GMP) facility validation	20,901	20,901	-
Provider Assist Pty Ltd	ACFI score uplift assessment and Aged Care funding review	15,240	15,240	-
Dr Colin J Feekery & Dr Susan Sdrinis	Review of BH quality & safety unit	20,000	20,000	-
Miller	Clinical Trials Strategy and Centre. Prepare Issues Paper	24,545	24,545	-
Deloitte Consulting Pty Ltd	Oracle ERP cloud feasibility	96,199	17,814	-
JB Were	Investment Portfolio Advice and Management	85,370	85,370	-
Provider Assist Pty Ltd	Funding review - BH McKellar Centre Dec19	32,593	32,593	-
Allied Health	Prosthetic & Orthotic professional assistance with BH Orthotic tender revision	13,973	13,973	-
Smart in safety	OHS Consulting services	36,300	36,300	-
Lived solutions	Accademic research FY19/20 48 days MHDAS	43,636	43,636	-
Provider Assist Pty Ltd	ACFI Angels Pilot -Delynn Chihoho	57,669	57,669	-
PricewaterhouseCoopers Consulting (Australia) Pty Ltd	Consultancy services McKellar Aged Psychiatry Functional Brief	40,000	40,000	-
Deloitte Consulting Pty Ltd	Independently facilitated CEO council strategic planning workshop for Rural & Regional Health Partnership Program health services	12,800	12,800	-
Provider Assist Pty Ltd	BH Percy Baxter Lodges Jul-2019	10,538	10,538	-
PricewaterhouseCoopers Consulting (Australia) Pty Ltd	BH EHR Delivery Assessment	92,479	92,479	-



Clinical psychologist Carolyn Coulson

DETAILS OF CONSULTANCIES OVER \$100,000

In 2019/2020 there was 1 consultancy where the total fees payable to the consultants were greater than \$100,000.

The total expenditure incurred during the 2019/2020 financial years is \$100,878 (excl GST).

CONSULTANT	PURPOSE OF CONSULTANCY	TOTAL APPROVED PROJECT FEE (EXCL GST)	EXPENDITURE 2019-2020 (EXCL GST)	FUTURE EXPENDITURE (EXCL GST)
Professor Douglas Joshua, Dr Alan Rodger & Dr Susan Sdrinis	Cancer Services Review	100,878	100,878	-

KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING



WORK COMMENCED ON
DEVELOPING ORGANISATION WIDE
PROCEDURES TO RESPOND TO

FAMILY VIOLENCE

INFORMATION SHARING REQUESTS

STATEMENT OF PRIORITIES: PART A REPORTING

HEALTH 2040: ADVANCING HEALTH, ACCESS AND CARE		BH DELIVERABLE	KEY DATES	ACCOUNTABLE PERSON	STATUS	ACTION PROGRESS/COMPLETION STATEMENT
DHHS Goals	DHHS Strategies					
Better Health	Better Health					
<p>A system geared to prevention as much as treatment.</p> <p>Everyone understands their own health and risks.</p> <p>Illness is detected and managed early.</p> <p>Healthy neighbourhoods and communities encourage healthy lifestyles.</p>	<p>Reduce state-wide risks.</p> <p>Build healthy neighbourhoods.</p> <p>Help people to stay healthy.</p> <p>Target health gaps.</p>	<p>Pilot a new model of care for heart failure patients with clear evaluation criteria to achieve a 5% reduction in admitted bed days for this population cohort.</p>	Jun-20	Clinical Director /Co Director Community Health, Rehabilitation and Palliative Care: Toni Hogg/ Deborah Kay	Complete	<p>The Pilot Heart Failure team and new Model of Care (MOC) commenced in January 2020. The new MOC combines early identification, care planning, frequent low level support, remote patient monitoring, medication review and early identification of deterioration with organised escalation of care.</p> <p>Positive engagement and service uptake. Favourable 3 month outcomes. The readmission rate of 3.1% for Jan-March 2020 is significantly less than the previous three years where the readmission rate has been above 10%. Readmission: 3.1% compared to >10%. WIES: On target to meet utilisation of 1.86 – ↓ from 2.78. LOS: Average 4.5 days: Target 4.3 days – ↓ from 6.3.</p>
		<p>Develop and implement a learning module to increase staff awareness and understanding of primary prevention and health promotion, with 10% of Barwon Health Community staff completing the training.</p>			Complete	<p>The education content has been completed. Meeting with GROW (software developers) to transfer information onto the online module format. Estimated launch date is end Feb/ start March. Community Health staff planning to complete training.</p> <p>The Health Promotion and Prevention module is complete and live on Grow. Community Health staff have commenced using the module. 10% of Community Health Program staff have completed the training.</p>
Better Access	Better Access					
<p>Care is always being there when people need it.</p> <p>Better access to care in the home and community.</p> <p>People are connected to the full range of care and support they need.</p> <p>Equal access to care.</p>	<p>Plan and invest</p> <p>Unlock innovation</p> <p>Provide easier access</p> <p>Ensure fair access</p>	<p>Operationalise Barwon Health North (BHN) initially introducing the following range of services:</p> <ul style="list-style-type: none"> Urgent Care Services. Imaging Services; Improving consumer access to X-Ray, CT and Ultrasound. Renal Dialysis Service; providing access to up to six dialysis chairs and supporting clinical services. Child and family specialist clinics. 	Jun-20	Director Clinical Support, David Meade	Complete	<p>BHN officially opened 28 January 2020 with Urgent Care Centre, BMI - Medical Imaging modalities and Audiology. Renal services on track to open March '20 and Child and Family Service in April 2020.</p> <p>UCC, renal and imaging successfully commissioned. Child and Family service commenced but recruitment and service delivery was delayed secondary to COVID 19. Child and Family Health Service commenced in May 2020</p>
		<p>Review and evaluate access to services at Barwon Health North through patient experience and feedback; adjusting the service offering, profile and communications to meet identified gaps.</p>			Complete	<p>Evaluation Plan in development through BN Urgent Care Clinical Governance Committee.</p> <p>Comprehensive consumer surveys completed in March 2020 and subsequent implementation plans in place. 6 month evaluation of UCC and Imaging Service due August 2020.</p>
		<p>Implement a new Video Call and Remote Patient Monitoring (RPM) platforms to improve access for patients living in remote rural and regional areas, to enable access to timely specialist services and expert advice.</p>		Complete	<p>RPM: Transition to Tunstall's Telehealth Solution. Completed Nov 2019.</p>	
				Clinical Director /Co Director Community Health, Rehabilitation and Palliative Care: Toni Hogg/ Deborah Kay	Complete	

HEALTH 2040: ADVANCING HEALTH, ACCESS AND CARE		BH DELIVERABLE	KEY DATES	ACCOUNTABLE PERSON	STATUS	ACTION PROGRESS/COMPLETION STATEMENT
DHHS Goals	DHHS Strategies					
Better Care	Better Care					
Target zero avoidable harm	Put quality first	Silent Hospital Project - Improve patient and staff experience by replacing non-emergency overhead announcements with targeted silent notifications, supporting uninterrupted rest which is linked to beneficial patient outcomes.	Jun 2020	Chief Nursing & Midwifery Officer, Kate Gillan	Complete	Phase 1 complete with removal of trauma alert, stroke activation and community announcements.
Healthcare that focusses on outcomes	Join up care				In Progress	Phase 2 Silent Hospital Project final stage - removing overhead announcement of MET calls and trauma activation scheduled for September 2020.
Patients and carers are active partners in care	Partner with patients	Introduce appropriate delirium screening tools at University Hospital Geelong for early identification and intervention to minimise adverse outcomes associated with delirium;				Pilot completed on one ward (Baxter 7). Results show 90% of patients with delirium had a documented care plan
Care fits together around people's needs	Strengthen the Workplace					
	Embed evidence					The pilot is complete and the organisation wide roll out continues.
	Ensure equal care					Project delayed due to COVID-19 and extended to December 2020.
Supporting the Mental Health System	Improve service access to mental health treatment to address the physical and mental health needs of consumers.	Commence an Emergency Department (ED) Ambulatory Mental Health Acute Intervention Service as part of the planned Mental Health, Alcohol and Other Drugs hub initiative.	Jun 2020	Clinical Director/ Co-Director Mental Health Drug & Alcohol Service, Steven Moylan/ Maree Bennett	Complete	New Acute Intervention Service (AIS) commenced with an additional 4.8FTE.
		Develop an evaluation framework.			Complete	Assertive outreach model (AIS team) will provide assertive outreach service to acutely unwell consumers in the community and reduce ED attendances.
		Develop a new Model Of Care (MOC) for Mental Health, Alcohol and Other Drugs community hub for youth and adult consumers and relocate the existing Drugs and Alcohol services to a new Geelong CBD location. Develop an evaluation framework.			Complete	Service commenced in May 2020.
					Complete	Comprehensive evaluation framework includes review of consumer care pathways, staffing, key performance indicators, complaint and compliment themes and actions arising from the MHDAS leadership meeting, case review meeting and team business meetings.
					Complete	Service model for new MHDAS Community Youth Hub has been developed. Functional brief for infrastructure needs is in progress and detailed model of care work underway.
					Complete	<ul style="list-style-type: none"> Draft of functional brief finalised. Community site accommodation for approx. 100 staff: Adult, Youth, Alcohol and Other Drugs and Research teams. Flexible use of spaces with no individual offices and shared spaces. Real estate options available in May 2020. Evaluation framework complete.
					Complete	Relocation of existing Drug and Alcohol Services (DAS) to temporary accommodation planned for June 2020. Completed

HEALTH 2040: ADVANCING HEALTH, ACCESS AND CARE		BH DELIVERABLE	KEY DATES	ACCOUNTABLE PERSON	STATUS	ACTION PROGRESS/COMPLETION STATEMENT
DHHS Goals	DHHS Strategies					
Addressing Occupational Violence	Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation. Implement the department's security training principles to address identified security risks.	Implement Barwon Health's response to addressing organisational violence to improve our Workplace experience regarding a safe workplace; resulting in a 20% reduction in those reporting having experienced Occupational Violence and Aggression in the 2020 People Matters Survey.	Jun-20	Chief People & Culture Officer, Lee Jeffery / Chief Nursing & Midwifery Officer, Kate Gillan	Complete	Key projects currently in progress are: Roll out of Body Worn Cameras for security staff and development of a new OVA delivery training module. Body Worn Cameras successfully rolled out in April 2020.
					Complete	A Safety and Security Program Review Working Group has been established, sponsored by the Chief Nursing and Midwifery Officer, which oversees six key projects, in order to improve organisational management of violence and aggression and enhance staff safety. People Matters Survey has been delayed. OVA injuries reported in Riskman have decreased: December 2018 - 142 December 2019 - 65 May 2020 - 46
		Complete a comprehensive external security review by December 2019.	Dec-19	Chief Nursing & Midwifery Officer, Kate Gillan	Complete	External security review completed in December 2019. Follow up Action Plan in progress and being overseen by the Safety and Security Program Review Working Group.
		Implementation of mobile duress pendants in two high-risk wards by December 2019.	Dec-19		In Progress	Mobile duress in final stages of implementation in targeted clinical areas. Project delayed by technical issues. Full implementation forecasted to be completed by Project Management Office in ED by October 2020.
		Roll out Barwon Health online Occupational Violence and Aggression (OVA) training module by October 2019.	Oct-19	Chief People & Culture Officer, Lee Jeffery	In Progress	MOVAIT syllabus update has been completed to ensure content is aligned to DHHS OVA Training Guidelines. Significant revision of package is taking place following first round of stakeholder feedback. Online module now expected to be launched in November 2020.
		Commence delivering the updated Occupational Violence and Aggression training program to staff in line with DHHS training guidelines.	Jun-20		Complete	New MOVAIT training program review and pilot complete. New MOVAIT face-to-face training launched successfully in July 2020 following robust piloting process, including significant clinical input.
Addressing Bullying and Harassment	Actively promote positive workplace behaviours, encourage reporting and action on all reports. Implement the department's <i>Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination and Workplace Culture and bullying, harassment and discrimination training: guiding principles for Victorian health services.</i> Implement the <i>Framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination</i> by November 2019.	Implement Barwon Health's response to addressing bullying and harassment to improve staff satisfaction resulting in a reduction in staff reporting they have experienced bullying and harassment in the 2020 People Matters Survey. Implement the manager training toolkit to increase skills and competencies in identifying and resolving interpersonal relationship and workplace conflict matters at an early stage. Training will be delivered to 200 staff.	Jun-20	Chief People & Culture Officer, Lee Jeffery/Director Workplace Relations, Serge Coppe	Complete	New broad based working group is focusing on top ten issues identified in People Matters Survey. Manager training beginning in February 2020. At end of May 2020 - 158 Managers attended training. Several sessions scheduled for June 2020 target of 200 will be reached. Managers have responded well to the training provided. Many have expressed that skills learnt will be useful in their day to day management. Many have requested further training in this area to be considered as part of the FY21 training plans.
		Develop and pilot an education program focusing on increasing awareness and confidence in reporting bullying and harassment. Delivering training to 200 staff in the top 6 work areas identified in the 2019 People Matters Survey.			Complete	Delivering training to 200 staff in top six work areas identified in the 2019 People Matters Survey. 274 employees trained between May and June 2020 on: <ul style="list-style-type: none">how to report bullying and harassmentprovided with a reminder on the existence and relevance of Wurru Ki as an informal mediation process.how to access the Wurru Ki peer support program via the Contact and Resolution Officers

HEALTH 2040: ADVANCING HEALTH, ACCESS AND CARE		BH DELIVERABLE	KEY DATES	ACCOUNTABLE PERSON	STATUS	ACTION PROGRESS/COMPLETION STATEMENT
DHHS Goals	DHHS Strategies					
Supporting Vulnerable Patients	Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to health care.	Improve health outcomes for disadvantaged and vulnerable consumers living in the northern suburbs. Pilot, test and evaluate new models of care with a focus on <ul style="list-style-type: none"> Children with developmental delays to maximise access to services and supports to improve developmental outcomes. 	Jun-20	Director Clinical Support, David Meade	Complete	Model of care for child and family program near completion. To be finalised and commissioned in next quarter. Children and Family Health Service commenced in May 2020 with recruitment of Allied Health staff ongoing.
		<ul style="list-style-type: none"> Adults with chronic and complex conditions to reduce recurrent presentations and/or admissions to University Hospital Geelong. 			In Progress	Planning and development of a Chronic and Complex team at BHN is underway to address chronic health issues and health outcomes in the northern suburbs. Delayed due to COVID 19 and date extended to September 2020.
		<ul style="list-style-type: none"> Develop a face to face learning module with input from the refugee community for clinical and support staff working with refugees and asylum seekers to raise cultural awareness and respect, with 100% completion rate for employees and volunteers working at Barwon Health North and Corio Community Health Centre. 		Clinical Director /Co Director Community Health, Rehabilitation and Palliative Care: Toni Hogg/ Deborah Kay	In Progress	Developed face to face module for staff working with refugees and asylum seekers. Learning module delivered to 47 staff. Plan to load onto GROW platform. Learning module is being delivered face to face. 80% staff completion rate. Plan to load onto GROW platform. COVID - 19 impact re: number of sessions attended. Due date August 2020.
Supporting Aboriginal Cultural Safety	Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff.	Implement the Reconciliation Action Plan 2019-2021 including a Stakeholder Engagement Plan and cultural awareness training with 50% of employees completing training.	Jun-20	Chief Nursing & Midwifery Officer, Kate Gillan	Complete	Cultural Awareness Training - two new modules implemented. 1. Asking the question 2. Culturally appropriate care Currently 53% (n=3,000) employees have completed the training.
		Identify mechanisms to improve access and support for Aboriginal and Torres Strait Islander people accessing Ear, Nose and Throat (ENT), Ophthalmology, and Audiology.			Complete	New Ophthalmology Aboriginal Access Clinic - in place. Number of patients seen over last 2 quarters as at 4 June: 8 paediatric 3 ocular surface/cornea 3 glaucoma 2 trauma 4 cataract 5 diabetic retinopathy 7 other DNA: 5
					Complete	Audiology - Plans completed for audiology service for Aboriginal infant access clinic in collaboration with COGG, Maternal Child Health (M&CH) and Wathaurong Aboriginal Co-operative - key ages and stages reviews at two weeks and eight months of age. Stakeholder engagement complete. Mingo Waloom Aboriginal Best Start at Wathaurong will oversee implementation and evaluation. M&CH Aboriginal Health Worker at Wathaurong fully briefed and anticipating good response from families. Delayed due to COVID-19. Waiting for M&CH clinic to recommence at Wathaurong CHO so referrals can commence.

HEALTH 2040: ADVANCING HEALTH, ACCESS AND CARE		BH DELIVERABLE	KEY DATES	ACCOUNTABLE PERSON	STATUS	ACTION PROGRESS/COMPLETION STATEMENT
DHHS Goals	DHHS Strategies					
Addressing Family Violence	Strengthen responses to family violence in line with the Multiagency Risk Assessment and Risk Management Framework (MARAM) and assist the government in understanding Workplace capabilities by championing participation in the census of Workplaces that intersect with family violence	Partner with Colac Area Health, Hesse Rural Health, and Great Ocean Road Health to deliver training to 50% of all clinical staff on how to identify and respond to family violence.	Jun-20	Director Clinical Support, David Meade	In Progress	<p>Family Violence Training Rates: Barwon Health -35% Colac - 60% Hesse - 56% GORH - 90% BSW rate 30%.</p> <p>Impact of COVID-19 for face to face training and Cyber incident on access to e-learning platform has had significant impact training across all health services.</p> <p>All health agencies participated in the Workforce Family Violence Capability Census of workplaces that was added as an additional priority.</p>
		Integrate the Multi-Agency Risk Assessment Management Framework into the current Strengthening Hospitals Response to Family Violence work plan.			Complete	<p>Work underway with all agencies to identify where staff align against the MARAM framework, recommendations to be made to each health service on identified gaps and strategies.</p> <p>Work commenced on developing organisation wide procedursite to respond to Family Violence information sharing requests.</p> <p>Health service workforce audit against MARAM underway. Compliance dates with MARAM delayed by DHHS until early 2021 due to COVID-19.</p>
		Ensure Barwon Health is aligned with the new Multi-Agency Risk Assessment Management Framework, the Family Violence Information Sharing Scheme and the Child Information Sharing Scheme.			Complete	Successfully implemented Family Violence information sharing scheme into Mental Health DOA Directorate.
Implementing Disability Action Plans	Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability	Implement the Disability Action Plan including: <ul style="list-style-type: none"> A lived experience consumer group to seek feedback and inform improvement activities in our facilities and provision of care. A Disability Employee Network to connect employees with disabilities at Barwon Health and ensure the Disability Action Plan leads to inclusive employment practices. Disability Confidence training throughout Barwon Health. 	Jun-20	Clinical Director Community Health, Rehabilitation and Palliative Care: Toni Hogg/ Chief People & Culture Officer, Lee Jeffery	Complete	Barwon Health Disability Action Plan was launched 3/12/2019.
					Complete	<p>Consumer workshops conducted. Feedback provided and actioned. Implementation Committee meeting in February 2020.</p> <p>Next Implementation committee meeting planned for July 2020.</p>
					In Progress	Disability Employee Network has piloted the Online module <i>Disability Confidence Training for Managers</i> . The online module is scheduled to launched on the LMS by 1/09/2020

HEALTH 2040: ADVANCING HEALTH, ACCESS AND CARE		BH DELIVERABLE	KEY DATES	ACCOUNTABLE PERSON	STATUS	ACTION PROGRESS/COMPLETION STATEMENT
DHHS Goals	DHHS Strategies					
Supporting Environmental Sustainability	Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions	Complete a comprehensive review of the Barwon Health Environmental Management Plan (EMP). Identify opportunities for cross-industry collaboration including:	Jun-20	Chief Financial Officer, Cobus Lotheringen/Director Property, Facilities & Engineering Building Services, Rohan Lovell	Complete	Review of existing EMP commenced. First report completed in October 2019. Review complete.
		<ul style="list-style-type: none"> Creation of a dedicated e-waste location at University Hospital Geelong and McKellar Inpatient Rehabilitation Centre. 			Complete	Two dedicated e-waste compounds constructed in November 2019. Works complete and usage occurring.
		<ul style="list-style-type: none"> Develop an Environmental Sustainability Action (ESA) plan for environmental services. 			Complete	Draft ESA plan completed October 2019. Currently under review. Review Ongoing.
		<ul style="list-style-type: none"> Identify further opportunities for water harvesting at community sites for use in gardening and expansion to include grey water recycling initiatives. 			Complete	Three community sites identified as possible locations for additional water harvesting for grey water initiatives. Feasibility study currently underway. Scope of works developed for installation of rain water tanks. Works currently on hold pending development of business case for funding.
		<ul style="list-style-type: none"> Develop a business case for solar electricity generation across community sites. 			Complete	Funding for Regional Health Solar Program at the McKellar Centre received in 2019. Solar installation completed.



STATEMENT OF PRIORITIES: PART B REPORTING

High quality and safe care

KEY PERFORMANCE INDICATOR	TARGET	RESULT
Accreditation		
Compliance with Aged Care Standards	Full compliance	Full compliance ¹
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	82%
Percentage of healthcare workers immunised for influenza (April 2019 to August 2019)	84%	89%
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Full compliance
Victorian Healthcare Experience Survey – percentage of positive patient experience – Quarter 1	95%	97.8%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	89.8%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	93.4%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75%	82.8%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75%	77.8%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	82.8%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	85.9%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	82.9%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	82.3%
Hand hygiene – Quarter 4	Data not available	Data not available
Healthcare associated infections (HAIs)		
Rate of patients with surgical site infection	No outliers	Not met
Rate of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	0.3
Rate of patients with SAB ² per 10,000 occupied bed days	≤ 1	Achieved

KEY PERFORMANCE INDICATOR	TARGET	RESULT
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Achieved
Unplanned readmission hip replacement	Annual rate ≤ 2.5%	7.5%
Mental health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	15%
Rate of seclusion events relating to an adult acute mental health admission	≤ 15/1,000	20
Rate of seclusion events relating to an aged acute mental health admission	≤ 15/1,000	0
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	80%	68%
Percentage of adult acute mental health inpatient who have a post-discharge follow-up within seven days	80%	95%
Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days	80%	100%
Maternity and newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	1.3%
Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	24.3%
Proportion of urgent maternity patients referred for obstetric carer to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	95%
Continuing care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≤ 0.645	0.918

(1) • Standard 4 Requirement 3(f) was not met at Percy Baxter Lodges for Quarter 2 and Quarter 3.
• Subsequent rectification for the not met was within the required timeframe.
• Over this time the service has retained its accreditation from the Commonwealth Aged Care Quality and Safety Commission.

(2) SAB is Staphylococcus Aureus Bacteraemia

Strong governance, leadership and culture

KEY PERFORMANCE INDICATOR	TARGET	RESULT
Organisational culture		
People matter survey – percentage of staff with an overall positive response to safety and culture questions	80%	91%
People matter survey – percentage of staff with a positive response to the question, “I am encouraged by my colleagues to report any patient safety concerns I may have”	80%	96%
People matter survey – percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	95%
People matter survey – percentage of staff with a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager”	80%	91%
People matter survey – percentage of staff with a positive response to the question, “The culture in my work area makes it easy to learn from the errors of others”	80%	90%
People matter survey – percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	90%
People matter survey – percentage of staff with a positive response to the question, “This health service does a good job of training new and existing staff”	80%	84%
People matter survey – percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	88%
People matter survey – percentage of staff with a positive response to the question, “I would recommend a friend or relative to be treated as a patient here”	80%	93%

Timely access to care

KEY PERFORMANCE INDICATOR	TARGET	RESULT
Emergency Care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	76%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	59%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	60%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%	95.9%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	10.5%
Number of patients on the elective surgery waiting list*	1289	1615
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 7/100	5.9
Number of patients admitted from the elective surgery waiting list	8961	7836
Specialists clinics		
Urgent patients who scheduled a first appointment in the waiting period	100%	77.6%
Routine patients who scheduled a first appointment in the waiting period	90%	91.2%

*Target shown is the number of patients on the elective surgery waiting list as at 30 June 2020.

Effective financial management

KEY PERFORMANCE INDICATOR	TARGET	RESULT
Operating result (\$m)	0.0	0.21
Operating result as a percentage of revenue	0	0%
Average number of days to pay trade creditor	60 days	51
Average number of days to receive patient fee debtors	60 days	45
Public and Private WIES* activity performance to target	100%	97%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.81
Actual number of days available cash, measured on the last day of each month	14 days	28.4
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ \$250,000	Not achieved

*WIES is a Weighted Inlier Equivalent Separation.

STATEMENT OF PRIORITIES

PART C: ACTIVITY AND FUNDING

FUNDING TYPE	2019-2020 ACTIVITY ACHIEVEMENT
Acute Admitted	
Acute WIES	59,265
WIES DVA	469
WIES TAC	542
Other admitted	1,202
Acute Non-Admitted	
Emergency Services (Presentations)	73,344
Home Enteral Nutrition	1,361
Home Renal Dialysis	51
Radiotherapy WAUs Public	41,913
Radiotherapy WAUs DVA	511
Specialist Clinics	111,635
Subacute and Non-Acute-Admitted	
Subacute WIES – Rehabilitation Public	774
Subacute WIES – Rehabilitation Private	220
Subacute WIES – GEM Public	797
Subacute WIES – GEM Private	142
Subacute WIES – Palliative Care Public	298
Subacute WIES – Palliative Care Private	57
Subacute WIES – DVA	31
Transition Care – Bed Days	10,509
Transition Care – Home Days	5,764

FUNDING TYPE	2019-2020 ACTIVITY ACHIEVEMENT
Subacute Non-Admitted	
Health Independence Program - Public	79,859
Victorian Artificial Limb Program	455
Subacute and Non-Acute-Admitted	
Residential Aged Care (Occupied bed days)	115,066
HACC	17,383
Mental Health and Drug Services	
Mental Health Ambulatory (Contact Hours)	72,519
Mental Health Inpatient – Available bed days	12,418
Mental Health Inpatient – Secure Unit	1,095
Mental Health Residential	16,436
Mental Health Service System Capacity	2
Mental Health subacute	8,402
Drug Services	2,000
Subacute and Non-Acute-Admitted	
Community Health / Primary Care Programs	31,093
Community Health Other	1,279

Note: Activity Achievement and ability to meet targets was affected by the Pandemic over the financial year.

FINANCIAL REPORT

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DISCLOSURE INDEX

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

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COMPREHENSIVE OPERATING STATEMENT

For the year ended 30 June 2020

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Income from transactions					
Operating Activities	2.1	829,008	801,533	833,381	804,053
Non-Operating Activities	2.1	27	58	382	441
Share of Revenue from Joint Operation	8.8	6,794	6,612	6,794	6,612
Total income from transactions		835,829	808,203	840,557	811,106
Expenses from transactions					
Employee Benefits	3.1	(601,625)	(553,429)	(601,910)	(553,429)
Depreciation and Amortisation	4.3	(54,436)	(47,566)	(54,436)	(47,566)
Non Salary Labour Costs	3.1	(8,056)	(9,213)	(8,056)	(9,213)
Expenditure for Capital Purpose	3.1	(2,165)	(3,438)	(2,165)	(3,438)
Supplies, Consumables and Purchased Services	3.1	(135,379)	(132,152)	(135,379)	(132,203)
Other Expenses from Continuing Operations	3.1	(59,370)	(62,662)	(58,154)	(62,776)
Share of Expenditure from Joint Operation	8.8	(9,290)	(8,589)	(9,290)	(8,589)
Total expenses from transactions		(870,321)	(817,049)	(869,390)	(817,214)
Net result from transactions - net operating balance		(34,492)	(8,846)	(28,833)	(6,108)
Other Economic Flows included in Net Result					
Net gain/(loss) on disposal of property plant and equipment		258	(19)	258	(19)
Loss on disposal of financial instrument		-	-	(174)	(92)
Bad Debts		(577)	85	(577)	85
Revaluation of Long Service Leave		(2,325)	(5,305)	(2,325)	(5,305)
Share of Other Economic Flows from Joint Operation	8.8	(79)	31	(79)	31
Total Other Economic Flows included in Net Result		(2,723)	(5,208)	(2,897)	(5,300)
Net result for year		(37,215)	(14,054)	(31,730)	(11,408)



Comprehensive Operating Statement for the year ended 30 June 2020 (continued)

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Other Comprehensive Income Items that will not be reclassified to Net Result					
Changes in the Fair Value of Land and Buildings		-	184,789	-	184,789
Changes in the fair value of equity investments at fair value through other comprehensive income		-	-	(835)	450
Items that may be reclassified to Net Result					
Changes in the fair value of available-for-sale financial assets		(331)	112	(331)	112
Total Other Comprehensive Income		(331)	184,901	(1,166)	185,351
Comprehensive result for the year		(37,546)	170,847	(32,896)	173,943

The above Comprehensive Operating Statement should be read in conjunction with the accompanying notes.

BALANCE SHEET

As at 30 June 2020

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
ASSETS					
Current assets					
Cash and Cash Equivalents	6.1	42,460	40,677	44,233	41,951
Investments and Other Financial Assets	4.1	2,890	1,245	5,892	4,143
Receivables	5.1	32,052	30,188	32,212	30,305
Inventories		3,764	3,072	3,764	3,072
Share of Assets in Joint Operation	8.8	7,648	4,397	7,648	4,397
Prepayments		3,586	1,992	3,586	1,992
Held for Sale		-	900	-	900
Total current assets		92,400	82,471	97,335	86,760
Non-current assets					
Investments and Other Financial Assets	4.1	14,246	16,232	21,450	19,734
Receivables	5.1	43,744	37,561	43,744	37,561
Property, Plant and Equipment	4.2	747,099	765,942	747,099	765,942
Share of Assets in Joint Operation	8.8	3,082	2,903	3,082	2,903
Intangible Assets	4.4	9,474	10,193	9,474	10,193
Total non-current assets		817,645	832,831	824,849	836,333
Total assets		910,045	915,302	922,184	923,093

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
LIABILITIES					
Current liabilities					
Payables	5.2	47,290	51,740	46,981	51,733
Monies Held in Trust	5.3	24,453	22,794	24,453	22,794
Share of Liabilities in Joint Operation	8.8	8,202	3,997	8,202	3,997
Employee Benefits and related on-cost Provisions	3.3	137,193	119,653	137,193	119,653
Borrowings		2,310	219	2,310	219
Total current liabilities		219,448	198,403	219,139	198,396
Non-current liabilities					
Employee Benefits and related on-cost Provisions	3.3	26,075	26,623	26,075	26,623
Share of Liabilities in Joint Operation	8.8	784	1,143	784	1,143
Borrowings		7,975	924	7,975	924
Total non-current liabilities		34,834	28,690	34,834	28,690
Total liabilities		254,282	227,093	253,973	227,086
Net assets		655,763	688,209	668,211	696,007
EQUITY					
Land Revaluation Reserve		53,769	53,769	53,769	53,769
Buildings Revaluation Reserve		415,402	415,402	415,402	415,402
Financial Assets at Fair Value through Other Comprehensive Income		(21)	310	(338)	827
Restricted Specific Purpose Reserve		8,305	7,513	8,305	7,513
Contributed Capital		245,115	236,075	245,115	236,075
Accumulated Surplus / (Deficit)		(66,807)	(24,860)	(54,042)	(17,579)
Total equity		655,763	688,209	668,211	696,007
Commitment for Income	6.3				
Commitment for Expenditure	6.2				

STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2020

PARENT	LAND REVALUATION RESERVE \$'000	BUILDING REVALUATION RESERVE \$'000	FINANCIAL ASSETS THROUGH OCI REVALUATION SURPLUS \$'000	AVAILABLE FOR SALE REVALUATION RESERVE \$'000	RESTRICTED SPECIAL PURPOSE RESERVE \$'000	CONTRIBUTED CAPITAL \$'000	ACCUMULATED SURPLUSES/ (DEFICITS) \$'000	TOTAL \$'000
Balance at 1 July 2019	53,769	415,402	310	-	7,513	236,075	(24,860)	688,209
Adjustment on adoption of AASB 15/AASB 1058	-	-	-	-	-	-	(3,448)	(3,448)
Balance at 1 July 2019 (restated)	53,769	415,402	310	-	7,513	236,075	(28,308)	684,761
Net result for the year	-	-	-	-	-	-	(37,215)	(37,215)
Transfer to Reserves	-	-	-	-	792	-	(792)	-
Movement in Reserves	-	-	(331)	-	-	-	-	(331)
Transfer to Victorian Government	-	-	-	-	-	(1,813)	-	(1,813)
Contribution from Victorian Government	-	-	-	-	-	10,853	-	10,853
Prior Year Corrections	-	-	-	-	-	-	(492)	(492)
Balance at 30 June 2020	53,769	415,402	(21)	-	8,305	245,115	(66,807)	655,763
Balance at 1 July 2018	49,817	234,565	-	198	12,185	235,110	(14,864)	517,011
Net result for the year	-	-	-	-	-	-	(14,054)	(14,054)
Opening balance adjustment on adoption of AASB 9	-	-	198	(198)	-	-	-	-
Transfer to Reserves	-	-	-	-	(4,672)	-	4,672	-
Movement in Reserves	3,952	180,837	112	-	-	-	-	184,901
Contribution from Victorian Government	-	-	-	-	-	965	-	965
Prior Year Corrections	-	-	-	-	-	-	(614)	(614)
Balance at 30 June 2019	53,769	415,402	310	-	7,513	236,075	(24,860)	688,209

Statement of changes in equity
For the year ended 30 June 2020
(continued)

CONSOLIDATED	LAND REVALUATION RESERVE \$'000	BUILDING REVALUATION RESERVE \$'000	FINANCIAL ASSETS THROUGH OCI REVALUATION SURPLUS \$'000	AVAILABLE FOR SALE REVALUATION RESERVE \$'000	RESTRICTED SPECIAL PURPOSE RESERVE \$'000	CONTRIBUTED CAPITAL \$'000	ACCUMULATED SURPLUSES/ (DEFICITS) \$'000	TOTAL \$'000
Balance at 1 July 2019	53,769	415,402	827	-	7,513	236,075	(17,579)	696,007
Adjustment on adoption of AASB 15/AASB 1058	-	-	-	-	-	-	(3,448)	(3,448)
Balance at 1 July 2019 (restated)	53,769	415,402	827	-	7,513	236,075	(21,027)	692,559
Net result for the year	-	-	-	-	-	-	(31,730)	(31,730)
Transfer to Reserves	-	-	-	-	792	-	(792)	-
Movement in Reserves	-	-	(1,165)	-	-	-	-	(1,165)
Transfer to Victorian Government	-	-	-	-	-	(1,813)	-	(1,813)
Contribution from Victorian Government	-	-	-	-	-	10,853	-	10,853
Prior Year Corrections	-	-	-	-	-	-	(493)	(493)
Balance at 30 June 2020	53,769	415,402	(338)	-	8,305	245,115	(54,042)	668,211
Balance at 1 July 2018	49,817	234,565	-	266	12,185	235,110	(10,268)	521,675
Net result for the year	-	-	-	-	-	-	(11,408)	(11,408)
Opening balance adjustment on adoption of AASB 9	-	-	266	(266)	-	-	-	-
Transfer to Reserves	-	-	-	-	(4,672)	-	4,672	-
Movement in Reserves	3,952	180,837	417	-	-	-	-	185,206
Contribution from Victorian Government	-	-	-	-	-	965	-	965
Prior Year Corrections	-	-	144	-	-	-	(575)	(431)
Balance at 30 June 2019	53,769	415,402	827	-	7,513	236,075	(17,579)	696,007

CASH FLOW STATEMENT

For the year ended 30 June 2020

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash flows from operating activities					
Operating Grants from Government		656,477	599,345	656,477	599,344
Capital Grants from Government		27,440	41,048	27,440	41,048
Patient and Resident Fees Received		55,125	58,247	55,125	58,247
Capital Donation and Bequests Received		235	1,361	4,571	4,185
GST Received from ATO		15,953	21,468	15,953	21,468
Pharmaceutical Sales		15,763	15,792	15,763	15,792
Linen Fees		418	449	418	449
Pharmaceutical Benefits Scheme		36,517	32,478	36,517	32,478
Recoupment from Private Practice for use of Hospital Facilities		2,237	3,370	2,237	3,370
Investment Income Receipts		1,328	2,057	1,683	2,440
Other Receipts		40,864	39,639	40,856	39,253
Total receipts		852,357	815,254	857,040	818,074
Employee Benefits Paid		(589,515)	(542,192)	(589,800)	(542,192)
Payments for Supplies, Consumables and Purchased Services		(205,679)	(173,429)	(204,764)	(173,614)
Other Payments		(33,603)	(37,682)	(33,603)	(37,682)
Total payments		(828,797)	(753,303)	(828,167)	(753,488)
Net cash inflow from operating activities	8.1	23,560	61,951	28,873	64,586

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Cash flows from investing activities					
Payments for Non Financial Assets		(26,332)	(71,496)	(26,332)	(71,496)
Proceeds from Sale of Non Financial Assets		1,031	1,369	1,031	1,369
Proceeds from Sale of Investment Properties		1,200	1,685	1,200	1,685
Purchase of Financial Assets		-	(7,018)	(8,510)	(8,912)
(Purchase)/Sale of Financial Assets		(3,869)	336	(174)	731
Net cash (outflow) used in investing activities		(27,970)	(75,124)	(32,785)	(76,623)
Cash flows from financing activities					
Financing Activities - Lease Repayments		(2,734)	(64)	(2,734)	(64)
(Repayment of Borrowings)/Borrowings received from Government		(112)	556	(112)	556
Contributed Capital from Government		9,039	965	9,039	965
Net cash inflow from financing activities		6,193	1,457	6,193	1,457
Net increase (decrease) in cash and cash equivalents		1,783	(11,716)	2,281	(10,580)
Cash and cash equivalents at the beginning of the financial year		40,677	52,393	41,951	52,531
Cash and cash equivalents at end of year		42,460	40,677	44,232	41,951

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Statement of significant accounting policies

NOTE 1.1 STATEMENT OF COMPLIANCE

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

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 (AASBs), which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 *Presentation of Financial Statements*.

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

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

The annual financial statements were authorised for issue by the Board of Barwon Health on 15 September 2020.

NOTE 1.2 BASIS OF PREPARATION

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

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

The financial statements are prepared on a going concern basis (refer to Note 8.9 Economic dependency).

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

The financial statements are prepared in accordance with the historical cost convention, except for the revaluation of certain non-financial assets and financial instruments, as noted. Particularly, exceptions to the historical cost convention include:

- Non-current physical assets, which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values; and
- Investments and other financial assets which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income - items that may be reclassified subsequent to net result).

The fair value of assets other than land is generally based on their depreciated replacement value.

The fair value of financial and non-financial assets is disclosed further in Notes 4.1 and 4.2.

In the application of AASBs management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. Management have made judgements and estimates specifically in the following areas:

- Discount rates and inflation factors used in the calculation of employee benefits, disclosed further in Note 3.3; and
- Bad debt write offs, disclosed further in Note 5.1.

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

- The fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 4.2); and
- Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.3).

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

All amounts shown in the financial statements are rounded off to the nearest thousand dollars unless otherwise stated.

Minor discrepancies in tables between totals and sum of components may be present due to rounding.

The presentation currency of Barwon Health is the Australian Dollar, which has also been identified as the functional currency of Barwon Health.

NOTE 1.3 COVID-19

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

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

In response, Barwon Health placed restrictions on non-essential visitors, implemented reduced visitor hours, deferred elective surgery and reduced activity, transferred inpatients to private health facilities, performed COVID-19 testing and implemented work from home arrangements where appropriate.

For further details refer to Note 2 Funding delivery of our services and Note 3 The cost of delivering our services.

NOTE 1.4 REPORTING ENTITY

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

Its principal address is:
Ryrie Street
Geelong Victoria 3220

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

NOTE 1.5 SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

Principles of Consolidation

In accordance with AASB 10 *Consolidated Financial Statements*:

- Control exists when Barwon Health has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the controlled entities listed in Note 8.7; and
- The parent entity is not shown separately in the notes.

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Entities consolidated into Barwon Health reporting entity include Barwon Health Foundation Limited and Barwon Health Foundation. Barwon Health Foundation Limited and Barwon Health Foundation are controlled entities of Barwon Health by virtue of the existence of congruent objectives, exposure to variable returns and ability to affect the amount of returns from these entities.

Intersegment Transactions

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

Joint Arrangements

Interests in jointly controlled operations and assets are accounted for by recognising in Barwon Health's financial statements its share of assets, liabilities and any revenue and expenses of such joint arrangements. Details of the joint arrangement are set out in Note 8.8.

Fund Accounting

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

Services Supported By Health Services Agreement and Services Supported By Hospital and Community Initiatives

The activities classified as Services Supported by Health Services Agreement (HSA) are substantially funded by the Department of Health and Human Services (DHHS), and are also funded from other sources such as the Commonwealth, patients and residents, while Services Supported by Hospital and Community Initiatives (H & CI) are funded by Barwon Health's own activities or local initiatives and/or the Commonwealth.

Comparatives

Where applicable, the comparative figures have been restated to align with the presentation in the current year.

NOTE 1.6 GOODS AND SERVICES TAX (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

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

Note 2: Funding delivery of our service

Barwon Health's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians within the Barwon region.

Barwon Health is predominantly funded by accrual based grant funding for the provision of outputs. The hospital also receives income from the supply of services.

STRUCTURE

2.1 Income from transactions

NOTE 2.1 INCOME FROM TRANSACTIONS

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Government Grants - Operating*	700,496	641,125
Government Grants - Capital	20,100	40,888
Patient and Resident Fees	45,198	49,441
Private Practice Fees	2,800	3,240
Commercial Activities	30,924	39,321
Other Revenue from Operating Activities (including non-capital donations)	32,505	30,038
Assets received free of charge under State supply arrangements^	1,358	-
Total income from operating activities	833,381	804,053
Capital Interest	11	30
Other Interest	127	105
Dividends	244	306
Total income from non-operating activities	382	441
Total income from transactions	833,763	804,494

* Government Grant (State) - Operating includes funding of \$33.6m which was spent due to the impacts of COVID-19.

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

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

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

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

Impact of COVID-19 on revenue and income

As indicated at Note 1.3, the Barwon Health response to the pandemic included the deferral of elective surgeries and reduced activity. DHHS provided funding which was spent due to COVID-19 impacts on Barwon Health. Barwon Health also received essential personal protective equipment free of charge under the state supply arrangement.

Accounting policies

GOVERNMENT GRANTS

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

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

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

Related amounts may take the form of:

- A. contributions by owners, in accordance with AASB 1004;
- B. revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
- C. a lease liability in accordance with AASB 16;
- D. a financial instrument, in accordance with AASB 9; or
- E. a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets*.

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the health service controls has been recognised in accordance with AASB 1058 and recognised as deferred grant revenue.

If the grant revenue was accounted for under the previous accounting standard AASB 1004 in 2019-20, the total grant revenue received would have been recognised in full.

Performance obligations

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

- Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix; and
- other one-off grants if funding conditions contain enforceable and sufficiently specific performance obligations.

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

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

Previous accounting policy for 30 June 2019

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

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider).

Barwon Health recognises income when it has satisfied its performance obligations under the terms of the grant.

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

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

Non-cash Contributions from the DHHS

The DHHS meets certain costs on behalf of Barwon Health. Barwon Health recognises both the costs and contributions relating to these items as follows:

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the DHHS; and
- 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 DHHS Circular.
- Fair value of assets and services received free of charge or for nominal consideration
- Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying amount. Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

Patient and Resident Fees

The performance obligations related to patient fees is the provision of health service/s. These performance obligations have been selected as they align with the terms and conditions of the providing services. Revenue is recognised as these performance obligations are met.

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

Private Practice Fees

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

Performance obligations related to commercial activities for Private Practice Fees vary, however all link back to the provision of health service/s. Relevant performance obligations for underlying revenue align with the terms and conditions per the contract with the provider of the commercial activities.

Revenue from Commercial Activities

Revenue from commercial activities such as car park, property rental income, external supply and cafeteria are recognised on an accrual basis.

Donations and Other Bequests

Donations and bequests are recognised as revenue when received. Corporate donations are recognised as revenue at the time the invoice is raised.

Donations from the community and estate bequests are included in the Comprehensive Operating Statement. Unspent donations which are for a specific purpose may be appropriated to a specific purpose reserve.

Dividend Revenue

Dividend revenue is recognised when the right to receive payment is established. Dividends represent the income arising from Barwon Health's investments in financial assets.

Interest Revenue

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

Sale of Investments

Upon disposal of debt instruments, any related balance in the fair value reserve is reclassified to profit or loss. However, upon disposal of equity investments, any related balance in fair value reserve is reclassified to retained earnings.

Volunteer services

Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. Barwon Health has considered this and has determined the value of volunteer services cannot be reliably determined, and therefore it has not been recorded as revenue.

Note 3: The cost of delivering our services

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

STRUCTURE

- 3.1 Expenses from transactions
- 3.2 Analysis of expense and revenue by internally managed and restricted specific purpose funds
- 3.3 Employee Benefits and related on-costs provisions
- 3.4 Superannuation

NOTE 3.1 EXPENSES BY TRANSACTIONS

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Salaries and Wages	484,882	445,317
On-Costs	108,259	102,359
Workcover Premium	8,769	5,753
Total employee expenses	601,910	553,429
Agency Expenses	4,636	6,065
Fee for Service Medical Office Expenses	3,420	3,148
Total non salary labour costs	8,056	9,213
Drug Supplies	56,163	53,328
Medical and Surgical Supplies (including Prostheses)	36,669	37,707
Diagnostic and Radiology Supplies	7,415	7,497
Other Supplies and Consumables	35,132	33,671
Total supplies and consumables	135,379	132,203
Finance Costs	464	228
Total finance costs	464	228
Fuel, Light, Power and Water	6,982	6,717
Repairs and Maintenance	4,802	3,931
Maintenance Contracts	8,233	7,383
Medical Indemnity Insurance	8,242	8,313
Other Administrative Expenses	29,431	36,204
Expenditure for Capital Purpose	2,165	3,438
Total other operating expenses	59,855	65,986
Depreciation and Amortisation	54,436	47,566
Total other non-operating activities	54,436	47,566
Total expenses from transactions	860,100	808,625

Impact of COVID-19 on expenses

As indicated at Note 1, Barwon Health's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as salaries & wages, pathology, cleaning, security, training, consumables, communications (both technology enablement and media), telehealth, roving COVID-19 testing sites, etc.

Expense Recognition

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

Employee Benefits

Employee benefits include:

- Wages and salaries;
- Annual leave;
- Sick leave;
- On costs;
- Long service leave; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Other Operating Expenses

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

NON SALARY LABOUR COSTS

Non salary labour costs are recognised as an expense in the reporting period in which they are incurred. These costs represent external payments to labour agencies for additional staff.

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.

Operating lease payments

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

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

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

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

**NOTE 3.2 ANALYSIS OF REVENUE AND EXPENSES BY INTERNALLY
MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS**

	REVENUE CONSOLIDATED		EXPENSE CONSOLIDATED	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Commercial Activities				
Cafeteria	3,095	3,472	3,186	3,317
Investments	1,356	1,998	85	33
Linencare	362	365	268	182
Properties	978	6,533	981	1,782
Salary Packaging	1,871	1,782	313	306
External Supply	13,983	14,033	13,535	10,681
Other	1,332	1,179	758	688
Total commercial activities	22,977	29,362	19,126	16,989
Other Activities				
Donations	99	1,601	2,819	3,734
Private Practice	2,912	3,248	710	2,133
Research	4,921	5,059	4,438	2,000
Restricted	15	51	19	25
Total	30,924	39,321	27,112	24,881

NOTE 3.3 EMPLOYEE BENEFITS AND RELATED ON-COSTS PROVISIONS

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
CURRENT PROVISIONS		
Employee Benefits		
Annual leave		
Unconditional and expected to be settled wholly within 12 months (at nominal value)	40,378	35,892
Unconditional and expected to be settled wholly after 12 months (at present value)	6,884	6,020
Long service leave		
Unconditional and expected to be settled wholly within 12 months (at nominal value)	10,650	29,366
Unconditional and expected to be settled wholly after 12 months (at present value)	64,796	35,849
Accrued Days Off	977	911
	123,685	108,038
Provisions related to employee benefit on-costs		
Annual Leave	5,077	4,506
Unconditional Long Service Leave Entitlements	8,324	7,011
Accrued Days Off	107	98
	13,508	11,615
Total current provisions	137,193	119,653
NON-CURRENT PROVISIONS		
Conditional Long Service Leave Entitlements (at present value)	23,484	24,039
Employee benefit on-costs for Long Service Leave	2,591	2,584
Total non-current provisions	26,075	26,623
Total Provisions	163,268	146,276

In the financial year ended 30 June 2020 Barwon Health adopted the DTF model for calculating the Long Service Leave entitlement provision. This resulted in a change to the current/non-current split.

NOTE 3.3 EMPLOYEE BENEFITS AND RELATED ON-COSTS PROVISIONS (CONTINUED)

(A) EMPLOYEE BENEFITS AND RELATED ON-COSTS

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Current Employee Benefits and Related On-costs		
Unconditional Annual Leave	52,339	46,418
Unconditional Long Service Leave	83,770	72,226
Accrued Days Off	1,084	1,009
Non-Current Employee Benefits and Related On-costs		
Conditional Long Service Leave	26,075	26,623
Total Employee Benefits and Related On-Costs	163,268	146,276

(B) MOVEMENT IN LONG SERVICE LEAVE

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Balance at start of year	98,848	82,663
Provision made during the year		
Revaluations	2,325	5,305
Expense recognising Employee Service	18,784	19,823
Settlement made during the year	(10,112)	(8,943)
Balance at end of year	109,845	98,848

Key Assumptions:

Provision for Annual Leave is calculated as the amount which has been accrued by employees over the year, using remuneration rates which are expected to apply when the obligation is settled.

Provision for Long Service Leave is calculated using a 4.25% (2019: 3.813%) per annum projected weighted average increase in wages and salary rates. Present values are calculated using interest rates based on government securities, as advised by the Department of Treasury and Finance.

On-costs are based on a superannuation rate of 9.5% (2019: 9.5%) and workcover rate of 1.40% (2019: 1.25%).

(C) MOVEMENT IN ON-COSTS PROVISION

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Balance at start of year	14,198	12,049
Additional provisions recognised	6,849	6,419
Unwinding of discount and effect of changes in the discount rate	(15)	291
Reduction due to transfer out	(4,933)	(4,561)
Balance at end of year	16,099	14,198

Employee Benefits

This provision arises for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

Provisions

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

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

Wages and Salaries, Annual Leave and Accrued Days Off

Liabilities for wages and salaries, including non-monetary benefits and annual leave, are all recognised in the provision for employee benefits as 'current liabilities', because Barwon Health does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries and annual leave are measured at:

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

Long Service Leave

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

Current Liability

Unconditional LSL (representing 10 or more years of continuous service) is disclosed in the notes to the financial statements as a current liability even

where Barwon Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Present value - if Barwon Health does not expect to wholly settle within 12 months; and
- Nominal value - component that Barwon Health expects to settle within 12 months.

Non-Current Liability

Conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

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

Employee Benefit On-Costs

Employee benefit on-costs, such as workers compensation and superannuation are recognised together with provisions for employee benefits.

NOTE 3.4 SUPERANNUATION

	CONTRIBUTION PAID CONSOLIDATED		CONTRIBUTION PAYABLE CONSOLIDATED	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Defined contribution plans:				
First State Super	24,408	23,004	532	-
Hesta	17,802	16,270	407	-
Other compliant superannuation funds as selected by employee	3,526	2,633	78	-
Defined benefit plans:				
First State Super	574	593	-	-
ESS Super	184	171	-	-
Total	46,494	42,671	1,017	-

Superannuation Liabilities

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

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.

DEFINED BENEFIT SUPERANNUATION PLANS

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Barwon Health to the superannuation plans in respect of the services of current Barwon Health staff during the reporting period. Superannuation contributions are made to the plans in accordance with the relevant rules of each plan, and are based upon actuarial advice.

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

Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Barwon Health.

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

Note 4: Key assets to support service delivery

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

STRUCTURE

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

NOTE 4.1 INVESTMENTS AND OTHER FINANCIAL ASSETS

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Current		
Australian Dollar Term Deposits < 3 months	180	450
Australian Dollar Term Deposits > 3 months	167	167
Fixed Bonds and Floating Rate Notes^	4,263	3,526
Equities at Fair Value	1,282	-
Total current	5,892	4,143
Non-Current		
Equities at Fair Value	3,257	3,502
Fixed Bonds and Floating Rate Notes^	18,193	16,232
Total non-current	21,450	19,734
Total	27,342	23,877
Represented by:		
Health Service Investments	167	167
Barwon Health Foundation	10,206	6,400
Monies held in Trust		
- Refundable Accommodation Deposits	16,969	17,310
Total	27,342	23,877

^ 2019 comparative disclosures have been restated (current and non-current mix) in line with instrument maturity dates.

Investments and Other Financial Assets

Barwon Health's investments are made in accordance with Standing Direction 3.7.2 - Treasury management, including Central Banking System. Investments and other financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

The investments held by Barwon Health Foundation do not fall in scope of the Standing Directions as they are not public entity funds (i.e. not controlled by the government).

Barwon Health classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

Derecognition of Financial Assets

A financial asset is derecognised upon the sale of an investment and is measured at fair value, net of transaction costs.

NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT

(A) GROSS CARRYING AMOUNT AS AT 30 JUNE 2020 AND 30 JUNE 2019

2020 CONSOLIDATED	AT COST/ VALUATION \$'000	ACCUMULATED DEPRECIATION/ AMORTISATION \$'000	NET ASSETS 2020 \$'000
Land and Buildings at Fair Value			
- Land at Valuation	48,206	-	48,206
- Crown Land at Valuation	6,967	-	6,967
- Buildings at Valuation	627,640	36,290	591,350
- Buildings - right of use	3,021	824	2,197
	685,834	37,114	648,720
Land - right of use at cost	19,752	165	19,587
	19,752	165	19,587
Assets Under Construction at Cost	5,647	-	5,647
	5,647	-	5,647
Leasehold Improvements at Fair Value	3,664	1,312	2,352
	3,664	1,312	2,352
Plant and Equipment at Fair Value			
- Plant	21,283	9,785	11,498
- Motor Vehicles	6,143	4,641	1,503
- Other	38,646	28,876	9,770
	66,072	43,302	22,771
Medical Equipment at Fair Value			
- Medical Equipment at Fair Value	96,465	63,144	33,322
- Medical Equipment - right of use	5,633	1,627	4,006
	102,098	64,771	37,328
Furniture and Fittings at Fair Value	14,435	3,740	10,695
	14,435	3,740	10,695
Total Property, Plant and Equipment	897,502	150,404	747,100

(A) GROSS CARRYING AMOUNT AS AT 30 JUNE 2020 AND 30 JUNE 2019 (CONTINUED)

Gross carrying amount as at 30 June 2019

2019 CONSOLIDATED	AT COST/ VALUATION \$'000	ACCUMULATED DEPRECIATION/ AMORTISATION \$'000	NET ASSETS 2019 \$'000
Land and Buildings at Fair Value			
- Land at Valuation	62,972	-	62,972
- Crown Land at Valuation	11,029	-	11,029
- Buildings at Valuation	600,920	-	600,920
	674,921	-	674,921
Assets Under Construction at Cost	28,896	-	28,896
Leasehold Improvements at Fair Value	2,623	1,028	1,595
Plant and Equipment at Fair Value			
- Plant	16,917	7,959	8,958
- Motor Vehicles	6,644	5,014	1,630
- Other	36,411	26,304	10,107
	59,972	39,277	20,695
Medical Equipment at Fair Value	89,443	58,253	31,190
Furniture and Fittings at Fair Value	11,119	2,474	8,645
Total Property, Plant and Equipment	866,974	101,032	765,942

The effective date of the valuation was 30 June 2019.

Property, Plant and Equipment

Crown Land is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or constructive 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 asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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

Plant, equipment, leasehold improvements, medical equipment, furniture and fittings, linen and vehicles are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

The cost of constructed non-financial physical assets includes the cost of all materials used in construction, direct labour on the project and an appropriate proportion of variable and fixed overheads. The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.



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

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

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

The carrying amount of land subject to a peppercorn lease arrangement (i.e. concessionary finance lease) immediately before the date of initial application of AASB 16 shall be the deemed cost of the Right-of-Use asset and Lease Liability for the purposes of transition.

Right-of-use asset - Subsequent measurement

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

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

Revaluation of Non-current Physical Assets

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

Revaluation increments are recognised in 'other comprehensive income' and are credited directly to the asset revaluation 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, the increment is recognised as income in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

Revaluation increases and revaluation decreases relating to individual assets within an asset class are offset against one another within that class but are not offset in respect of assets in different classes.

Revaluation surpluses are not transferred to accumulated funds on derecognition of the relevant asset.

Barwon Health determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, investment properties and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

In addition, Barwon Health determines whether transfers have occurred between levels in the hierarchy by re-assessing 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 Barwon Health's independent valuation agency.

Barwon Health, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

In accordance with paragraph AASB 13.29, Barwon Health has assumed the current use of a non-financial physical asset is its highest and best use, as no market or other factors suggest that a different use would maximise the value of the asset.

NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

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

2020 CONSOLIDATED	NOTE	BUILDINGS \$'000	BUILDINGS - ROU \$'000	LAND \$'000	LAND - ROU \$'000	LEASEHOLD IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	MEDICAL EQUIPMENT \$'000	MEDICAL EQUIPMENT - ROU \$'000	FURNITURE AND FITTINGS \$'000	ASSETS UNDER CONSTRUCTION \$'000	TOTAL \$'000
Balance at 1 July 2019		600,920	-	74,001	-	1,595	20,695	31,190	-	8,645	28,896	765,942
Adjustment for adoption of AASB 16		-	3,021	(17,279)	19,752	-	-	-	5,633	-	-	11,127
Balance at 1 July 2019 (restated)	4.2	600,920	3,021	56,722	19,752	1,595	20,695	31,190	5,633	8,645	28,896	777,069
Additions		3,397	-	-	-	1,040	5,511	7,550	-	2,969	3,553	24,020
Transfers from Assets under construction		23,671	-	-	-	-	1,751	1,033	-	347	(26,802)	-
Disposals		(349)	-	(1,549)	-	-	(139)	(27)	-	-	-	(2,064)
Depreciation and amortisation	4.3	(36,290)	(824)	-	(165)	(283)	(5,047)	(6,423)	(1,627)	(1,266)	-	(51,925)
Balance at 30 June 2020		591,349	2,197	55,173	19,587	2,352	22,771	33,323	4,006	10,695	5,647	747,100

2019 CONSOLIDATED	NOTE	BUILDINGS \$'000	LAND \$'000	LEASEHOLD IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	MEDICAL EQUIPMENT \$'000	FURNITURE AND FITTINGS \$'000	ASSETS UNDER CONSTRUCTION \$'000	TOTAL \$'000
Balance at 1 July 2018		439,457	59,860	1,278	19,077	24,633	5,072	18,629	568,006
Additions		5,064	-	738	5,606	8,514	4,489	21,636	46,047
Revaluation increment		180,837	3,952	-	-	-	-	-	184,789
Transfers from Assets under construction		6,145	-	-	1,203	3,996	25	(11,369)	-
Transfers (other)		3,975	10,189	-	-	-	-	-	14,164
Disposals		-	-	(224)	(559)	(96)	-	-	(879)
Depreciation and amortisation	4.3	(34,558)	-	(197)	(4,632)	(5,857)	(941)	-	(46,185)
Balance at 30 June 2019	4.2	600,920	74,001	1,595	20,695	31,190	8,645	28,896	765,942

Land and Buildings carried at Valuation

A full revaluation of the Barwon Health's land and buildings was performed by the Valuer-General of Victoria (VGV) in June 2019 in accordance with the requirements of Financial Reporting Direction (FRD) 103H *Non-financial physical assets*. 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 effective date of the valuation for both land and buildings was 30 June 2019.

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

The VGV indices, which are based on data to March 2020, indicate an average increase 5.7% across all land parcels and a 3% in buildings.

Management regards the VGV indices to be a reliable and relevant data set to form the basis of their estimates. Whilst these indices are applicable at 30 June 2020, the fair value of land and buildings will continue to be subjected to the impacts of COVID-19 in future accounting periods.

As the accumulative movement was less than 10% for land and buildings no managerial revaluation was required.

The land and building balances are considered to be sensitive to market conditions. To trigger a managerial revaluation a decrease in the land indice of 15.7% and a decrease in the building indice of 13% would be required.

NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(C) FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS

	CONSOLIDATED CARRYING AMOUNT AS AT 30 JUNE 2020 \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING ⁽¹⁾ :		
		LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000
Land and Buildings at Fair Value				
Non-specialised Land	18,798	-	18,798	-
Specialised Land	36,375	-	-	36,375
Non-specialised buildings	3,368	-	-	3,368
Specialised buildings	587,982	-	-	587,982
Right of use buildings	2,197	-	-	2,197
Leasehold improvements	2,352	-	-	2,352
Total Land and Buildings at Fair Value	651,072	-	18,798	632,274
Plant and Equipment at Fair Value				
Plant at Depreciated Replacement Cost	11,498	-	-	11,498
Motor Vehicles at Depreciated Replacement Cost	1,502	-	-	1,502
Other at Depreciated Replacement Cost	9,770	-	-	9,770
Total Plant and Equipment at Fair Value	22,770	-	-	22,770
Medical Equipment at Fair Value				
Medical equipment at Fair Value	33,322	-	-	33,322
Medical equipment - right of use	4,006	-	-	4,006
	37,328	-	-	37,328
Furniture and fittings at Fair Value	10,695	-	-	10,695
	721,865	-	18,798	703,067

(1) Classified in accordance with the fair value hierarchy. There have been no transfers between levels during the period.

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

	CONSOLIDATED CARRYING AMOUNT AS AT 30 JUNE 2019 \$'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING ⁽¹⁾ :		
		LEVEL 1 \$'000	LEVEL 2 \$'000	LEVEL 3 \$'000
Land and Buildings at Fair Value				
Non-specialised Land	32,983	-	32,983	-
Specialised Land	41,018	-	-	41,018
Non-specialised buildings	3,507	-	-	3,507
Specialised buildings	597,413	-	-	597,413
Leasehold improvements	1,595	-	-	1,595
Total Land and Buildings at Fair Value	676,516	-	32,983	643,533
Plant and Equipment at Fair Value				
Plant at Depreciated Replacement Cost	8,958	-	-	8,958
Motor Vehicles at Depreciated Replacement Cost	1,630	-	-	1,630
Other at Depreciated Replacement Cost	10,107	-	-	10,107
Total Plant and Equipment at Fair Value	20,695	-	-	20,695
Medical equipment at Fair Value	31,190	-	-	31,190
Furniture and fittings at Fair Value	8,645	-	-	8,645
	737,046	-	32,983	704,063

(1) Classified in accordance with the fair value hierarchy. There have been no transfers between levels during the period.

Non-specialised land and non-specialised buildings

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

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

Buildings written down value is based on the independent valuers assessment plus consideration of depreciation and remaining useful life.

In compliance with FRD 103H, in the year ended 30 June 2020, management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the VGV indices for the financial year ended 30 June 2020. The latest indices did not identify that a further revaluation was required in 2020.

Specialised land and specialised buildings

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

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

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

for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

An independent valuation of Barwon Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2019.

In compliance with FRD 103H, in the year ended 30 June 2020, management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the VGV indices for the financial year ended 30 June 2020. The latest indices did not identify that a further revaluation was required in 2020.

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

Plant and equipment is held at carrying value (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. As there is market evidence that current replacement costs are not significantly different from the original acquisition cost, it has been assessed that depreciated replacement cost will not be materially different from the existing carrying value.

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

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



NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(D) RECONCILIATION OF LEVEL 3 FAIR VALUE

2020 CONSOLIDATED	SPECIALISED LAND \$'000	SPECIALISED BUILDINGS \$'000	NON- SPECIALISED BUILDINGS \$'000	RIGHT OF USE BUILDINGS \$'000	LEASEHOLD IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	MEDICAL EQUIPMENT \$'000	MEDICAL EQUIPMENT - ROU \$'000	FURNITURE AND FITTINGS \$'000
Opening Balance	41,018	597,414	3,507	-	1,595	20,695	31,190	-	8,645
Adoption of AASB 16	(4,643)	-	-	3,021	-	-	-	5,633	-
Additions	-	27,066	-	-	1,040	7,262	8,583	-	3,316
Gains or losses recognised in net result									
Disposals	-	(376)	-	-	-	(139)	(27)	-	-
Depreciation	-	(36,123)	(139)	(824)	(283)	(5,047)	(6,424)	(1,627)	(1,266)
Subtotal	36,375	587,981	3,368	2,197	2,352	22,771	33,322	4,006	10,695
Items recognised in other comprehensive income									
Closing Balance	36,375	587,981	3,368	2,197	2,352	22,771	33,322	4,006	10,695

2019 CONSOLIDATED	SPECIALISED LAND \$'000	SPECIALISED BUILDINGS \$'000	NON- SPECIALISED BUILDINGS \$'000	LEASEHOLD IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	MEDICAL EQUIPMENT \$'000	FURNITURE AND FITTINGS \$'000
Opening Balance	36,698	438,317	1,141	1,278	19,077	24,633	5,072
Additions	-	11,193	16	738	6,809	12,509	4,514
Gains or losses recognised in net result							
Disposals	-	-	-	(224)	(559)	(96)	-
Transfers	3,751	2,310	1,665	-	-	-	-
Depreciation	-	(34,458)	(100)	(197)	(4,632)	(5,856)	(941)
Subtotal	40,449	417,362	2,722	1,595	20,695	31,190	8,645
Items recognised in other comprehensive income							
Revaluation	569	180,052	785	-	-	-	-
Closing Balance	41,018	597,414	3,507	1,595	20,695	31,190	8,645

NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(E) DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATIONS:

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

The significant unobservable inputs remain unchanged in 2020.

NOTE 4.3 DEPRECIATION AND AMORTISATION

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Depreciation		
Buildings	36,290	34,558
Buildings - right-of-use	824	-
Land - right-of-use	165	-
Leasehold Improvements	283	197
Plant and Equipment	5,047	4,632
Medical Equipment	6,424	5,857
Medical Equipment - right-of-use	1,626	-
Furniture and Fittings	1,266	941
Total depreciation	51,925	46,185
Amortisation		
Intangible Assets	2,511	1,381
Total amortisation	2,511	1,381
Total depreciation and amortisation	54,436	47,566

Depreciation

Assets with a cost in excess of \$2,000 (2019: \$2,000) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their useful lives. The exception is IT assets which are capitalised if in excess of \$5,000 (2019: \$5,000). Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually.

Depreciation is provided on property, plant and equipment, including freehold buildings, but excluding land.

Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

Right-of use assets are depreciated over the shorter of the asset's useful life and the lease term. Where Barwon Health obtains ownership of the underlying leased asset or if the cost of the right-of-use asset reflects that the entity will exercise a purchase option, the entity depreciates the right-of-use asset over its useful life.

As part of the building valuation, building values were componentised and each component assessed for its useful life which is determined by the valuer and/or management.

Building works currently in progress are not depreciated until the completion of the building project.

As part of the buildings valuation, building values were componentised and each component assessed for its useful life, which is determined by the valuer and/or management.

Amortisation

Amortisation is allocated to intangible non-produced assets with finite useful lives on a systematic (typically straight line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The consumption of intangible non-produced assets with finite useful lives is classified as amortisation.

The amortisation period and amortisation methods for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the asset concerned is tested as to whether its carrying value exceeds its recoverable amount.

	2020	2019
Buildings (including right-of-use assets) and Leasehold Improvements	1 - 50 years	3 - 50 years
Land (right-of-use assets)	15 years	N/A
Plant and equipment	5 - 10 years	5 - 10 years
Medical Equipment (including right-of-use assets)	1 - 10 years	5 - 10 years
Furniture and Fittings	5 - 10 years	5 - 10 years
Linen	3 - 5 years	3 - 5 years
Intangible Assets	4 - 5 years	4 - 5 years

NOTE 4.4 INTANGIBLE ASSETS

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Software	18,873	17,081
Less accumulated amortisation	(9,399)	(6,888)
Total intangible assets	9,474	10,193

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

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Reconciliation of movement in Intangible Assets		
Balance at beginning of financial year	10,193	2,787
Additions	1,792	8,787
Amortisation	(2,511)	(1,381)
Balance at end of financial year	9,474	10,193
Total intangible assets	9,474	10,193

Intangible Assets

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

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

Amortisation is allocated to intangible assets with finite useful lives on a straight-line basis over the asset's useful life. They are amortised over a 4-5 year period (2019: 4-5 years).

The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting

date to determine whether there are indicators that the intangible asset concerned is impaired, in accordance with AASB 136 Impairment of Assets. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

Purchased intangible assets are initially recognised at cost. When the recognition criteria in AASB 138 Intangible Assets is met, internally generated intangible assets are recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Depreciation and amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- an intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

Note 5: Other assets and liabilities

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

STRUCTURE

- Receivables
- Payables
- Monies held in trust

NOTE 5.1 RECEIVABLES

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
CURRENT		
Contractual		
Patient Fees	5,692	6,286
Sundry Debtors	12,928	15,268
Less: Allowance for impairment losses of contractual receivables	(212)	(222)
Accrued Investment Income	150	102
Accrued Revenue - Other	5,000	4,501
	23,558	25,935
Statutory		
GST Receivable	2,188	1,711
Accrued Revenue - DHHS	6,466	2,659
Total current receivables	32,212	30,305
NON-CURRENT		
Statutory		
Long Service Leave - DHHS	43,744	37,561
Total non-current receivables	43,744	37,561
Total receivables	75,956	67,866

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

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Balance at beginning of year	(222)	(824)
Amounts written off during year as uncollectible	587	517
(Increase)/decrease in allowance recognised in net result	(577)	85
Balance at end of the year	(212)	(222)

Receivables

Receivables consist of:

- **Contractual receivables**, which consists of debtors in relation to goods and services and accrued investment income. 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. Barwon Health holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.
- **Statutory receivables**, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits 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. Barwon Health 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.

Receivables are subject to impairment loss assessment in accordance with AASB 9's expected credit loss model and the impairment loss allowance is increased accordingly with the impairment expense recognised in the net result as an 'other economic flow'. However, when it becomes mutually agreed between debtor and creditor that the receivable has become uncollectible, the carrying amount of the receivable needs to be reduced, and a bad debt expense for the write-off recognised in the net result as a transaction. Accordingly at the same time, the amount in the provision together with its related impairment expense initially recognised as an 'other economic flow' will need to be reversed.

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

NOTE 5.2 PAYABLES

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
CURRENT		
Contractual		
Trade Creditors	6,115	6,794
Accrued Expenses	12,960	21,444
Accrued Salaries and Wages	7,722	14,718
Salary Packaging	2,440	1,455
Other	2,013	2,823
Deferred grant revenue	7,553	-
DHHS	3,103	1,179
	41,906	48,413
Statutory		
Superannuation	1,017	2
Australian Tax Office	4,058	3,318
	5,075	3,320
Total Payables	46,981	51,733

Payables Recognition

Payables consist of:

- **contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Barwon Health prior to the end of the financial year that are unpaid; and
- **statutory payables**, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually 45-60 days.

Deferred capital grant revenue

	2020 \$'000
Grant consideration for capital works/purchases of assets recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year [^]	3,448
Grant consideration for capital works/purchases of assets received during the year	6,410
Grant revenue for capital works recognised consistent with the capital works undertaken/assets acquired during the year	(2,305)
Closing balance of deferred grant consideration received for capital works/purchases of assets	7,553

[^] Refer to Note 8.10 for additional information with respect to the initial recognition of this balance on 1 July 2019 under AASB 1058.

Grant consideration was received from the State government for various projects. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Barwon Health satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs

incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done. As a result, Barwon Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Contract liabilities

	2020 \$'000
Opening balance brought forward from 30 June 2019	1,179
AASB 15 opening balance adjustment*	-
Add: Payments received for performance obligations yet to be completed during the period	3,103
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(1,179)
Total contract liabilities	3,103
Represented by:	
Current contract liabilities	3,103
Non-current contract liabilities	-
Total contract liabilities	3,103

* Refer to Note 8.10 for additional information with respect to the initial adoption of AASB 15 on 1 July 2019.

In addition, grant consideration was also received from the State Government in support of various projects/initiatives. Grant income is recognised as service obligations are met. Differences in the number of some services provided may be adjusted in the funding provided annually. The remaining grant revenue is recognised when the service obligations are delivered in the following year.

Financial guarantees: Payments that are contingent under financial guarantee contracts are recognised as a liability, at fair value, at the time the guarantee is issued. Subsequently, should there be a material increase in the likelihood that the guarantee may have to be exercised, the

liability is recognised at the higher of the amount determined in accordance with the expected credit loss model under AASB 9 Financial Instruments and the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with AASB 118.

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

NOTE 5.3 MONIES HELD IN TRUST

	NOTES	CONSOLIDATED	
		2020 \$'000	2019 \$'000
CURRENT			
Contractual			
Refundable Accommodation Deposits		23,443	21,930
Residential Patient Monies held in Trust		1,010	864
Total Monies held in Trust		24,453	22,794
Represented by the following assets:			
Cash held - monies held in trust	6.1	7,484	5,484
Investments and other financial assets		16,969	17,310
Total Monies held in Trust		24,453	22,794

Monies held in trust represents money held on behalf of aged residential patients. Refundable Accommodation Deposits represent aged residential patients' deposits held in trust while the patient is in an aged care facility.



Note 6: Funding of operations

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

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

NOTE 6.1 CASH AND CASH EQUIVALENTS

	NOTES	CONSOLIDATED	
		2020 \$'000	2019 \$'000
Cash on Hand (excluding monies held in trust)		29	28
Cash at Bank (excluding monies held in trust)		17,472	11,158
Cash at Bank - CBS (excluding monies held in trust)		19,248	25,281
Cash at Bank - CBS (monies held in trust)		7,484	5,484
Total cash and cash equivalents		44,233	41,951
Represented by:			
Cash for Health Service Operations		36,749	36,467
Cash held for residential patient monies held in trust	5.3	7,484	5,484
Total cash and cash equivalents		44,233	41,951

Cash and Cash Equivalents

Cash and cash equivalents recognised on the balance sheet comprise both cash on hand and cash at bank.

STRUCTURE

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

NOTE 6.2 COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
(a) Capital expenditure commitments		
Not later than one year	18,539	9,718
Later than one year but not later than five years	6,419	4,184
5 years or more	-	5
Total	24,958	13,907
(b) Operating expenditure commitments		
Not later than one year	9,859	6,537
Later than one year but not later than five years	20,008	11,125
5 years or more	1,392	1,355
	31,259	19,017
(c) Lease commitments - Operating equipment		
Not later than one year	835	3,077
Later than one year but not later than five years	2,874	7,213
5 years or more	417	1,108
	4,126	11,398
Motor vehicles		
Not later than one year	116	128
Later than one year but not later than five years	211	310
5 years or more	-	13
	327	451
Property		
Not later than one year	25	922
Later than one year but not later than five years	1	1,607
Later than five years	5	-
	31	2,529

Figures disclosed for year ended 30 June 2020 represent low value and short-term leases under the new accounting standard AASB 16 Leases.

NOTE 6.2 COMMITMENTS FOR EXPENDITURE (CONTINUED)

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Total commitments for expenditure (inclusive of GST)	60,701	47,302
Less GST recoverable from the Australian Taxation Office	5,518	4,300
Total commitments for expenditure (exclusive of GST)	55,183	43,002

All amounts are shown inclusive of GST, unless indicated.

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

Barwon Health has entered into commercial leases on certain medical equipment, computer equipment and property where it is considered more preferable than to purchase these assets. These leases have an average life of between 1 and 20 years with renewal terms included in the contracts. Renewals are at the option of Barwon Health. There are no restrictions placed upon the lessee by entering into these leases.

NOTE 6.3 COMMITMENTS FOR INCOME

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
LEASE COMMITMENTS - AS LESSOR (RECEIVABLES)		
Future receivables under non-cancellable leases as at 30 June 2020 are, as follows:		
Property		
Not later than one year	411	453
Later than one year and not later than 5 years	153	478
5 years or more	5	-
Total	569	931

All amounts are shown inclusive of GST, unless indicated.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are given to the lessee, the aggregate cost of incentives is recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more appropriate of the time pattern over which the economic benefit of the leased asset is diminished.

NOTE 6.4 BORROWINGS

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Lease liabilities	2,196	105
Government loan	114	114
Total current borrowings	2,310	219
Lease liabilities	7,645	482
Government loan	330	442
Total non current borrowings	7,975	924

The weighted average interest rate implicit in the lease portfolio is 2.50%.

Leases

A lease is a right to use an asset for an agreed period of time in exchange for payment. All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months.

Barwon Health's leasing activities

Barwon Health has entered into leases related to land, buildings, medical equipment and motor vehicles (finance leases).

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

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

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

Separation of lease and non-lease components

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

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)**Lease Liability - initial measurement**

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Barwon Health's incremental borrowing rate.

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

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

Lease Liability - subsequent measurement

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

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

Short-term leases and leases of low value assets

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

Below market/Peppercorn lease

Barwon Health has entered into some peppercorn leases, mainly relating to land and buildings. These leases operate at significantly below market terms and conditions.

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

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

Presentation of right-of-use assets and lease liabilities

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

Recognition and measurement of leases (under AASB 117 until 30 June 2019)

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

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

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

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

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

The impact of initially applying AASB 16 Leases to Barwon Health's financial statements is described in Note 8.10. Under application of the modified retrospective transition method chosen in applying AASB 16 for the first time, comparative information has not been restated to reflect the new requirements. The adoption of AASB 16 did have an impact on Other Comprehensive Income and the Statement of Cash flows for the financial year.

Operating lease payments up until 30 June 2019

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

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

(A) LEASE LIABILITIES

Repayments in relation to leases are payable as follows:

	MINIMUM FUTURE LEASE PAYMENTS		PRESENT VALUE OF FUTURE MINIMUM LEASE PAYMENTS	
	CONSOLIDATED		CONSOLIDATED	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not later than one year	2,417	123	2,196	105
Later than 1 year and not later than 5 years	6,072	501	5,640	482
Later than 5 years	2,218	-	2,005	-
Minimum lease payments	10,707	624	9,841	587
Less future finance charges	(866)	(37)	-	-
Total	9,841	587	9,841	587
Included in the financial statements as:				
Current borrowings - lease liabilities	-	-	2,196	105
Non-current borrowings - lease liabilities	-	-	7,645	482
Total	-	-	9,841	587

The weighted average interest rate implicit in the lease portfolio is 2.50%.



Note 7: Risk, contingencies and valuation uncertainties

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

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

STRUCTURE

7.1 Financial instruments

NOTE 7.1 FINANCIAL INSTRUMENTS

(A) CATEGORISATION OF FINANCIAL INSTRUMENTS

CONSOLIDATED 2020	FINANCIAL ASSETS AT AMORTISED COST \$'000	FINANCIAL ASSETS AT FAIR VALUE THROUGH NET RESULT \$'000	FINANCIAL ASSETS THROUGH OCI \$'000	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST \$'000	TOTAL \$'000
Financial assets					
Cash and Cash Equivalents	44,233	-	-	-	44,233
Receivables	23,558	-	-	-	23,558
Investments and other financial assets	167	-	27,175	-	27,342
Total financial assets	67,958	-	27,175	-	95,133
Financial liabilities					
Trade Creditors and Other Payables	-	-	-	31,250	31,250
Refundable Accommodation Deposits	-	-	-	23,443	23,443
Residential Patient Monies held in Trust	-	-	-	1,010	1,010
Borrowings	-	-	-	10,285	10,285
Total financial liabilities	-	-	-	65,988	65,988

(A) CATEGORISATION OF FINANCIAL INSTRUMENTS (CONTINUED)

CONSOLIDATED 2019	FINANCIAL ASSETS AT AMORTISED COST \$'000	FINANCIAL ASSETS AT FAIR VALUE THROUGH NET RESULT \$'000	FINANCIAL ASSETS THROUGH OCI \$'000	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST \$'000	TOTAL \$'000
Financial assets					
Cash and Cash Equivalents	41,951	-	-	-	41,951
Receivables	25,935	-	-	-	25,935
Investments and other financial assets	-	-	23,877	-	23,877
Total financial assets	67,886	-	23,877	-	91,763
Financial liabilities					
Trade Creditors and Other Payables	-	-	-	47,234	47,234
Refundable Accommodation Deposits	-	-	-	21,930	21,930
Residential Patient Monies held in Trust	-	-	-	864	864
Borrowings	-	-	-	1,143	1,143
Total financial liabilities	-	-	-	71,171	71,171

The above carrying amounts exclude statutory financial assets and liabilities (i.e. GST payable and receivable).

Financial instruments

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

Barwon Health classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets:

FINANCIAL ASSETS AT AMORTISED COST

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

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

Barwon Health recognises the following assets in this category:

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

Debt investments are measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated as fair value through net result:

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

FINANCIAL LIABILITIES AT AMORTISED COST

Financial instrument liabilities include all of Barwon Health's contractual payables and deposits held and advances received. They are initially measured at fair value plus any directly attributable transaction costs.

Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount in the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. Financial instrument liabilities measured at amortised cost include all of Barwon Health's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

REVALUATIONS OF FINANCIAL INSTRUMENTS AT FAIR VALUE

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets.

NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

Net gain/(loss) on financial instruments is made up of the disposals of financial assets.

(B) PAYABLES AND BORROWINGS MATURITY ANALYSIS

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

CONSOLIDATED	CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOWS \$'000	MATURITY DATES				
			LESS THAN 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS - 1 YEAR \$'000	1-5 YEARS \$'000	OVER 5 YEARS \$'000
2020							
Financial Liabilities:							
Trade Creditors and Other Payables	31,250	31,250	25,923	1,460	3,867	-	-
Refundable Accommodation Deposits	23,443	23,443	349	-	23,094	-	-
Residential Patient Monies held in Trust	1,010	1,010	188	285	537	-	-
Borrowings	10,285	10,285	192	384	1,841	5,864	2,005
Total financial liabilities	65,988	65,988	26,652	2,129	29,339	5,864	2,005

CONSOLIDATED	CARRYING AMOUNT \$'000	CONTRACTUAL CASH FLOWS \$'000	MATURITY DATES				
			LESS THAN 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS - 1 YEAR \$'000	1-5 YEARS \$'000	OVER 5 YEARS \$'000
2019							
Financial Liabilities							
Trade Creditors and Other Payables	47,234	47,234	38,059	8,131	1,043	-	-
Refundable Accommodation Deposits	21,930	21,930	1,206	702	6,908	10,040	3,070
Residential Patient Monies held in Trust	864	864	151	255	393	64	-
Borrowings	1,143	1,143	128	28	124	683	-
Total financial liabilities	71,171	71,171	39,544	9,116	8,468	10,787	3,070

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

(C) CONTRACTUAL RECEIVABLES AT AMORTISED COST

CONSOLIDATED	LESS THAN 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS - 1 YEAR \$'000	1-5 YEARS \$'000	TOTAL \$'000
Expected loss rate	1%	1%	1%	1%	1%
Gross carrying amount of contractual receivables	8,491	3,367	2,914	453	15,224
Loss Allowance	118	48	40	6	212
2019					
Expected loss rate	1%	1%	1%	1%	1%
Gross carrying amount of contractual receivables	8,625	5,712	3,536	189	18,062
Loss Allowance	106	70	43	2	222

Impairment of financial assets

Barwon Health has been recording the allowance for expected credit loss for the relevant financial instruments with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include Barwon Health's contractual receivables, statutory receivables and its investment in debt instruments. Equity instruments are not subject to impairment. Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment. While cash and cash equivalents are also subject to the impairment requirements, the identified impairment loss was immaterial.

Contractual receivables at amortised cost

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

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

Reconciliation of the movement in the loss allowance for contractual receivables

	2020 \$'000	2019 \$'000
Balance at beginning of year	(222)	(824)
Amounts written off during year as uncollectible	587	517
(Increase)/decrease in allowance recognised in net result	(577)	85
Balance at end of the year	(212)	(222)

Note 8: Other disclosures

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

STRUCTURE

- 8.1 Reconciliation of net result for the year to net cash from operating activities
- 8.2 Responsible persons disclosures
- 8.3 Remuneration of Executive officers
- 8.4 Related parties
- 8.5 Remuneration of auditors
- 8.6 Events occurring after balance sheet date
- 8.7 Controlled entities
- 8.8 Jointly controlled operations
- 8.9 Economic dependency
- 8.10 AASBs issued that are not yet effective

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

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Loss for the period	(31,730)	(11,408)
Non-cash movements		
Depreciation and amortisation	54,436	47,566
Loss allowance for receivables	(10)	(602)
Movements included in investing and financing activities:		
Gain on sale of Available-for-Sale Shares	174	92
Gain on sale of Property, Plant & Equipment	10	19
Movements in assets and liabilities:		
Increase in employee benefits	5,946	18,716
(Decrease)/increase in trade creditors	(11,877)	10,592
Decrease/(increase) in patient fees receivable	594	(1,027)
Increase in inventories	(692)	(13)
Increase in Monies held in Trust	1,659	2,951
Increase in other payables	1,253	7,274
Decrease/(increase) in other receivables	9,110	(9,574)
Net cash inflow from operating activities	28,873	64,586



NOTE 8.2 RESPONSIBLE PERSONS DISCLOSURES

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

RESPONSIBLE MINISTERS	PERIOD
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	1 July 2019 - 30 June 2020
The Honourable Jenny Mikakos, Minister for the Coordination of Health and Human Services: COVID-19	1 April 2020 - 30 June 2020
The Honourable Martin Foley, Minister for Mental Health, Creative Industries and Equality	1 July 2019 - 30 June 2020
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	1 July 2019 - 30 June 2020

GOVERNING BOARD	PERIOD
Mr Brian Cook (Chair of the Board)	1 July 2019 - 30 June 2020
Mr Michael Feehan	1 July 2019 - 30 June 2020
Ms Jennifer Williams	1 July 2019 - 30 June 2020
Ms Robyn Davis	1 July 2019 - 30 June 2020
Ms Virginia Todd	1 July 2019 - 30 June 2020
Mr Jason Trethowan	1 July 2019 - 30 June 2020
Ms Christine Leahy	1 July 2019 - 30 June 2020
Prof Brendan Crotty	1 July 2019 - 30 June 2020
Prof Edward Janus	1 July 2019 - 30 June 2020
Mr Stephen Elder	10 December 2019 - 30 June 2020

ACCOUNTABLE OFFICERS	PERIOD
Ms Frances Diver	1 July 2019 - 30 June 2020

Remuneration of Responsible Persons

The Responsible Persons received remuneration for the financial year ended 30 June 2020. The number of Responsible Persons, excluding Ministers, whose total remuneration in connection with the affairs of Barwon Health as shown in the following bands, were:

	2020 NO.	2019 NO.
\$20,000 - \$29,999	1	-
\$40,000 - \$49,999	8	8
\$50,000 - \$59,999	-	1
\$80,000 - \$89,999	1	1
\$160,000 - \$169,999	-	1
\$270,000 - \$279,999	-	1
\$440,000 - \$449,999	1	-
Total number of responsible persons	11	12

	\$'000	\$'000
Total remuneration received, or due and receivable by Responsible Persons from Barwon Health for the year:	899	903

NOTE 8.3 REMUNERATION OF EXECUTIVE OFFICERS

The remuneration of executive officers, other than Accountable Officers, during the financial year ended 30 June 2020 was as follows:

	2020 \$	2019 \$
Short-term employee benefits	2,180	2,165
Long-term benefits	-	84
Post-employment benefits	179	178
Termination benefits	115	84
Total remuneration of Executive Officers	2,474	2,511
Total number of Executive Officers	15	15
Total annualised employee equivalent (AEE)	8.4	8.6

Short-term benefits

Short term benefits, include salaries and wages, annual leave or sick leave that are usually paid or payable on a regular basis. It also includes non-monetary benefits such as allowances and subsidised goods or services.

Long-term benefits

Long term benefits, include long service leave and other long service benefits or deferred compensation.

Post-employment benefits

Post employment benefits include, pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Termination benefits

Termination benefits include payments for termination of employment, such as severance, redundancy in lieu of notice payments.

NOTE 8.4 RELATED PARTIES

Barwon Health is a wholly owned and controlled entity of the State of Victoria.

The following entities have been consolidated into Barwon Health's financial statements in accordance with AASB 10 Consolidated Financial Statements:

- Barwon Health Foundation Limited
- Barwon Health Foundation

Related parties of Barwon Health include:

- all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- all cabinet ministers and their close family members; and
- all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

All related party transactions have been entered into on an arm's length basis.

Significant transactions with government-related entities

During the financial year, the following aggregate transactions were undertaken and balances held with other Victorian Government controlled entities in the ordinary course of operations.

	2020 \$'000	2019 \$'000
Health & related services provided to other Victorian public health services	6,391	4,850
Health & related services received from other Victorian public health agencies	5,516	5,674
Information technology services received from South West Alliance of Rural Health	6,734	9,383

In addition to the above, the DHHS provides grant funding for Barwon Health's services that comprise the majority of revenues.

Key Management Personnel of Barwon Health includes the Portfolio Ministers, Governing Board, Accountable Officers (disclosed in Note 8.2) and Executive Officers, which includes:

Amanda Cameron	Chief Operating Officer
Cobus Lotheringen	Chief Financial Officer
John Reeves	Chief Medical Officer (Interim) (to 9 June 2020)
Keith Smith	Executive Director, Strategic Business Planning (Acting) (from 1 July 2019 to 15 September 2019)
Andrew Macfarlane	Chief Information Officer (Acting) (from 1 July 2019)
Perry Muncaster	Chief of Workforce & Culture (to 22 September 2019)
Jo Bourke	Chief of Nursing & Midwifery (Acting) (to 25 July 2019)
Bernadine McNamara	Legal Counsel
Kate Bibby	Director of Public Affairs and Communication
Simon Woods	Chief Medical Officer (from 7 November 2019)
Kate Gillan	Chief of Nursing & Midwifery (from 26 July 2019)
Anna Burgess	Executive Director, Strategic Business Planning (from 16 September 2019)
Peter Brooke	Chief of Workforce & Culture (acting) (from 23 September 2019 to 30 September 2019)
Mikki Swindon	Chief of Workforce & Culture (from 1 October 2019 to 8 April 2020)
Lee Jeffery	Chief of Workforce & Culture (from 14 April 2020)

Total Remuneration of Key Management Personnel

	2020 \$'000	2019 \$'000
Short-term benefits	3,019	2,948
Long-term benefits	-	84
Post-employment benefits	239	242
Termination benefits	115	140
Total remuneration	3,373	3,414

Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the Public Administration Act 2004

and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Related party transactions with the members of the Key Management Personnel and their related parties, which occurred during the normal course of business, apart from remuneration disclosed in Notes 8.2 and 8.3 are listed below:

	2020 \$'000	2019 \$'000
Services have been received from Geelong Football Club Inc. of which Brian Cook is Director and CEO	-	33
Revenue received for services from Kardinia Health; of which Ruth Salom (2019) and Amanda Cameron are Directors	96	90
Services have been received from Barwon Child, Youth & Family Inc. of which Lucy Cuddihy is a Director	-	174
Services have been provided to Barwon Child, Youth & Family Inc. of which Lucy Cuddihy is a Director	-	137
Services have been received for corporate membership and advisory services from Victorian Hospital's Industrial Association of which Perry Muncaster is a Director	111	108
Services have been received from Western Alliance Health Research Ltd. of which Brendan Crotty is Chair of the Board	96	96
Revenue for services provided to Colac Health; of which Frances Diver's partner is the Interim CFO	3,072	-
Services have been provided by Colac Health; of which Frances Diver's partner is the Interim CFO	381	-
Revenue for services provided to Northern Health; of which Jennifer Williams is a Director	19	20

Barwon Health has prepared these related party disclosures for the year based on reasonable enquiries made by management in relation to the portfolio ministers and their related parties and the information available to the organisation, with the transition to a full implementation of AASB 124 and any applicable financial reporting directions.

Significant transactions with government related entities

Barwon Health received funding from the DHHS of \$645.3m (2019: \$580.8m) and indirect contributions of \$10.9m (2019: \$1m). Balances outstanding as year end are \$6.6m (2019: \$2.2m).

Expenses incurred by Barwon Health in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and

services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

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

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

NOTE 8.5 REMUNERATION OF AUDITORS

	CONSOLIDATED	
	2020	2019
	\$	\$
Victorian Auditor-General's Office		
Audit of financial statements	238	138
Total remuneration of auditors	238	138

NOTE 8.6 EVENTS OCCURRING AFTER BALANCE SHEET DATE

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Barwon Health at the reporting date.

As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Barwon Health, its operations, its future results and financial position. The state of emergency in Victoria was extended on 2 September 2020 for a further six months and the state of disaster remains in place.

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

NOTE 8.7 CONTROLLED ENTITIES

NAME OF ENTITY	COUNTRY OF INCORPORATION	EQUITY HOLDING
Barwon Health Foundation	Australia	N/A
Barwon Health Foundation Limited	Australia	N/A

CONTROLLED ENTITIES CONTRIBUTION TO THE CONSOLIDATED NET RESULT FOR THE YEAR	2020 \$'000	2019 \$'000
Barwon Health Foundation Limited	5,209	2,646

Contingent Liabilities and Capital Commitments

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

NOTE 8.8 JOINTLY CONTROLLED OPERATIONS AND ASSETS

NAME OF ENTITY	PRINCIPAL ACTIVITIES	OWNERSHIP INTEREST 2020 %	OWNERSHIP INTEREST 2019 %
South West Alliance of Rural Health (Vic)	Information Systems	49	49

The South West Alliance of Rural Health (SWARH) is an alliance of public health agencies covering 33 (2019: 33) physical sites in the South West of Victoria. SWARH connects all public acute hospitals and associated health services in the region through the delivery of Information Technology services. This enables each of the public acute hospitals and associated health services within the region to improve service delivery and gain returns on investment not possible on their own. Barwon Health is party to this unincorporated arrangement,

and therefore treats the arrangement as a Joint Operation, taking a share of the operations to account. SWARH's principal place of business is Ryot Street, Warrnambool Victoria, Australia.

SWARH's financial statements for the year ended 30 June 2020 were not complete as at the date of signing these financial statements. Any further changes made to SWARH's financial statements would not be material to Barwon Health's consolidated financial statements.

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Current assets		
Cash and cash equivalents	4,229	703
Inventories	23	33
Receivables	3,396	3,661
Total current assets	7,648	4,397
Non-current assets		
Property, plant and equipment	2,792	2,898
Intangible assets	12	5
Other receivables	278	-
Non-current assets	3,082	2,903
Total assets	10,730	7,300
Current liabilities		
Other current liabilities	2,311	-
Payables	4,586	2,487
Lease liabilities	473	673
Employee benefits and related on-cost provisions	831	837
Total current liabilities	8,201	3,997
Non-current liabilities		
Employee benefits and related on-cost provisions	157	120
Lease liabilities	628	1,023
Total non-current liabilities	785	1,143
Total liabilities	8,986	5,140
Net assets	1,744	2,160
Equity	1,744	2,160

Barwon Health's interest in revenues and expenses resulting from jointly controlled operations and assets is detailed below:

	CONSOLIDATED	
	2020 \$'000	2019 \$'000
Income from transactions		
Revenue from operating activities	5,440	5,754
Revenue from non-operating activities	1,354	858
Total income from transactions	6,794	6,612
Expenses from transactions		
Operating Expenses	(9,290)	(8,589)
Total expenses from transactions	(9,290)	(8,589)
Net Result from transactions - Net Operating Balances	(2,496)	(1,977)
Other economic flows included in the Net result		
Revaluation of Long Service Leave	(79)	31
Total Other Economic Flows included in Net Result	(79)	31
Comprehensive result for the year	(2,575)	(1,946)

Investments in Joint Operations

In respect of any interests in joint operations, Barwon Health recognises in the financial statements:

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

Contingent Liabilities and Capital Commitments

There are no known contingent liabilities held by the jointly controlled operations at balance date. There are capital commitments of \$672,000 as at balance date (100% share) (2019: \$8,300,000).

NOTE 8.9 ECONOMIC DEPENDENCY

Barwon Health is dependent on the DHHS for the majority of its revenue used to operate the entity. The DHHS has provided confirmation that it will continue to provide Barwon Health adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2021. On that basis, the financial statements have been prepared on a going concern basis.

NOTE 8.10 CHANGES IN ACCOUNTING POLICY, REVISION OF ESTIMATES AND CORRECTIONS OF PRIOR PERIOD ERRORS

Changes in accounting policy

Leases

This note explains the impact of the adoption of AASB 16 Leases on Barwon Health's financial statements.

Barwon Health has applied AASB 16 with a date of initial application of 1 July 2019. Barwon Health has elected to apply AASB 16 using the modified retrospective approach, as per the transitional provisions of AASB 16 for all leases for which it is a lessee. The cumulative effect of initial application is recognised in retained earnings as at 1 July 2019. Accordingly, the comparative information presented is not restated and is reported under AASB 117 and related interpretations.

Previously, Barwon Health determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 - 'Determining whether an arrangement contains a Lease'. Under AASB 16, Barwon Health assesses whether a contract is or contains a lease based on the definition of a lease.

On transition to AASB 16, Barwon Health has elected to apply the practical expedient to grandfather the assessment of which transactions are leases. It applied AASB 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under AASB 117 and Interpretation 4 were not reassessed for whether there is a lease. Therefore, the definition of a lease under AASB 16 was applied to contracts entered into or changed on or after 1 July 2019.

LEASES CLASSIFIED AS OPERATING LEASES UNDER AASB 117

As a lessee, Barwon Health previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to Barwon Health. Under AASB 16, Barwon Health recognises right-of-use assets and lease liabilities for all leases except where exemption is availed in respect of short-term and low value leases.

On adoption of AASB 16, Barwon Health recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using Barwon Health's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets

are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

Barwon Health has elected to apply the following practical expedients when applying AASB 16 to leases previously classified as operating leases under AASB 117:

- Applied a single discount rate to a portfolio of leases with similar characteristics;
- Adjusted the right-of-use assets by the amount of AASB 137 onerous contracts provision immediately before the date of initial application, as an alternative to an impairment review;
- Applied the exemption not to recognise right-of-use assets and liabilities for leases with less than 12 months of lease term;
- Excluded initial direct costs from measuring the right-of-use asset at the date of initial application; and
- Used hindsight when determining the lease term if the contract contains options to extend or terminate the lease.

For leases that were classified as finance leases under AASB 117, the carrying amount of the right-of-use asset and lease liability at 1 July 2019 are determined as the carrying amount of the lease asset and lease liability under AASB 117 immediately before that date.

LEASES AS A LESSOR

Barwon Health is not required to make any adjustments on transition to AASB 16 for leases in which it acts as a lessor. Barwon Health accounted for its leases in accordance with AASB 16 from the date of initial application.

IMPACTS ON FINANCIAL STATEMENTS

On transition to AASB 16, Barwon Health recognised \$11,127,000 of right-of-use assets and \$11,127,000 of lease liabilities. There was also a re-classification of land into land (right-of-use assets) for \$17,279,000 representing the carrying amount of land subject to peppercorn lease arrangements (i.e. concessionary finance lease) immediately before the date of initial application of AASB 16.

When measuring lease liabilities, Barwon Health discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 2.50%.

	1 JULY 2019 \$'000
Total Operating lease commitments disclosed at 30 June 2019	14,378
Discounted using the incremental borrowing rate at 1 July 2019 (2.50%)	13,528
Finance lease liabilities as at 30 June 2019	426
Recognition exemption for:	
Short-term leases and leases of low-value assets	(2,827)
Lease liabilities recognised at 1 July 2019	11,127

Revenue from Contracts with Customers

In accordance with FRD 121 requirements, the Barwon Health has applied the transitional provision of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Barwon Health applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application.

Comparative information has not been restated.

Sales of goods and services - no material impact of new standard AASB 15.

Income of Not-for-Profit Entities

In accordance with FRD 122 requirements, Barwon Health has applied the transitional provision of AASB 1058, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Barwon Health applied this standard retrospectively only to contracts and transactions that are not completed contracts at the date of initial application.

Comparative information has not been restated.

Grants includes details about the transitional application of AASB 1058 and how the standard has been applied to revenue transactions. Refer to Note 2.1.

The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Cash flow Statement for the financial year. There was a deferral of income adjustment on 1 July 2019 for \$3,448,000 which impacted equity (accumulated deficit) and liabilities, relating to income previously recorded in the year ended 30 June 2019 that under AASB 1058 should have been recorded in the year ended 30 June 2020 or later.

Transition impact on financial statements

This note explains the impact of the adoption of the following new accounting standards for the first time, from 1 July 2019:

- AASB 15 Revenue from Contracts with Customers;
- AASB 1058 Income of Not-for-Profit Entities; and
- AASB 16 Leases.

Impact on Balance Sheet due to the adoption of AASB 15, AASB 1058 and AASB 16 is illustrated with the following reconciliation between the restated carrying amounts at 30 June 2019 and the balances reported under the new accounting standards at 1 July 2019.

	BEFORE NEW ACCOUNTING STANDARDS OPENING 1 JULY 2019 \$'000	IMPACT OF NEW ACCOUNTING STANDARDS - AASB 16, 15 & 1058 \$'000	AFTER NEW ACCOUNTING STANDARDS OPENING 1 JULY 2019 \$'000
Property, Plant and Equipment	765,942	11,127	777,069
Total Assets	940,020	11,127	951,147
Payables	52,660	3,448	56,108
Borrowings	1,143	11,127	1,227
Total Liabilities	228,013	14,575	242,588
Accumulated deficit	(17,579)	(3,448)	(21,027)
Other items in equity	713,586	-	713,589
Total Equity	696,007	(3,448)	692,559

There was also a re-classification of land into land (right-of-use assets) for \$17,279,000 representing the carrying amount of land subject to peppercorn lease arrangements (i.e. concessionary finance lease) immediately before the date of initial application of AASB 16.



NOTE 8.11 AASBS ISSUED THAT ARE NOT YET EFFECTIVE

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

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

- AASB 2018-7 *Amendments to Australian Accounting Standards - Definition of Material*
- This standard amends AASB 101 *Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors*. It applies to reporting periods beginning on or after 1 January 2020 with earlier application permitted. The amendments refine the definition of material in AASB 10 Events after the Reporting Period, include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material. The amendments also clarify the definition of material and its application by improving the wording and aligning the definition across AASB standards and other publications.

The standard is not expected to have a material impact on Barwon Health.

- AASB 2020-1 *Amendments to Australian Accounting Standards - Classification of Liabilities as Current or Non-Current*
- This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. It initially applied to annual reporting periods beginning on or after 1 January 2022 with earlier application permitted however the AASB has recently issued ED 301 *Classification of Liabilities as Current or Non-Current - Deferral of Effective Date* with the intention to defer the application by one year to periods beginning on or after 1 January 2023. Barwon Health will not early adopt the Standard.

Barwon Health is in the process of analysing the impacts of this Standard. However, it is not anticipated to have a material impact.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on Barwon Health's reporting.

- AASB 17 *Insurance Contracts*
- AASB 1060 *General Purpose Financial Statements - Simplified Disclosures for For-Profit and Not-for-Profit Tier 2 Entities (Appendix C)*
- AASB 2018-6 *Amendments to Australian Accounting Standards - Definition of a Business*
- AASB 2019-1 *Amendments to Australian Accounting Standards - References to the Conceptual Framework*
- AASB 2019-3 *Amendments to Australian Accounting Standards - Interest Rate Benchmark Reform*
- AASB 2019-5 *Amendments to Australian Accounting Standards - Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia*
- AASB 2020-2 *Amendments to Australian Accounting Standards - Removal of Special Purpose Financial Statements for Certain For-Profit Private Sector Entities*

Barwon Health Board Members, Accountable Officer's and Chief Financial Officer Declaration

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

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

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

We authorise the attached financial statements for issue on this day.



Mr Brian Cook
Chairperson



Frances Diver
Chief Executive Officer



Cobus Lotheringen
Chief Financial Officer

Geelong
15 September 2020

Independent Auditor's Report

To the Board of Barwon Health



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

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
18 September 2020

Travis Derricott
as delegate for the Auditor-General of Victoria





**Barwon
Health**

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