



Bendigo Health Annual Report 2021-2022

OUR VISION



Excellent Care. Every Person. Every Time.

OUR VALUES



CARING

We care for our community



PASSIONATE

We are passionate about doing our best



TRUSTWORTHY

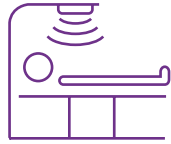
We are open, honest and respectful



Bendigo Health acknowledges Aboriginal and Torres Strait Islander people as the Traditional Custodians of the land and acknowledges and pays respect to their Elders, past and present.



OUR CARE AT A GLANCE



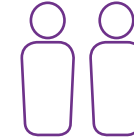
116,181

Service events provided by our
Specialist Clinics



63,892

People came to our Emergency
Department for treatment



54,209

People admitted
to our hospital



14,292

Operations performed



18,979

Ambulance arrivals handled by
our Emergency Department



1,533

Admissions of children aged
16 and under to our Children's Ward



142,670

COVID Tests



1,859

Babies delivered



4,961*

Staff employed



771

Bed service



170,352

COVID Vaccinations

*Head count includes all contracted staff with an active employment agreement as at 30 June 2022.

CONTENTS

5	Chair Report
8	Chief Executive Officer Report
12	Board of Directors
14	Executive Directors
15	Organisational Structure
16	Workforce Data
17	Attestations and Declarations
18	Statutory Compliance
25	Statement of Priorities: Part A
31	Statement of Priorities: Part B Performance Priorities
34	Statement of Priorities: Part C Activity and Funding
35	Disclosure Index
37	Financial Report 2021-2022



CHAIR REPORT

OUTGOING CHAIR (Bob Cameron)

This year has seen our community work with our health service to produce some incredible results. As the Coronavirus pandemic progressed, it became clear that widespread vaccination was key to reducing the burden of disease on our community and health service. Bendigonians were quick to roll up their sleeves. At one stage we led the nation for first dose vaccinations and we were consistently at the top of the state vaccination averages throughout the campaign.

A brief look at the numbers illustrates the amount of work put in during the year. The vaccination effort across the region saw 215,192 vaccinations across all health services, 170,352 of which were done by Bendigo Health. Third dose vaccination rates for the Loddon Mallee region were at 33% by the end of June, double dose rates above 95%. Our Loddon Mallee Public Health Unit (LMPHU) travelled extensively to improve access for people closer to where they live. The team conducted 360 outreach vaccination clinics across prisons, farms, places of worship and aged care facilities.

A partnership requires commitment from both sides and our health service certainly felt supported. The Board are grateful for the combined efforts of healthcare workers and the community.

Staff milestone

As demand for COVID vaccination grew, so too did demand for our traditional health services, such as maternity, specialists clinics, elective surgery and emergency care.

More services require more staff and during the past year we onboarded our 5000th staff member – an incredible achievement and one the Board is particularly proud of. In the past six years, Bendigo Health and our partner Spotless, have hired 1800 additional staff in a range of clinical and non-clinical roles and we have increased health activity by a massive 50 per cent.

Health precinct nears completion

Our growing workforce requires state-of-the-art facilities and, with the help of the State Government we are moving closer to completing a world-class healthcare precinct.



CHAIR REPORT (CONTINUED)

Construction of the \$60 million Day Rehabilitation Centre has forged ahead this year, with main works expected to be finished in 2023. The new centre will consolidate rehabilitation services into one location and provide a holistic approach to deliver patient-centred care. The Board believes once complete, the new health precinct will help us on our path to becoming a large health service in a regional location, not just a large regional health service.

Reflecting on our successes we must acknowledge there will be challenges ahead including responding to the increasing number of patients seeking our care and to the Royal Commissions into Mental Health and Aged Care. The Board will ensure we continue to work with State and Federal Governments to enact the recommendations from both commissions.

Reconciliation Action Plan

Our health service reached another significant milestone in February when we launched our Reconciliation Action Plan (RAP). The Board were key drivers of this plan and were excited to see it formalised.

Our organisation has delivered healthcare to our community for more than 150 years but a large portion of that has seen substandard care provided for First Nations people. The RAP recognises the trauma that has filtered through generations and also looks to create a safe and culturally appropriate environment for everyone whether a patient or staff member. Closing the healthcare gap and improving Aboriginal and Torres Strait Islander employment within our organisation is a keen focus of the plan and is an issue the Board are passionate about.

This will be my last contribution to Bendigo Health's annual report as Board Chair after stepping down from the role this year. Being Chair of Bendigo Health has been an incredible experience. To witness first-hand the dedication and excellence of our incredible staff has been a highlight of the job. Thanks to my fellow Board members, Bendigo Health Executives, staff, volunteers and the community for your support during my six years as Chair.

Congratulations to Dr Ewa Piejko who was announced as the new Board Chair in April. With her career as a general practitioner and having been on the Board for four years, Ewa has a great understanding of healthcare and Bendigo Health. She will be a tremendous asset to our service and the community. Michael McCarthy stepped down from his role as Board Member this year. He has been a strong member of our team and contributed much to our organisation during his time. I wish him all the best.

INCOMING CHAIR (Ewa Piejko)

Firstly, I would like to thank Bob Cameron for his leadership over the past six years. He has undoubtedly made an impression on the organisation and the Board are looking forward to completing the projects set in motion during his tenure. I am excited to be taking on the role, leading a wonderful team of committed members of the community.

CHAIR REPORT (CONTINUED)

With incredible facilities and excellent staff and leadership team the service continues to grow to meet the increasing demand of the public.

New strategic plan

The Board was proud to launch the new Strategic Plan 2022-2025 in June. The plan retains our vision of Excellent Care. Every Person. Every Time. and our values of Caring, Passionate and Trustworthy. Our strategic goals for Health, Access, Care and Our People set the organisational direction for the next three years with a focus on the integration of research in our clinical areas for enhanced patient safety, access to clinical trials for our staff and proactive service planning.

The Board are committed to working with our region's public health services to build a strong, sustainable and connected health system. Together with our partners we will deliver on the regional plan for the Loddon Mallee Health Network and see more patients treated by the most appropriate health service.

Our organisation has already introduced new models of care for better access, regardless of where people live. Personalised care at home is an ongoing priority for the Board with the provision of at-home services and telehealth to continue where deemed safe and appropriate.

The goals of the plan reflect the need to look after the safety and wellbeing of our staff and volunteers. We are committed to growing our existing workforce by investing in their training and development and to embed best practice recruitment and retention strategies to manage the increased demand for our services.

The Board acknowledge the extraordinary efforts our staff have put in over the past year. Many have been asked to work longer hours, forego leave and work in unfamiliar areas throughout the COVID pandemic. You have been frequently asked to make significant changes to the way you work in response to the evolving pandemic. And you have risen to these challenges and many more, proving how adaptable, hardworking and committed to our community you are.



Bob Cameron.

Bob Cameron,
Former Board Chair



E/P

Ewa Piejko,
Board Chair

CHIEF EXECUTIVE OFFICER REPORT

Once again the health service and our dedicated staff tackled the many challenges posed by the pandemic. They adapted to the impacts of COVID and continued to strive for Excellent Care. Every Person. Every Time. This was felt by our community who responded to advice to get vaccinated, with the success of Bendigo Health's vaccination program locally and across the state celebrated nationally.

This year we moved from a prolonged time of severe restrictions to the relaxation of settings as we saw vaccination rates climb and the severity of infections reduce. While these changes supported a return to a more familiar, pre-pandemic life, the increased prevalence of COVID, albeit less severe, has added significant pressure on our workforce.

Staff furlough rates remained high in the summer and increased during the autumn and winter as respiratory illness became more widespread in the community.

Our workforce has continued to inspire me, continuing to work and remaining passionate about patient care, despite the personal toll the pandemic has taken.

A big focus for us this year was to care for our staff who work so hard to care for others. Our Staff Health and Wellbeing program swung into action to improve staff wellbeing with a raft of activities, including access to food and refreshments, the purchase of massage chairs and additional mental health activities (tai chi and sound meditations).

The team delivered more than 1100 boxes of fresh fruit and one hot day saw ice cream deliveries and slushy machines producing refreshing ice treats.

Where possible, we introduced new practical supports for our staff to help them do their job more efficiently. A key achievement was the deployment a software tool called 'PowerBI', which has enabled the creation of dashboards that support our managers to keep track of key activities such as vaccine rates, working with children checks, performance reviews, leave balances, mandatory training and COVID cases across the region.



CEO REPORT (CONTINUED)

Having simplified visualisation of data has made it easier for managers to work with their staff to ensure up-to-date and complete reporting. These reports were an important tool in the achievement of the highest staff flu vaccination rate in the state and they were the key to the success of our staff COVID vaccination program.

This year we welcomed a number of new staff to the organisation, the majority of whom worked out of the Loddon Mallee Public Health Unit (LMPHU) to support our COVID response. Since the start of 2021, LMPHU has managed 812 exposure sites and 411 outbreaks throughout shires, including Greater Bendigo, Mount Alexander, Macedon Ranges, Campaspe and Gannawarra.

The team also provided active assistance to other public health units, including Shepparton and Melbourne, in managing exposure sites outside of the Loddon Mallee Region.

The role of the LMPHU has changed throughout the pandemic and as the need for vaccination and COVID testing declined during the second half of the year, the unit increased non-COVID activities related to the prevention and health promotion aspects of public health. These activities have been strengthened with the transition of the staff from five Primary Care Partnerships (PCPs) across the Loddon Mallee Region as part of a S\state program that has seen the integration of the PCPs throughout Victoria and their resources into Local Public Health Units.

The expertise, experience and local knowledge of our region that comes with this transition will both broaden and deepen our public health efforts.

Committed to excellent care

Despite the strain on our health service during the past 12 months, we have continued to excel in patient care. In the face of continuing demands, our Emergency Department (ED) provided safe care and treatment and worked hard to minimise the time to get patients off ambulance trolleys.

The introduction of Ambulance Patient Offload Team, dedicated cubicles in the ED and the 'fit to sit' guidelines, as well as the incredible work of ED staff have ensured good comparative performance.

Our Surgical Services team also carefully managed elective surgery during the pandemic, keeping the waiting list at a manageable level. Urgent and semi-urgent surgeries were maintained throughout, while a regional liaison nurse collaborated with other health services to maximise the number of patients treated.

'At home' care continued to grow through the pandemic. We have expanded the Hospital in the Home program by 35 patients per month and developed new initiatives, including home-based cancer care and the Hepatocellular Carcinoma Surveillance Clinic.

CEO REPORT (CONTINUED)

This is in addition to the COVID Positive Pathways, which ensures people who do not require hospital admission are monitored at home for any deterioration. The team has cared for more than 35,000 people.

During this time our Golden Oaks Nursing Home underwent an assessment in April by the Aged Care Quality and Safety Commission. The facility responded to all reports of non-compliance and have since been accredited for three years.

Gender equality action plan

Work continues on providing a solid foundation on which to develop our Gender Equality Plan. The plan will address issues specific to our organisation. An incredible amount of effort has gone into ensuring the consolidated data is correct, enabling us to make informed decision about Bendigo Health's plan of action. This will also allow us to accurately track our performance in these areas.

Research

Bendigo Health's participation and reputation in research continues to grow. Among many research achievements, Bendigo Health has entered into an agreement with Department of Jobs, Precincts and Regions to establish the Clinical Trial Research Support Service Australian Teletrials Program. The four-year initiative will focus on increasing our capacity and capability to deliver clinical trials and teletrials for our regional community.

The Loddon Mallee Healthcare Worker COVID (LMHCWC) Study is a three-year longitudinal designed study exploring the immediate and long-term impacts of the COVID pandemic on the health and wellbeing of regional and rural healthcare workers. The LMHCWC Study fills an important gap in our understanding of the effects of the COVID pandemic in a regional/rural setting and including both clinical and non-clinical healthcare workers. It also provides an opportunity for significant research on the long-term effects of the pandemic on a uniquely regional and rural healthcare worker sample, research that to date has not been reported in Australia.

Board and management changes

Congratulations to Dr Ewa Piejko on her appointment as Board Chair. Ewa has been a member of the Board for four years and works as a local GP bringing a wealth of experience and knowledge to the role.

“ The Loddon Mallee Healthcare Workers COVID Study fills an important gap in our understanding of the effects of the COVID pandemic in a regional/rural setting. ”

CEO REPORT (CONTINUED)

Thank you to our outgoing Board Chair, Bob Cameron for the dedication and commitment he brought to the role as Chair during the past six years. Bob is a passionate 'Bendigonian' and his desire to improve health services for the Bendigo and Loddon Mallee communities shone through during his tenure, with the completion of the new hospital and securing funds for the Day Rehabilitation Centre among his many achievements.

After more than 20 years' of service, Robyn Lindsay left Bendigo Health having accepted the role of CEO of Echuca Regional Health. We are pleased Robyn's expertise is not lost to our region and we wish her all the best.

I am continuously proud of all we have achieved this past year in the face of great adversity.

The pandemic has impacted our team both at work and personally and their commitment to the health and wellbeing of our community is truly inspiring. As we learn to live with the virus, there are still challenges ahead, but I know our community is in good hands.

To our volunteers, it has been wonderful seeing you on-site again. Thank you for donating your time to support our staff and patients.

To our staff, I cannot thank you enough. Your dedication and comradery is admirable and our community is lucky to have such an exceptional team caring for them.

I extend sincere thanks to my Executive Team for their expertise and leadership in responding to the challenges that the pandemic has presented.

To our community, thank you for taking action to protect yourselves and your loved ones during the past two years. Our low hospitalisation rates are testament to this effort and I commend you for following the health orders and working together as a community to protect the vulnerable amongst us.



A handwritten signature in dark ink, appearing to read 'Peter Faulkner', with a long horizontal stroke extending to the right.

Peter Faulkner
Chief Executive Officer

BOARD OF DIRECTORS

Dr Ewa Piejko - Board Chair

Dr Ewa Piejko is a General Practitioner at Strathfieldsaye Primary Health in Bendigo. She is also the medical advisor for the Central Victorian region of Murray PHN and Clinical Director for St Anthony's Family Medical Practice. Ewa has extensive experience in the primary care sector across the Loddon, Mallee and Campaspe region through her work as a GP, Medical Advisor with MurrayPHN, and her previous role as Director of General Practice Training for Beyond Medical Training. In addition to professional appointments, Ewa has been involved with local community organisations. Within Bendigo Health, Ewa is chair of the Primary Care and Population Health committee, and a member of the Finance, Quality Care and Audit and Risk Committees.

Term of appointment expires 30/6/2024.

Julie Green

Julie is a passionate, professional Company Director, supported by 23 years as a Senior Executive (Operational and CFO roles) reporting to various Boards. She is an experienced change manager in public and private sectors, across diverse industries including professional services, healthcare, transport and infrastructure. Julie was a business advisor for 10 years with chartered firms in the UK and Australia, including Ernst & Young.

Term of appointment expires 30/6/2025.

The Hon. Bob Cameron LL.B (Melb) FAICD

Bob was long serving Victorian Minister from 1999 until 2010 and Bendigo West MP from 1996 to 2010. He was Chair of Bendigo Health from 2015 until April 2022. Bob has a history of serving and working with community organisations including being a former Board member of the Anne Caudle Centre. He is a lawyer by profession. In 2021-22 he was Chair of the Building Committee, and was a member of the Finance, Audit, Medical Advisory and Visiting Committees.

Term of appointment expires 30/6/2024.

Marilyn Beaumont OAM

With a general and psychiatric nursing background, Marilyn's career includes holding the position of Executive Director of Women's Health Victoria, a statewide women's health promotion and advocacy service between 1995 and 2010. She has also held the position of Australian Nursing Federation Federal Secretary between 1987 and 1995, and, from 1982 to 1987 she was the ANF South Australian Branch Secretary.

Her previous Board work has included Northern Health, Melbourne Health, Commonwealth Health Insurance Commission and Health Employees Superannuation Trust Australia (HESTA). In addition to Bendigo Health, Marilyn's current work includes mentoring young women in executive roles.

Marilyn was inducted onto the Victorian Honour Roll of Women in 2007 and awarded an Order of Australian Medal in 2017 for service to the community, particularly to women's health. She joined the Board of Bendigo Health in 2015 and is Chair of the Quality Care Council, The Primary Care and Population Health Committee and is a member of the Audit and Risk and Visiting Committee.

Term of appointment expires 30/6/2023.

Dr Umair Masood

Partner at Neal Street Medical Clinic
Umair graduated from medical school in 1998. Since then he has worked as a doctor in the UK and Australia. He has worked in both public and private hospitals. He went on to do his Fellowship in General Practice. Umair has also been involved in medical research throughout his career. He has published a thesis, journal articles and presented at scientific meetings. Umair is currently a senior partner at Neal Street Medical Clinic, which is a GP and specialist medical clinic in Gisborne. He helped establish the clinic and works there full-time as a GP. Umair is also involved in the management of the facility, is a GP supervisor and helps mentor GP registrars and medical students at the clinic.

Term of appointment expires 30/6/2025.

BOARD OF DIRECTORS (CONTINUED)

Katerina Angelopoulos MAICD, BSW, DipWS

Katerina has extensive background in public sector management, health issues planning, human resources and community engagement. Katerina has held a number of board directorships and committee positions and is currently a member of Greater Melbourne Cemeteries Trust and the Australian Government Professional Services Review Determining Authority. Katerina is passionate about creating health services and settings that are responsive to community need and enabling continuity of care for clients. She has a reputation for both effective advocacy and enabling community engagement in policy and service development. Katerina is a member of the Medical Advisory Committee, Quality Care Council and the Chair of the Community Advisory Committee.

Term of appointment expires 30/6/2024.

Dr Stan Capp

Dr Stan Capp is an experienced senior executive and CEO in health services, health ICT, local government and the education sector. He has also conducted his own successful consulting practice since 2004. Stan has had over 25 years as a CEO in a range of health care organisations in Australia and internationally, including Southern (now Monash) Health – the largest and most complex health

service in Victoria. Stan has led major health reforms with the creation of Barwon Health, which led him to be an advisor to the Government of Victoria in its Ministerial Review of Health Care Networks, 2000. Stan has been engaged in several consulting assignments throughout Victoria with a particular emphasis in assisting rural and regional health services. He also led a major project for the Government of Dubai that provided advice on the transformation of its public health system. Stan has a strong interest and experience in delivering high quality health services that are well co-ordinated and responsive to community needs. Stan is a member of the Finance Committee and the Quality Care Council.

Term of appointment expires 30/6/2024.

Dianne Foggo AM

Dianne Foggo AM was appointed to the Board in August 2015. She works as a private conciliator and mediator primarily in industrial disputes. She worked as a teacher in Victoria, SA and the NT. She was President of Australian Education Union (AEU) and a Vice President of the Australian Council of Trade Unions (ACTU). Dianne was a Commissioner at the Fair Work Commission for 19 years and the Deputy Chancellor of Victoria University. She is a Life Member of the AEU and the Industrial Relations Society of Victoria and was awarded an Honorary Doctorate at Victoria University in 2011. Dianne was

awarded an Order of Australia (AM) in 2015 in recognition of her work in governance and administration in the university sector, the representation of women and industrial relations. She is currently the Community member of Kyneton Primary School council and the independent member of the Victoria Police Review Steering Committee to implement the 2015 VEOHRC Report.

Term of appointment expires 30/6/2023.

Michael McCartney

Director – Crockford McCartney Pty Ltd
For close to 20 years Michael was a principal in the accounting and financial planning practice of Strategem Financial Group based in Bendigo. He headed the Investment Services division of that business. During his time in professional practice he was also involved in a number of start-up initiatives including the reactivation of the Bendigo Stock Exchange (now part of the National Stock Exchange group) and formation of a local chapter of the Financial Planning Association. A resident of Maldon in Central Victoria, his other interests are based around sailing and cycling. He is a former Commodore of Bendigo Yacht Club and Secretary of Cairn Curran Sailing Club. Michael is a member of the Finance Committee, Audit and Risk Committee and the Medical Advisory Committee.

Term of appointment expires 30/6/2022.

BOARD OF DIRECTORS (CONTINUED)

Board Sub-Committee Membership

AUDIT AND RISK

Julie Green (Chair)
Marilyn Beaumont
Michael McCartney
Bob Cameron
Dianne Foggo

FINANCE COMMITTEE

Michael McCartney (Chair)
Bob Cameron
Dr Stan Capp
Julie Green

BUILDING COMMITTEE

Bob Cameron (Chair)

QUALITY CARE COUNCIL

Marilyn Beaumont (Chair)
Julie Green
Dr Umair Masood
Dr Ewa Piejko
Katerina Angelopoulos
Dr Stan Capp

COMMUNITY ADVISORY

Katerina Angelopoulos (Chair)
Dr Ewa Piejko

MEDICAL ADVISORY

Dr Umair Masood (Chair)
Michael McCartney
Bob Cameron
Katerina Angelopoulos

FUNDRAISING ADVISORY BOARD

Dianne Foggo (Director)

PRIMARY CARE & POPULATION HEALTH ADVISORY

Dr Ewa Piejko (Chair)
Marilyn Beaumont
Dr Stan Capp
Dianne Foggo

VISITING

All Directors

EXECUTIVE DIRECTORS

Peter Faulkner

Chief Executive Officer (CEO)

Diana Badcock

Executive Director Clinical Governance and Quality

Sally Harris

Chief Allied Health Officer

Daryl Kroschel

Chief Medical Officer

Carol-Anne Lever

Chief Nursing and Midwifery Officer

Sarah McAdie

Chief Corporate Affairs Officer

Andrea Noonan

Chief People Officer

Cameron Olsen

Chief Financial Officer

David Rosaia

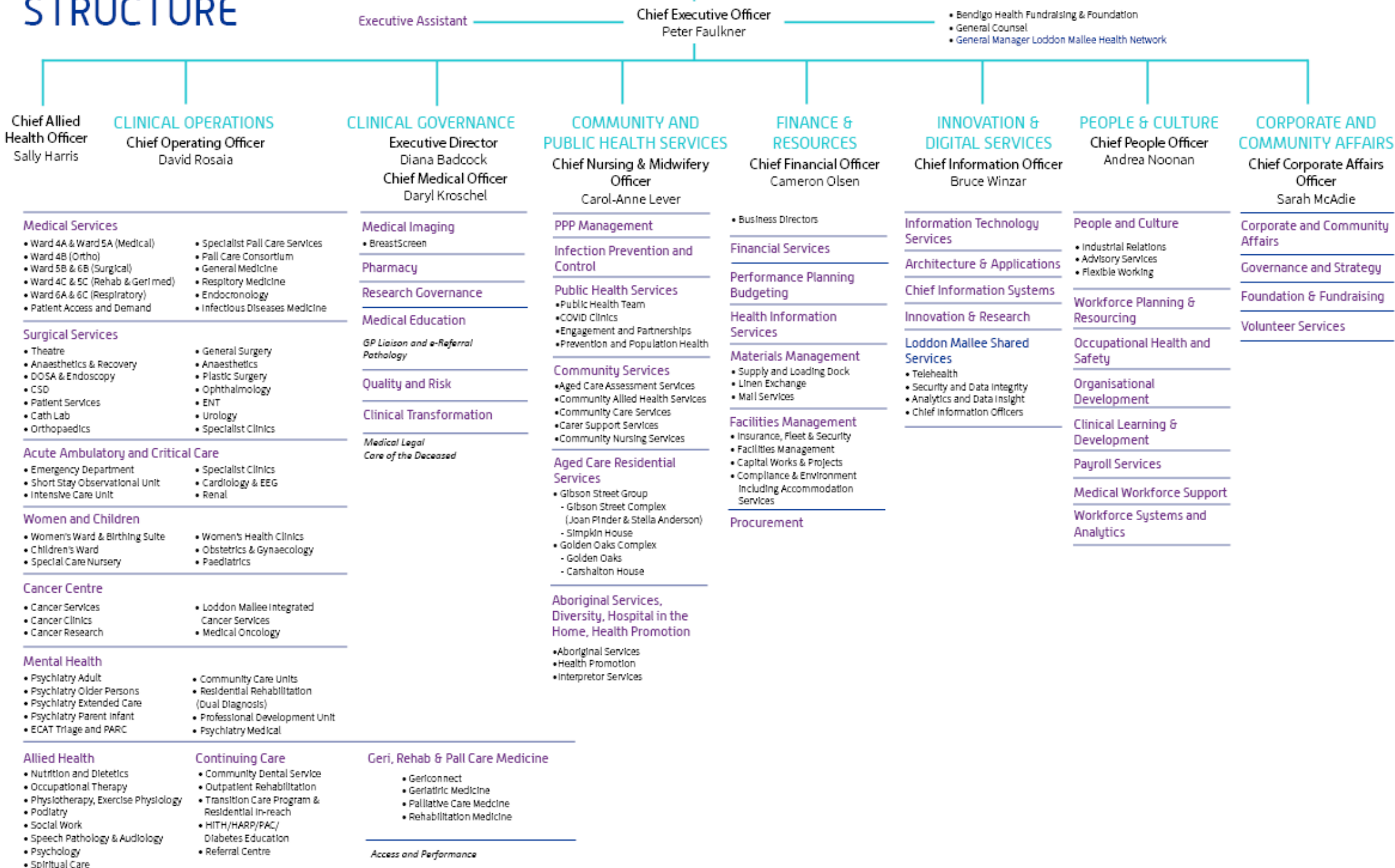
Chief Operating Officer

Bruce Winzar

Chief Information Officer

ORGANISATIONAL STRUCTURE

BOARD OF DIRECTORS



WORKFORCE DATA

Hospitals Labour Category	JUNE Current Month FTE*		June YTD FTE**	
	2021	2022	2021	2022
Nursing	1513.79	1563.90	1464.88	1543.72
Administration and Clerical	535.40	591.21	510.95	587.87
Medical Support	242.77	244.69	226.00	241.94
Hotel and Allied Services	72.56	60.79	73.23	72.55
Medical Officers	62.15	58.02	62.35	58.68
Hospital Medical Officers	204.80	210.23	202.63	209.71
Sessional Clinicians	40.41	46.95	37.58	42.50
Ancillary Staff (Allied Health)	333.19	356.03	332.61	344.12
Total	3005.07	3131.80	2910.23	3101.08

Application of Employment and Conduct Principles

Bendigo Health is committed to upholding the principles of merit and equity in all aspects of the employment relationship. To this end, we have policies and practices in place to ensure all employment related decisions, including recruitment, promotion, training and retention, are based on merit. Any complaints, allegations or incidents involving discrimination, vilification, bullying or harassment are taken seriously and addressed. All staff are provided with education and training on their rights and responsibilities and are provided with the necessary resources to ensure equal opportunity principles are upheld.

Note: There were 4,961 staff employed, head count includes all contracted staff with an active employment agreement as at 30 June 2022.

ATTESTATIONS AND DECLARATIONS

Reporting period from 1 July 2021 to 30 June 2022.

This report is prepared for the Honourable Martin Foley, Minister for Health, Minister for Ambulance Services, and Minister for Equality from 1 July 2021 to 27 June 2022; the Honourable Mary-Anne Thomas, Minister for Health and Minister for Ambulance Services 27 June 2022 to 30 June 2022; the Honourable James Merlino, Minister for Mental Health from 1 July 2021 to 27 June 2022; the Honourable Gabrielle Williams, Minister for Mental Health and Minister for Treaty and First Peoples 27 June 2022 to 30 June 2022; the Honourable Luke Donnellan, Minister for Disability, Ageing and Carers, and Minister for Child Protection 1 July 2021 to 11 October 2021; the Honourable James Merlino, Minister for Disability, Ageing and Carers 11 October 2021 to 6 December 2021; the Honourable Anthony Carabines, Minister for Disability, Ageing and Careers and Minister for Child Protection and Family Services 6 December 2021 to 27 June 2022; the Honourable Colin Brooks, Minister for Disability, Ageing and Carers and Minister for Child Protection and Family Services 27 June 2022 to 30 June 2022; and the Parliament of Victoria and the general public in accordance with relevant government and legislative requirements.

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of

operations for Bendigo Health for the year ending 30 June 2022.



Ewa Piejko, Board Chair
7 July 2022

Financial Management Compliance

I, Ewa Piejko on behalf of Bendigo Health certify that Bendigo Health has no Material Compliance Deficiency with respect to the applicable Standing Directions under the *Financial Management Act 1994* and Instructions.



Ewa Piejko, Board Chair
7 July 2022

Conflict of Interest

I, Ewa Piejko certify that Bendigo Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017. Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Bendigo Health and members of the Board,

and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.



Ewa Piejko, Board Chair
7 July 2022

Integrity, Fraud and Corruption

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



Ewa Piejko, Board Chair
7 July 2022

Data Integrity

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



Ewa Piejko, Board Chair
7 July 2022

STATUTORY COMPLIANCE

Manner of Establishment

Bendigo Health is a health service established in 1995 under the Health Services Act 1988.

Nature and Range of Services

Bendigo Health provides services in emergency, maternity, women's health and children's, medical imaging, pathology, rehabilitation, community services, residential aged care, mental health care services, community dental, hospice/palliative care, cancer services, cardiology, renal dialysis surgical and respiratory services.

It is an expanding regional health service facilitated by a helipad, allowing for rapid transfer of patients both in and out of the health service incorporating the Loddon Mallee region, an area the quarter of the size of Victoria. There are a number of campuses, including Bendigo Hospital, based in Bendigo with services extended to many regional setting including areas such as Mildura, Echuca, Swan Hill, Kyne-ton and Castlemaine.

Safe Patient Care Act 2015

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

FOI Requests received	2021-22
Total	555
Access granted in full	324
Access granted in part	117
Access denied in full	0
Applications withdrawn	8
No information available	20
Not proceeded with	14
Released outside the FOI Act	0
Not yet finalised	72

Freedom of Information

The Freedom of Information (FOI) Act 1982 provides the public with a means of obtaining information held by the organisation. All FOI applications received by Bendigo Health were processed in accordance with the provisions of the FOI Act. The majority of requests were from the general public, however some were for insurance purposes such as TAC and Work Cover claims.

Information on how to make an FOI request can be found on the Bendigo Health website at bendigohealth.org.au/FreedomofInformation/ which includes contact phone number, email address and relevant application forms and costs.

Carers Recognition Act 2012

Bendigo Health takes all practicable measures to ensure that its employees and agents have an awareness and understanding of the care relationship principals. This also includes taking all practicable measures to ensure that persons who are in care relationships and who are receiving services in relation to the care relationship from the care support organisation have an awareness and understanding of the care relationship principals.

The organisation takes all practicable measure to ensure that the care support organisation and its employees and agents reflect the care relationship principals in developing, providing or evaluating support and assistance for persons in care relationships.

Building and Maintenance

Bendigo Health complies with the Building Act 1993 under the guidelines for publicly owned buildings issued by the Minister for Finance 1994 in all redeveloped and maintenance issues. The Bendigo Hospital is maintained by a Public Private Partnership (PPP) through Spotless for a period of 25 years.

STATUTORY COMPLIANCE (CONTINUED)

Car Parking Fees

Bendigo Health complies with the Department of Health hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at: www.bendigohealth.org.au/Parking

Local Jobs First Act 2003

In August 2018, the Victorian Parliament reformed the Victorian Industry Participation Policy Act 2003 into the Local Jobs First Act 2003 and the FRD was revised to FRD 25D (April 2019). There were no contracts in 2021-22 to which the Victorian Industry Participation Policy Act (2003) applied.

Gender Equality Act 2020

The Victorian Gender Equality Act passed through Parliament in February 2020. The Act is a founding reform under Safe and Strong: A Victorian Gender Equality Strategy, and sets out a number of new obligations for the Victorian public sector, universities and local councils to plan, implement strategies and report on gender equality in the workplace.

Bendigo Health has focused on strategically compiling data about its workforce on which to make informed decisions determining a plan of action comprising initiatives to address issues specific to the organisation in relation to gender equality.

Additional Information

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

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, including annual Aboriginal cultural safety reports and plans, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the health service;
- Details of any major external reviews carried out on the health service;
- Details of major research and development activities undertaken by the health service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the health service to develop community awareness of the health service and its services;

- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the health service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the health service, including any Aboriginal advisory or governance committees, the purposes of each committee and the extent to which those purposes have been achieved; and
- Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Public Interest Disclosure Act 2012

Under the Public Interest Disclosures Act 2012 (Formerly Protected Disclosure Act 2012) Bendigo Health has a protocol, including policy, consistent with the requirements of the act that supports staff to disclose serious misconduct or corruption within the organisation and public health services in Victoria.

National Competition Policy

Bendigo Health supports and complies with the Victorian Government's Competitive Neutrality Policy.

STATUTORY COMPLIANCE (CONTINUED)

Details of Consultancies (under \$10,000)

In 2021-22, there were 10 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2021-22 in relation to these consultancies is \$32,977.57 (excluding GST).

Details of Consultancies (over \$10,000)

In 2021-22, there were 7 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2021-22 in relation to these consultancies is \$301,562.87 (excluding GST).

CONSULTANT	PURPOSE OF CONSULTANCY	Start Date	End Date	Expenditure	
				2021-22 (ex. GST)	Future (ex. GST)
WR Law Pty Ltd	Workplace review	Dec-21	Mar-22	\$17,000	0
The Trustee for Worklogic Unit Trust	Workplace review	Aug-21	May-22	\$21,000	0
Arthur J Gallagher and Co (Aus) Limited	Development of workplace risk requirements documents	Feb-22	Feb-22	\$24,000	0
The Trustee for the Wirth Family Trust	Workplace investigation, review and report	Nov-20	Jul-21	\$30,000	0
Impact Collaborative Pty Ltd	Development of a cancer model of care for Mildura region	Jun-21	Jun-22	\$35,000	0
Applied Aged Care Solutions Pty Ltd	Residential aged care funding reform impact analysis across residential services sites	Jun-22	Jun-22	\$65,000	0
Baldasso Cortese Pty Ltd	Carshalton House project schematic design, design development and contract documentation	Jun-22	Jun-22	\$110,000	0

STATUTORY COMPLIANCE (CONTINUED)

Information and Communication Technology (ICT) Expenditure

The total ICT expenditure during 2021-22 is \$54.37 million (excluding GST) with the details shown below:

	BAU [\$ Million]	Non-BAU [\$Million]	Total [\$Million]
Total ICT Expenditure	54.14	0.24	54.37

	Operating [\$ Million]	Capital [\$Million]	Total [\$Million]
Total ICT Expenditure	19.27	35.10	54.37

Occupational Health and Safety

Occupational Health and Safety Statistics	2021-22	2020-21	2019-20
The number of reported hazards/ incidents for the year per 100 FTE	32.60	38.80	43.23
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	1.19	1.40	0.89
The average cost per WorkCover claim for the year ('000)	\$122,666	\$84,555	\$213,183

Occupational Violence

Occupational violence statistics	2021-22
Workcover accepted claims with an occupational violence cause per 100 FTE	0.23
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	1.09
Number of occupational violence incidents reported	347.00
Number of occupational violence incidents reported per 100 FTE	11.19
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	33.72%

For the purpose of the above statistics, the following definitions apply:

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

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

Accepted Workcover claims - Accepted Workcover claims that were lodged in 2021-22.

Loss 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.

STATUTORY COMPLIANCE (CONTINUED)

Environmental Performance

VHBA EDMS Report			
Public environment report - Bendigo Health Care Group Organisation Hierarchy - 2021/2022			
GREENHOUSE GAS EMISSIONS			
Total greenhouse gas emissions (tonnes CO2e)	2019/20	2020/21	2021/22
Scope 1	9,347	9,744	9,291
Scope 2	21,957	20,698	18,219
Total	31,304	30,442	27,510
Normalised greenhouse gas emissions	2019/20	2020/21	2021/22
Emissions per unit of floor space (kgCO2e/m2)	268.98	261.58	236.38
Emissions per unit of Separations (kgCO2e/Separations)	618.43	592.41	508.15
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	130.23	123.12	110.96
STATIONARY ENERGY			
Total stationary energy purchased by energy type (GJ)	2019/20	2020/21	2021/22
Electricity	77,494	76,034	77,024
Natural Gas	181,388	181,734	179,988
Total	258,882	257,777	252,062
Normalised stationary energy consumption	2019/20	2020/21	2021/22
Energy per unit of floor space (GJ/m2)	2.22	2.21	2.17
Energy per unit of Separations (GJ/Separations)	5.11	5.02	4.66
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	1.08	1.04	1.02
WATER			
Total water consumption by type (kL)	2019/20	2020/21	2021/22
Potable Water	149,635	141,724	151,213
Total	149,635	141,724	151,213

STATUTORY COMPLIANCE (CONTINUED)

Environmental Performance

Normalised water consumption (Potable + Class A)	2019/20	2020/21	2021/22
Water per unit of floor space (kL/m2)	1.29	1.22	1.30
Water per unit of Separations (kL/Separations)	2.96	2.76	2.79
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.62	0.57	0.61
WASTE AND RECYCLING			
Waste	2019/20	2020/21	2021/22
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	973,956	954,597	923,127
Total waste to landfill generated (kg clinical waste+kg general waste)	890,772	860,175	824,509
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	2.50	2.19	2.25
Recycling rate % (kg recycling / (kg general waste+kg recycling))	9.72	11.52	12.54
Normalisers (for information only)	2019/20	2020/21	2021/22
Area M2	116,379	116,379	116,379
Aged Care OBD	84,494	85,028	86,040
ED Departures	65,117	94,579	63,892
FTE	2,446	2,837	2,946
LOS	155,875	162,250	161,878
OBD	240,369	247,278	247,918
PPT	356,104	393,244	365,947
Separations	50,618	51,387	54,137

STATUTORY COMPLIANCE (CONTINUED)

Operational and Financial Performance

Bendigo Health budgeted for an operating result of break-even (as per Statement of Priorities). However the operating result was \$491,000 for the 2021-22 financial year, slightly ahead of budget.

	2022 \$000	2021 \$000	2020 \$000	2019 \$000	2018 \$000
OPERATING RESULT*	491	313	(2,032)	(334)	2,066
Total revenue	698,549	618,824	543,650	515,310	479,277
Total expenses	706,854	634,725	571,725	545,474	511,061
Net result from transactions	(8,305)	(15,901)	(28,075)	(30,164)	(31,784)
Total other economic flows	2,146	7,202	(1,623)	(54,501)	493
Net results	(6,159)	(8,699)	(29,698)	(84,665)	(31,291)
Total assets	979,744	932,317	928,763	896,294	1,064,928
Total liabilities	476,699	477,374	491,486	409,086	391,474
Net assets/total equity	503,075	454,943	437,277	487,208	673,454

* The operating result is the result for which the health service is monitored in its Statement of Priorities.

Reconciliation between the Net Result from transactions and to the Statement of Priorities Operating Result

	2022
Net operating result	491
Capital purpose income	51,093
Specific income	-
COVID 19 State Supply Arrangements	
- Assets received free of charge or for nil consideration under the State Supply	5,603
State supply items consumed up to 30 June 2022	(5,603)
Assets provided free of charge	-
Assets received free of charge	1,277
Expenditure for capital purpose	(1,127)
Depreciation and amortisation	(38,271)
Impairment of non-financial assets	-
Finance costs (other)	(21,766)
Net result from transactions	(8,305)

STATEMENT OF PRIORITIES

PART A

How has the health service maintained its COVID readiness and response?

The Loddon Mallee Public Health Unit (LMPHU) established within Bendigo Health in 2021/22 has managed over 5,000 contact tracing calls, 45,000 COVID cases and more than 400 outbreaks.

Bendigo Health and the LMPHU also provided significant technical advice and workforce support to the lockdown of Mildura in October 2021 working in close partnership with local agencies and community leaders to provide mass and bespoke testing and vaccination services for vulnerable groups and Aboriginal people.

The LMPHU has provided over 200,000 PCR tests through state-funded testing sites across the region, implementing several mass testing events in 2021 in response to significant outbreaks in Bendigo and other regional population centres. The PHU has continuously provided smaller scale Rapid Response Testing Team responses in control of outbreaks and in small rural communities where the availability of local services is limited.

Through vaccination hubs across the region, the PHU has coordinated access or directly delivered over a third of a million vaccine doses, consistently achieving population coverage significantly above the state average.

The PHU has also provided dedicated service supports addressing barriers to access for people with disabilities, as well as Aboriginal and culturally and linguistically diverse communities in the Loddon Mallee region. These have included significant outreach and pop-up activity for vulnerable communities, smaller regional communities where there are significant barriers to primary care access and as part of outbreak response. This involved providing over 3,000 doses to migrant seasonal agricultural workforces with only two subsequent farm outbreaks to date in the region.

To further address barriers to vaccination, Bendigo Health has provided population-wide and targeted communications to inform the public and ensure community confidence in the vaccination program.

STATEMENT OF PRIORITIES: PART A [CONTINUED]

As a service hosting a Local Public Health Unit, how did the health service evolve and deliver an integrated public health network?

Bendigo Health has led the regional health service response to the pandemic. This has included the establishment of a region-wide approach to the implementation of COVID-positive pathways for cases notified to the PHU, integrated across primary and secondary care services.

In addition, the PHU has provided sector-wide and bespoke information, advice and training in the prevention and control of COVID for key settings and vulnerable communities including residential aged care, health services, disability services, Aboriginal and culturally and linguistically diverse communities across the region. Regular place-based coordination networks for clusters of local government areas across the region have been convened by the PHU to share intelligence and coordinate response and relief activities for local communities.

Working as part of a network with other PHUs and the Department of Health, the Loddon Mallee public health team have led the response to more than 80 outbreaks across other regions and metropolitan Melbourne.

A partnership with the Department of Health, Bendigo Health and the PHU, saw the establishment of the first region-wide Rapid Antigen Test distribution hub to manage supply to health and other services.

How has Bendigo Health led and engaged members of its health service partnership to build a culture of collaboration, ensuring initiatives are defined and agreed by members, and account to the department for planning and reporting requirements?

The Loddon Mallee Health Network (LMHN) adopted its first Annual Operating Budget incorporating Sub Regional Work Plan investments in alignment with the overall LMHN Regional Plan.

The first Annual General Meeting and Board election for the LMHN was in December 2021. The membership elected an additional two Directors to further represent Small Rural Health Services and a Board Conduct Charter and Policies was adopted.

To aid collaboration, a Member Code of Conduct for the LMHN was implemented and a communication framework was established.

The LMHN Rolling Work Plan was submitted to the Department of Health by due dates.

Bendigo Health participated in four LMHN forums held quarterly to advance priorities and distributed quarterly dashboard reports as appropriate on the Health Service Partnership Projects and initiatives.

STATEMENT OF PRIORITIES: PART A (CONTINUED)

How has the health service driven improvements in access to emergency services and implemented strategies to improve whole of hospital system flow?

In January Bendigo Health reached 81% National Emergency Access Target (NEAT) for Ambulance Arrivals in the context of record Emergency Department (ED) presentations. To keep the arrivals area moving, Bendigo Health ED maintained three ramp cubicles dedicated to swiftly offload patients arriving via ambulance who were not safe to wait in the waiting room.

An Ambulance Patient Offload Team (APOT) was introduced which comprises a paramedic student on evening shift allocated to oversee the care (under the direction of the Triage Registered Nurse) of ED patients in the ambulance ramping area which releases paramedics to respond to the community.

Patients are actively assessed by the Short Stay Observation Unit (SSOU) team for appropriateness for direct admission to SSOU from ambulance stretcher. 'Fit to Sit' guidelines help staff determine which patients arriving via ambulance would be suitable for immediate offload into the ED waiting room.

A Demand Escalation Protocol is in place for when there is insufficient capacity to meet demand during times of peak ED presentations to ensure ED communicates and works collaboratively with ambulance services for the best outcomes for all parties.

A Care Coordinator role was introduced in ED to assist in managing patients with complex care needs. The role aids in facilitating timely access to available community-based



STATEMENT OF PRIORITIES: PART A (CONTINUED)

How did Bendigo Health engage with the community to address the needs of patients; work collaboratively with its health service partnership to implement the Better at Home initiative to enhance in-home and virtual models of patient care; and improve elective surgery performance?

During the past year Bendigo Health Surgical Services team have carefully managed elective surgery waiting lists, keeping them at manageable levels. Category 1 and urgent Category 2 surgeries were maintained throughout, and a regional liaison nurse helped recruit other health services to take some of our patients.

Since September 2021, more than 1000 patients had their procedures at either Bendigo Day Surgery, St John of God, Kyneton or Castlemaine. Staff have worked in different capacities and upskilled to deal with large furlough numbers. Additional weekend theatres were opened to deal with a rise in orthopaedic trauma and emergency surgery over the past two years – this has helped Bendigo Health minimise the cancellation of elective procedures.

Looking forward, Bendigo Health is confident of being able to increase activity as part of the statewide elective surgery blitz and have ample theatre space to accommodate more patients. In May and June, approximately 111% of our pre-pandemic activity was scheduled. We employed eight new junior nurses within the theatre complex as scrub scouts. They are supported with an additional 1EFT of clinical support.

Bendigo Health has supported more patients to receive the care outside of the hospital. Through the Better@Home funding the health service has expanded Hospital in the Home (increase of approximately 35 patients per month), GEM@Home (additional 4 beds), Stroke Early Supported Rehabilitation in the Home (increasing capacity to provide intensive rehabilitation at home for 4 patients at a time).

New initiatives commenced this year under Better@Home include:

- Home-based cancer care – now delivering treatment to around 25 patients per week in their own homes.
- Hepatocellular Carcinoma Surveillance Clinic – currently supporting 75 patients with evidence based screening building their self-management capabilities and reducing hospital presentations.
- COVID Positive Pathways ensures people who do not require hospital admission are monitored at home for any deterioration. The team has cared for more than 35,000 people.

STATEMENT OF PRIORITIES: PART A (CONTINUED)

How has the health service addressed critical mental health demand pressures and supported the implementation of mental health system reforms?

The 2022 Bilateral Agreement for mental health and suicide prevention services between the Commonwealth and Victorian Governments articulates a clear commitment to improving integration across service systems and outcomes for individuals. With the common themes of:

- reducing duplication in services and planning
- improving data collection and sharing capabilities
- fostering integration and system design responses through co-commissioned Commonwealth and state funded services.

Victoria's Statewide Design, Service and Infrastructure Plan is due at the end of 2022, with regional service and capital plans subsequently due at the end of 2023. At that time, regional planning will move to a consolidated approach under the new Regional Boards. Plans will be developed in collaboration with Public Health Networks (PHNs), Health Service Partnerships, health services, consumers, carers, Interim Regional Bodies and key stakeholders, in accordance with Royal Commission recommendations.

Bendigo Health is working with the Department of Health to implement the Victorian Royal Commission's recommendations. The health service has established a Mental Health Reform team to lead the transformation work, focused initially on producing a transformation plan related to the first 8 priorities.

A proposed organisational structure to support the establishment of the two Area Mental Health and Wellbeing age streams has been developed for consideration and endorsement. Core scope of practice expectations for community mental health service delivery is in place and being offered with opportunities for expansion identified. This has been informed by both service data (access and demand) as well as lived experience feedback.

Bendigo Health is working towards the target of a 10 per cent increase in out-of-hours access by 1 July 2023.

Bendigo Health is carrying out mapping and analysis of current primary and secondary consultation to inform improvements and strengths as service expansion occurs. The health service will wait for the department's completed overarching model and framework before progressing the priority of forming a partnership with a non-government organisation that will provide the wellbeing support component of the future Mental Health and Wellbeing structure.

Bendigo Health continues to participate in consultation opportunities connected with the development of an overarching framework and guidelines relevant to the priority of integrating mental health and alcohol and other drugs treatment, care and support.

STATEMENT OF PRIORITIES: PART A (CONTINUED)

How has the health service embedded the Aboriginal and Torres Strait Islander Cultural Safety Framework to ensure delivery of culturally safe care to Aboriginal patients and families, and to provide culturally safe workplaces for Aboriginal employees?

Bendigo Health continues to embed Aboriginal and Torres Strait Islander Cultural Safety Framework throughout our organisation which is underpinned by the Aboriginal Cultural Safety Plan. This plan was implemented by the Department of Health in 2020 and incorporates the eight domains of Cultural Safety with key measures and deliverables expected from each domain to ensure culturally safe care to Aboriginal and Torres Strait Islander patients and their families.

Bendigo Health has expanded the Aboriginal Hospital Liaison Officer program to six staff, comprising full-time and part-time roles which cover the service seven days a week to ensure patients are supported on weekends and after-hours. This includes a full-time Koori Mental Health Liaison Officer (KMHLO) who provides support to patients in each of the mental health wards. The team has male and female workers so cultural considerations such as Men's and Women's Business can be supported. Bendigo Health also employed Aboriginal Community Liaison Officers in the LMPHU to provide support to patients who had tested positive for COVID.

In March this year Bendigo Health launched its inaugural Reconciliation Action Plan (RAP) which provides an even bigger platform for greater self-determination and will allow the health service to place more emphasis on closing the gap that still exists between Aboriginal and non-Aboriginal Australians. This RAP will also help to ensure the health service is creating a culturally safe and welcoming environment for the Aboriginal and Torres Strait Islander community as well as Aboriginal and Torres Strait Islander staff.

Bendigo Health continues to educate staff about the importance of Cultural Safety, offering face to face learning opportunities bi-monthly as well as online Cultural Safety modules. This training is led by the Aboriginal Services team. The team also regularly hold events encouraging staff to become involved and celebrate such as National Reconciliation Week and NAIDOC Week to help gain a greater understanding of the importance Aboriginal culture.



STATEMENT OF PRIORITIES

PART B: PERFORMANCE PRIORITIES

High quality and safe care		
Key performance measure	Target	Outcome
Infection Prevention and Control		
Compliance with Hand Hygiene Australia program	85%	76.5%
Percentage of healthcare workers immunised for influenza	92%	97%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	93.2%
Percentage of mental health consumers reporting a ‘very good’ or ‘excellent’ experience of care in past 3 months or less	80%	61%
Percentage of mental health consumers reporting they ‘usually’ or ‘always’ felt safe using this service	90%	84%
Healthcare associated infections		
Rate of patients with surgical site infection	No outliers	No outliers
Rate of patients with ICU central line associated blood stream infections (CLABSI)	0	0
Rate of patients with SAB per 10,000 occupied bed days	<1	0.6
Unplanned readmissions		
Unplanned readmissions to any hospital following a hip replacements	<6%	5.3%
Mental Health		
Percentage of closed community cases re-referred within six months: CAMHS, adults and aged persons	<14%	25%
Rate of seclusion events relating to an adult acute mental health admission per 1,000 occupied bed days	<10	16
Rate of seclusion events relating to an aged acute mental health admission per 1,000 occupied bed days	<5	0
Percentage of adult acute mental health patients who have post-discharge follow-up within seven days	88%	65%
Percentage of aged acute mental health inpatients who have post-discharge follow-up within seven days	88%	78%
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	<14%	16%
Percentage of aged acute mental health inpatients who are readmitted within 28 days of discharge	14%	6%

STATEMENT OF PRIORITIES: PART B (CONTINUED)

High quality and safe care continued

Key performance measure	Target	Outcome
Continuing Care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	>0.645	0.88
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%	16.7%
Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	91.9%

Strong governance, leadership and culture

Key performance measure	Target	Outcome
Organisational culture		
People matter survey - Percentage of staff with an overall positive response to safety culture survey questions	62%	66%

Effective financial management

Key performance measure	Target	Outcome
Operating results (\$m)		
		0.49
Average number of days to pay trade creditors	60 days	26 days
Average number of days to receive patient fee debtors	60 days	47 days
Actual number of days available cash, measured on the last day of each month	14 days	18.2 days
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variance <\$250,000	28.98
Adjusted current asset ratio	0.7% or 3% improvement from health service base target	0.88

STATEMENT OF PRIORITIES: PART B (CONTINUED)

Timely access to care		
Key performance measure	Target	Outcome
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%	64%
Percentage of emergency patients with a length of stay in the emergency department of less than 4 hours	81%	55%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	4
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 admittend within clinically recommended time	94%	78.4%
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 for prior year	31%
Number of hospital-initiated postponements per 100 scheduled elective surgery admissions	<7	9.1
Mental Health		
Percentage of 'crisis' (category 'C') mental health triage episodes with a face-to-face contact received within 8 hours	80%	89%
Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours	81%	57%
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	83.9
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	100%	95.5%

STATEMENT OF PRIORITIES

PART C:

2021-22 Activity achievement	
Funding type	Activity 2021-22
Consolidated Activity Funding	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	64,325
Acute Admitted	
National Bowel Cancer Screening Program NWAU	69
Acute admitted DVA	230
Acute admitted TAC	410
Acute Non-Admitted	
Home Enteral Nutrition NWAU	32
Home Renal Dialysis NWAU	465
Specialist Clinics	17,639
Subacute/Non-Acute, Admitted & Non-Admitted	
Subacute WIES - DVA	215
Transition Care - Bed Days	18,220
Transition Care - Home Days	12,814
Residential Aged Care	82,444
HACC	19,548

STATEMENT OF PRIORITIES

PART C Continued

Bendigo Health's funding summary for 2021-22	
Funding type	Activity 2021-22
Mental Health and Drug Services	
Mental Health Ambulatory	83,923
Mental Health Inpatient - Available bed days	21,914
Mental Health Inpatient - Secure Unit	7,301
Mental Health Residential	10,958
Mental Health Service System Capacity	1
Mental Health Subacute	11,692
Drug Services	2,391
Primary Health	
Community Health/Primary Care Programs	8,824
Other	
Health Workforce	0

DISCLOSURE INDEX

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

Legislation Requirement		Page Reference
Charter and Purpose		
FRD 22	Manner of establishment and the relevant Ministers	17
FRD 22	Purpose, functions, powers and duties	17
FRD 22	Nature and range of services provided	18
FRD 22	Activities, programs and achievements for the reporting period	5-11
FRD 22	Significant changes in key initiatives and expectations for the future	5-11
Management and structure		
FRD 22	Organisational structure	15
FRD 22	Workforce data/employment and conduct principles	16
FRD 22	Occupational health and safety	21
Financial information		
FRD 22	Summary of the financial results for the year	24
FRD 22	Significant changes in financial position during the year	Financial Report
FRD 22	Subsequent events	Financial Report
FRD 22	Operational and budgetary objectives and performance against objectives	Financial Report
FRD 22	Details of consultancies under \$10,000	20

Legislation Requirement		Page Reference
Financial information continued		
FRD 22	Details of consultancies over \$10,000	20
FRD 22	Disclosure of ICT expenditure	21
Legislation		
FRD 22	Application and operation of Freedom of Information Act	18
FRD 22	Statement on National Competition Policy	19
FRD22	Application and operation of Public Interest Disclosure Act 2012	19
FRD 22	Compliance with building and maintenance provisions of Building Act 1983	18
FRD 22	Application and operation of Carers Recognition Act 2012	18
FRD 22	Summary of the entity's environmental performance	22-23
FRD 22	Additional information available on request	19
Other relevant reporting directives		
FRD 25	Local Jobs First Act 2003 disclosures	19
SD 5.1.4	Financial Management Compliance attestation	17
SD 5.2.3	Declaration in report of operations	17

DISCLOSURE INDEX (CONTINUED)

Legislation Requirement	Page Reference
Attestations	
Attestation on Data Integrity	17
Attestation on managing Conflicts of Interest	17
Attestation on Integrity, Fraud and Corruption	17
Other reporting requirements	
Reporting of outcomes from Statement of Priorities 2021-22	25-35
Occupational Violence reporting	21
Gender Equality Act 2020	19
Reporting obligations under the Safe Patient Care Act 2015	18
Reporting of compliance regarding Car Parking Fees	19





Bendigo Health Financial Report 2021-2022



Independent Auditor's Report

To the Board of Bendigo Health

Opinion	<p>I have audited the financial report of Bendigo Health (the health service) which comprises the:</p> <ul style="list-style-type: none"> ■ balance sheet as at 30 June 2022 ■ comprehensive operating statement for the year then ended ■ statement of changes in equity for the year then ended ■ cash flow statement for the year then ended ■ notes to the financial statements, including significant accounting policies ■ board member's, accountable officer's, chief finance & accounting officer's declaration. <p>In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2022 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <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'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	<p>As required by the <i>Audit Act 1994</i>, 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.</p> <p>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:</p> <ul style="list-style-type: none"> ▪ identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. ▪ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control ▪ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board ▪ conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern. ▪ evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. <p>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.</p>
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MELBOURNE
10 October 2022


Dominika Ryan
as delegate for the Auditor-General of Victoria

BENDIGO HEALTH

ABN 26 875 445 912

FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2022

Board Member's, Accountable Officer's, Chief Finance & Accounting Officer's Declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2022 and the financial position of Bendigo Health at 30 June 2022.

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

We authorise the attached financial statements for issue on 12 September 2022.



E I Piejko

Chair



P A Faulkner

Chief Executive Officer



C L Olsen

Chief Financial Officer

Dated 12 September 2022

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

		2022	2021
	Note	\$'000	\$'000
Revenue and Income from Transactions			
Operating Activities	2.1	698,254	618,521
Non-operating Activities	2.1	295	303
Total Revenue and Income from Transactions		698,549	618,824
Expenses from Transactions			
Employee Expenses	3.1	(449,793)	(408,987)
Supplies & Consumables	3.1	(102,109)	(91,340)
Finance Costs	3.1	(21,766)	(22,773)
Depreciation and Amortisation	4.6	(38,273)	(38,056)
Public/Private Partnership Operating Expenses	3.1	(39,370)	(33,568)
Other Administrative Expenses	3.1	(29,524)	(17,423)
Other Operating Expenses	3.1	(26,019)	(22,578)
Total Expenses from Transactions		(706,854)	(634,725)
Net result from Transactions - Net Operating Balance		(8,305)	(15,901)
Other economic flows included in the net result			
Net Loss on Non-Financial Assets	3.2	(499)	147
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	(193)	(390)
Share of Other Economic Flows from Joint Operation	3.2	9	(217)
Other Gain/(Loss) from Other Economic Flows	3.2	2,829	7,662
Total other economic flows included in net result		2,146	7,202
Net result for the year		(6,159)	(8,699)
Other economic flows - Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in Property, Plant and Equipment Revaluation Surplus		9,022	5,475
Items that may be reclassified subsequently to net result			
Fair Value - Recognition of Hedging Instrument		45,269	20,890
Total Other Comprehensive Income		54,291	26,365
Comprehensive result for the year		48,132	17,666

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

Bendigo Health
Balance Sheet
as at 30 June 2022

	Note	2022 \$'000	2021 \$'000
Current Assets			
Cash and Cash Equivalents	6.2	84,456	100,550
Receivables	5.1	29,338	13,573
Investments and Other Financial Assets	4.1	57	75
Inventories	4.7	3,415	3,462
Other Assets		47,586	2,323
Total Current Assets		164,852	119,983
Non-Current Assets			
Receivables	5.1	29,594	23,410
Property, Plant & Equipment	4.2(a)	185,874	166,847
Right-of-use Assets	4.3(a)	577,314	597,281
Intangible Assets	4.5	22,140	24,796
Total Non-Current Assets		814,922	812,334
TOTAL ASSETS		979,774	932,317
Current Liabilities			
Payables	5.2	59,417	53,307
Borrowings	6.1	6,981	6,587
Employee Benefits	3.3	94,408	84,985
Other Liabilities	5.3	29,732	32,127
Total Current Liabilities		190,538	177,006
Non-Current Liabilities			
Borrowings	6.1	273,080	279,119
Employee Benefits	3.3	13,081	13,285
Other Liabilities	5.3	0	7,964
Total Non-Current Liabilities		286,161	300,368
TOTAL LIABILITIES		476,699	477,374
NET ASSETS		503,075	454,943
EQUITY			
Property, Plant & Equipment Revaluation Surplus	4.4	31,363	22,341
Cash Flow Hedging Reserve		37,419	(7,850)
Restricted Specific Purpose Surplus		5,625	5,356
Contributed Capital		100,735	100,735
Accumulated Surpluses		327,933	334,361
TOTAL EQUITY		503,075	454,943

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

Bendigo Health
Statement of Changes in Equity
For the Financial Year Ended 30 June 2022

	Property, Plant & Equipment Revaluation Surplus	Cash Flow Hedging Reserve	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Surpluses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Restated balance at 30 June 2020	16,866	(28,740)	4,982	100,735	343,434	437,277
Net Result for the Year	0	0	0	0	(8,699)	(8,699)
Other comprehensive income for the year	5,475	0	0	0	0	5,475
Capital Contribution	0	0	0	0	0	0
Cash Flow Hedging Reserve	0	20,890	0	0	0	20,890
Transfer to/(from) accumulated surplus	0	0	374	0	(374)	0
Balance at 30 June 2021	22,341	(7,850)	5,356	100,735	334,361	454,943
Net Result for the Year	0	0	0	0	(6,159)	(6,159)
Other comprehensive income for the year	9,022	0	0	0	0	9,022
Capital Contribution	0	0	0	0	0	0
Cash Flow Hedging Reserve	0	45,269	0	0	0	45,269
Transfer to/(from) accumulated surplus	0	0	269	0	(269)	0
Balance at 30 June 2022	31,363	37,419	5,625	100,735	327,933	503,075

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

Bendigo Health
Cash Flow Statement
For the Financial Year Ended 30 June 2022

	Note	2022 \$'000	2021 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		533,297	467,439
Capital Grants from Government - State		9,314	17,166
Patient and Resident Fees Received		30,876	27,753
Private Practice Fees Received		3,418	3,557
Donations and Bequests Received		648	3,724
GST Received from Australian Tax Office		12,535	10,599
Recoupment from Private Practice for Use of Hospital Facilities		(3)	3
Interest and Investment Income Received		331	304
Receipt of share of Rural Health Alliance		9	0
Other Capital Receipts		0	829
Other Receipts		31,967	26,792
Total Receipts		622,392	558,166
Employee Expenses Paid		(357,582)	(391,282)
Non Salary Labour Costs		(29,219)	(22,425)
Payments for Suppliers & Consumables		(91,534)	(85,458)
Cash outflow for leases		(4,066)	(3,214)
Payment for share of Rural Health Alliance		0	(533)
Other Payments		(142,055)	(26,430)
Total Payments		(624,456)	(529,342)
NET CASH FLOWS FROM/(USED IN) OPERATING ACTIVITIES	8.1	(2,064)	28,824
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Financial Assets		(10,314)	(10,714)
Proceeds from Disposal of Non-Financial Assets		191	147
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(10,123)	(10,567)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Borrowings		(2,434)	(800)
Proceeds from Borrowings		979	412
Receipt of Accommodation Deposits		11,756	9,559
Repayment of Accommodation Deposits		(10,134)	(6,674)
Receipt/(Repayment) of Monies Held in Trust		(4,074)	(480)
NET CASH FLOWS FROM/(USED IN) FINANCING ACTIVITIES		(3,907)	2,017
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		(16,094)	20,274
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		100,550	80,276
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.2	84,456	100,550

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

Note 1: Basis of preparation

Structure

1.1 Basis of preparation of the financial statements

1.2 Impact of COVID-19 pandemic

1.3 Abbreviations and terminology used in the financial statements

1.4 Jointly Controlled Operation

1.5 Key accounting estimates and judgements

1.6 Accounting standards issued but not yet effective

1.7 Goods and Services Tax (GST)

1.8 Reporting entity

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 1: Basis of preparation

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

This section explains the basis of preparing the financial statements.

Note 1.1 Basis of preparation of the financial statements

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

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

Bendigo Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AASBs. Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Apart from the changes in accounting policies, standards and interpretations as noted below, material accounting policies adopted in the preparation of these financial statements are the same as those adopted in the previous period.

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

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

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

These financial statements are presented in Australian dollars.

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

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

The annual financial statements were authorised for issue by the Board of Bendigo Health on 12 September 2022.

Note 1.2 Impact of COVID-19 pandemic

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

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

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

- introducing restrictions on non-essential visitors
- greater utilisation of telehealth services
- implementing reduced visitor hours
- deferring elective surgery
- transferring inpatients to private health facilities
- performing COVID-19 testing
- administering COVID-19 vaccinations
- deploying a Rapid Response Team to facilitate mobile COVID-19 testing
- Implementing work from home arrangements.

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

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

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 1.3 Abbreviations and terminology used in the financial statements

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

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

Note 1.4 Jointly Controlled Operation

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

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

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

Bendigo Health is a Member of the Loddon Mallee Rural Health Alliance and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.8 Jointly Controlled Operations).

Note 1.5 Key accounting estimates and judgements

Management make estimates and judgements when preparing the financial statements.

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

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

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

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

Note 1.6 Accounting standards issued but not yet effective

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

Standard	Adoption Date	Impact
AASB 17: <i>Insurance Contracts</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2021-2: <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definitions of Accounting Estimates.</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-5: <i>Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

AASB 2021-6: <i>Amendments to Australian Accounting Standards – Disclosure of Accounting Policies: Tier 2 and Other Australian Accounting Standards</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.
AASB 2021-7: <i>Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections</i>	Reporting periods on or after 1 January 2023.	Adoption of this standard is not expected to have a material impact.

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

Note 1.7 Goods and Services Tax (GST)

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

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

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

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

Note 1.8 Reporting entity

The financial statements include all the controlled activities of the *Bendigo Health*.

Its principal address is:
100 Barnard Street
Bendigo, Victoria, 3550

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

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

Note: 2 Funding Delivery of Our Services

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

Bendigo 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 Revenue and income from transactions

2.2 Fair Value of Assets received free of charge or for nominal consideration

Telling the COVID-19 story

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

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

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

- co-ordinate employment requirements including training/upskilling requirement
- increased staffing costs to open and service the vaccination hubs and the in-house contact tracing unit
- pathology testing costs due to COVID-19 tests
- increased personal protective equipment costs
- COVID specific ward management and ICU requirements
- costs related to the expansion of emergency services and respiratory stream

Funding provided included:

- COVID-19 grants to fund COVID safe plans across Bendigo Health facilities
- State repurpose grants to fund ongoing hospital activities
- Sustainability funding to support ongoing hospital operations
- Additional elective surgery funding for elective blitz activities
- Local public health unit (LPHU) funding for development of COVID-19 responses in our region
- Better @ home funding for developing home based care programs
- Mental health capacity funding for supporting regional based COVID-19 responses

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

This resulted in approximately \$14.2M being recognised as income for the year ended 30 June 2022 (2021: \$0.37M) which would have otherwise been recognised as a contract liability in the Balance Sheet until subsequent years when underlying performance obligations were fulfilled. The impact of contract modifications obtained for Bendigo Health's most material revenue streams, where applicable, is disclosed within this note.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 2.1: Revenue and Income from transactions

		2022	2021
		\$'000	\$'000
Operating Activities			
Revenue from contracts with customers			
Government Grants (State) - Operating		336,937	311,781
Government Grants (Commonwealth) - Operating		56,268	56,901
Patient and Resident Fees		18,576	18,512
Private Practice Fees		3,252	3,329
Commercial Activities ¹		17,805	15,800
Total revenue from contracts with customers	2.1(a)	432,838	406,323
Other sources of income			
Government Grants (State) - Operating		188,705	142,360
Government Grants (State) - Capital		49,090	42,755
Government Grants (Commonwealth) - Capital		1,853	1,899
Assets received free of charge or for nominal consideration	2.1(b)	6,880	4,411
Other Revenue from Operating Activities (including non-capital donations)		18,888	20,773
Total other sources of income		265,416	212,198
Total Revenue and Income from Operating Activities		698,254	618,521
Non-operating activities			
Other sources of income			
Interest		295	303
Total other sources of income		295	303
Total Income from Non-Operating Activities		295	303
Total Revenue and Income from Transactions		698,549	618,824

1: Commercial activities represent business activities which health services enter into to support their operations.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

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

Bendigo Health disaggregates revenue by the timing of revenue recognition.

Goods and services transferred to customers:

At a point in time

Over time

Total revenue from contracts with customers

	2022 \$'000	2021 \$'000
	415,033	390,523
	17,805	15,800
	432,838	406,323

How we recognise revenue and income from transactions

Government Operating Grants

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

When both these conditions are satisfied, Bendigo Health:

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

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

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

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

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2022****Note 2.1(a): Timing of revenue from contracts with customers**

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.</p> <p>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group (DRG).</p> <p>WIES was superseded by NWAU from 1 July 2021, for acute, sub-acute and state-wide (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p>
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	<p>NWAU funding commenced 1 July 2021 and supersedes WIES for acute, sub-acute and state-wide services (which includes specified grants, state-wide services and teaching and training). Services not transitioning at this time include mental health and small rural services.</p> <p>NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid.</p> <p>The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity.</p> <p>Revenue is recognised at point in time, which is when a patient is discharged.</p>
SubAcute Weighted Inlier Equivalent Separation (SubAcute WIES)	<p>The performance obligations for SubAcute WIES are the number and mix of patients admitted to hospital requiring rehabilitation, treatment to improve functioning associated with medical conditions related to ageing, or improving quality of life for patients facing life threatening or life limiting illness. Patient activity is in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the SubAcute WIES activity when an episode of care for an admitted patient is completed.</p> <p>SubAcute WIES activity is a cost weight that is adjusted for care type and represents a relative measure of resource use for each episode of care or phase of care. The funding model classifies activity according to the Australian National Subacute and Non-Acute Patient (AN-SNAP).</p>
Acute specialist Clinics (Weighted Ambulatory service events)	<p>The performance obligation for Acute Specialist Clinics are the number of service events defined as an interaction between one or more healthcare providers with non-admitted patients. A weighting based on the type of clinician and nature of the service provided determines funding levels for each service event. Revenue is recognised in accordance with Weighted Ambulatory Service Events at agreed activity levels per the annual Statement of Priorities, and on completion of the service event.</p>

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

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

Capital Grants

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

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

Patient and Resident Fees

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

Private Practice Fees

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

Revenue from Commercial Activities

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

How we recognise revenue and income from Non-Operating Income

Dividend Income

Dividend income is recognised when the right to receive payment is established. Dividends represent the income arising from Bendigo Health and its controlled entities' investments in financial assets.

Interest Income

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.

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2022****Note 2.1(b): Fair Value of Assets received free of charge or for nominal consideration**

	2022 \$'000	2021 \$'000
Plant and equipment	1,277	1,440
Personal Protective Equipment	5,603	2,971
Total Fair Value of Assets received free of charge or for nominal consideration	6,880	4,411

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

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

Personal Protective Equipment

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

The general principles of the State Supply Arrangement were that Health Share Victoria sourced, secured and agreed terms for the purchase of the PPE products, funded by the Department of Health, while Monash Health took delivery, and distributed an allocation of the products to Bendigo Health as resources provided free of charge. Health Share Victoria and Monash Health were acting as an agent of the Department of Health under this arrangement.

Contributions

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

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

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

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

Voluntary Services

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

- ☐ Aboriginal service
- ☐ Aged residential care
- ☐ Administration
- ☐ Patient companionship on our wards
- ☐ Concierge and orienteering
- ☐ Inpatient and outpatient clinics

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

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

Non-cash contributions from the Department of Health

Supplier	Description
Victorian Managed Insurance Authority	The Department of Health purchases non-medical indemnity insurance for Bendigo Health which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions.
Department of Health	Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health Hospital Circular.
Public Private Partnership (PPP) Consortium	<p>The Department of Health purchases lease arrangements and services which are paid directly to the Public Private Partnership Consortium. To record this contribution, such payments are recognised as income with a matching depreciation and interest expense in the net result from transactions, in accordance with the nature and timing of the monthly or quarterly payment.</p> <p>Such PPP's are not accounted for as a Service Concession Arrangement as the public service criterion is not satisfied.</p>

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

Note 3: The Cost of Delivering our Services

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

Structure

- 3.1 Expenses from Transactions
- 3.2 Other Economic Flows
- 3.3 Employee Benefits in the Balance Sheet
- 3.4 Superannuation

Telling the COVID-19 story

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

Additional costs were incurred to deliver the following additional services:

- establish facilities within Bendigo Health for the treatment of suspected and admitted COVID patients resulting in an increase in employee costs, additional equipment purchases, and consumable including protective equipment
- implement COVID safe practices throughout Bendigo Health including increased cleaning, increased security, consumption of personal protective equipment provided as resources free of charge, and various modifications to facilities to comply with distancing and isolation requirements
- assist with COVID-19 case management and contact tracing contributing to an increase in employee costs, and logistical support
- establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs, additional equipment purchased, and premises costs
- COVID-19 Screening Clinics and Rapid Response Unit operations were implemented leading to increased employee costs significant pathology testing costs

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022
Note 3.1: Expenses from Transactions

	2022	2021
	\$'000	\$'000
Salaries and Wages	340,141	312,265
On-costs	77,877	71,521
Agency Expenses	21,534	15,056
Fee for Service Medical Officer Expenses	7,685	7,367
Workcover Premium	2,556	2,778
Total Employee Expenses	449,793	408,987
Drug Supplies	24,031	23,637
Medical and Surgical Supplies (including Prostheses)	28,900	23,518
Diagnostic and Radiology Supplies	14,001	11,096
Other Supplies and Consumables	35,177	33,089
Total Supplies and Consumables	102,109	91,340
Finance Costs	46	58
Finance Costs - PPP Arrangements	21,720	22,715
Total Finance Costs	21,766	22,773
Public Private Partnership Operating Expenses	39,370	33,568
Total PPP Operating Expenses	39,370	33,568
Other Administrative Expenses	29,524	17,423
Total Other Administrative Expenses	29,524	17,423
Fuel, Light, Power and Water	6,031	6,013
Repairs and Maintenance	1,963	3,939
Maintenance Contracts	9,249	5,717
Medical Indemnity Insurance	6,227	5,321
Expenses related to short term leases	1,087	203
Expenses related to leases of low value assets	335	318
Expenditure for Capital Purposes	1,127	1,067
Total Other Operating Expenses	26,019	22,578
Total Operating Expenses	668,581	596,669
Depreciation and Amortisation (refer Note 4.6)	38,273	38,056
Total Other Non-Operating Expenses	38,273	38,056
Total Non-Operating Expenses	38,273	38,056
Total Expenses from Transactions	706,854	634,725

Note 3.1: Expenses from Transactions (continued)

How we recognise expenses from transactions

Expense recognition

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

Employee expenses

Employee expenses include:

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

Supplies and consumables

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

Finance Costs

Finance costs include:

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

Other operating expenses

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

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

The Department of Health also makes certain payments on behalf of Bendigo Health. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue and also recording the related expense.

Non-operating expenses

Other non-operating expenses generally represent expenditure for outside the normal operations such as depreciation, and assets and services provided free of charge or for nominal consideration.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 3.2: Other economic flows included in net result

	2022	2021
	\$'000	\$'000
<i>Net loss on non financial assets</i>		
Net loss on disposal of property plant and equipment	(499)	147
Total net gain/(loss) on non financial assets	(499)	147
<i>Net gain/(loss) on financial instruments at fair value</i>		
Allowance for impairment losses of contractual receivables	(307)	(276)
Net gain/(loss) on financial instruments	114	(114)
Total net gain/(loss) on financial instruments at fair value	(193)	(390)
<i>Share of other economic flows from Joint Operations</i>		
Share of net profits/(losses) of joint entities, excluding dividends	9	(217)
Total Share of other economic flows from Joint Operations	9	(217)
<i>Other gains/(losses) from other economic flows</i>		
Net gain/(loss) arising from revaluation of long service liability	2,829	7,662
Total other gains/(losses) from other economic flows	2,829	7,662
Total other gains/(losses) from economic flows	2,146	7,202

How we recognise other economic flows

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

- the revaluation of the present value of the long service leave liability due to changes in the bond interest rates and
- reclassified amounts relating to equity instruments from the reserves to retained surplus/(deficit) due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

Net loss on non-financial assets

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

- Revaluation gains/ (losses) of non-financial physical assets (Refer to Note 4.2 Property plant and equipment.)
- Net gain/ (loss) on disposal of non-financial assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

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

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 4.1 Investments and other financial assets; and
- disposals of financial assets and derecognition of financial liabilities.
- Allowance for impairment losses of contractual receivables.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 3.3: Employee Benefits and related on-costs

Current Employee Benefits and Related On-costs

Long Service Leave

- Unconditional and expected to be settled wholly within 12 monthsⁱ

- Unconditional and expected to be settled wholly after 12 monthsⁱⁱ

Annual Leave

- Unconditional and expected to be settled wholly within 12 monthsⁱ

- Unconditional and expected to be settled wholly after 12 monthsⁱⁱ

Accrued Days Off

- Unconditional and expected to be settled wholly within 12 monthsⁱ

- Unconditional and expected to be settled wholly after 12 monthsⁱⁱ

Employee Termination Benefits

- Unconditional and expected to be settled wholly within 12 monthsⁱ

- Unconditional and expected to be settled wholly after 12 monthsⁱⁱ

Provisions related to Employee Benefit On-Costs

- Unconditional and expected to be settled within 12 monthsⁱ

- Unconditional and expected to be settled after 12 monthsⁱⁱ

Total Current Employee Benefits and Related On-costs

Non-Current Employee Benefits and Related On-costs

Conditional Long Service Leave

Provisions related to Employee Benefit On-Costs

Total Non-Current Employee Benefits and Related On-costs

Total Employee Benefits and Related On-costs

	2022	2021
	\$'000	\$'000
	5,772	4,793
	42,279	38,517
	30,244	27,749
	4,893	4,682
	809	762
	131	127
	274	0
	0	0
	84,402	76,630
	4,181	3,617
	5,825	4,738
	10,006	8,355
	94,408	84,985
	11,611	11,974
	1,470	1,311
	13,081	13,285
	107,489	98,270

i The amounts disclosed are nominal amounts.

ii The amounts disclosed are discounted to present values.

Note 3.3(a): Employee Benefits and Related On-costs

Current Employee Benefits and Related On-Costs

Unconditional Long Service Leave Entitlements
Annual Leave Entitlements
Accrued Days Off
Substitution Leave
Employee Termination Benefits

2022 \$'000	2021 \$'000
53,925	48,050
39,161	35,953
1,048	982
0	0
274	0
13,081	13,285
107,489	98,270

Non-Current Employee Benefits and Related On-Costs

Conditional Long Service Leave Entitlements

Total Employee Benefits and Related On-Costs

Attributable to:

Employee Benefits
Provision for related on-costs

96,013	88,604
11,476	9,666
107,489	98,270

Total Employee Benefits and Related On-Costs

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

Carrying amounts at start of year

Additional provisions recognised
Amounts incurred during the year
Carrying amounts at end of year

2022 \$'000	2021 \$'000
98,270	95,768
47,575	35,672
(38,356)	(33,170)
107,489	98,270

How we recognise employee benefits

Employee Benefit Recognition

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

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

Annual Leave and Accrued Days Off

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

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

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

Long Service Leave (LSL)

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

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where Bendigo Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

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

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2022****Termination Benefits**

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

Provision for On-Costs Related to Employee Benefits

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

Note 3.4: Superannuation

	Paid Contributions for the Year		Contribution Outstanding at Year End	
	2022	2021	2022	2021
	\$'000	\$'000	\$'000	\$'000
Defined Benefit Plans:ⁱ				
First State Super Pty Ltd	373	388	0	0
Government Superannuation Office	194	231	0	0
Defined contributions plans:				
Aware Super Pty Ltd	15,209	14,024	0	0
HESTA Administration	10,738	8,829	0	0
Other	8,527	7,066	0	0
Total	35,041	30,538	0	0

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

How we recognise superannuation

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

Defined benefit superannuation plans

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Bendigo Health to the superannuation plans in respect of the services of current Bendigo Health staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

Bendigo Health does not recognise any unfunded 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 DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Bendigo Health.

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

Defined contribution superannuation plans

In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions to defined contribution superannuation plans are expensed when incurred.

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

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

Note 4: Key Assets to Support Service Delivery

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

Structure

- 4.1 Investments and Other Financial Assets
- 4.2 Property, Plant & Equipment
- 4.3 Right-of-use Assets
- 4.4 Revaluation Surplus
- 4.5 Intangible Assets
- 4.6 Depreciation and Amortisation
- 4.7 Inventories
- 4.8 Impairment of Assets

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating useful life of property, plant and equipment	<p>Bendigo Health assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset.</p> <p>Bendigo Health reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>
Estimating useful life of right-of-use assets	<p>The useful life of each right-of-use asset is typically the respective lease term, except where Bendigo Health is reasonably certain to exercise a purchase option contained within the lease (if any), in which case the useful life reverts to the estimated useful life of the underlying asset.</p> <p>Bendigo Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.</p>
Estimating restoration costs at the end of a lease	<p>Where a lease agreement requires Bendigo Health to restore a right-of-use asset to its original condition at the end of a lease, Bendigo Health estimates the present value of such restoration costs. This cost is included in the measurement of the right-of-use asset, which is depreciated over the relevant lease term.</p>
Estimating the useful life of intangible assets	<p>Bendigo Health assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.</p>
Identifying indicators of impairment	<p>At the end of each year, Bendigo Health assesses impairment by evaluating the conditions and events specific to Bendigo Health that may be indicative of impairment triggers. Where an indication exists, Bendigo Health tests the asset for impairment.</p> <p>Bendigo Health considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> ▪ If an asset's value has declined more than expected based on normal use ▪ If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset ▪ If an asset is obsolete or damaged ▪ If the asset has become idle or if there are plans to discontinue or dispose of the asset before the end of its useful life ▪ If the performance of the asset is or will be worse than initially expected. <p>Where an impairment trigger exists, Bendigo Health applies significant judgement and estimate to determine the recoverable amount of the asset.</p>

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2022****Note 4.1: Investments and Other Financial Assets****CURRENT****Financial Assets at Fair Value through profit or loss**

Australian listed shares

Total Current**Represented by:**

Shares

Total Investments and Other Financial Assets

Operating Fund		Total	
2022	2021	2022	2021
\$'000	\$'000	\$'000	\$'000
57	75	57	75
57	75	57	75
57	75	57	75
57	75	57	75

How we recognise investments and other financial assets

Bendigo Health's investments and other financial assets are made in accordance with Standing Direction 3.7.2 - Treasury Management, including the Central Banking System.

Bendigo Health manages its investments and other financial assets in accordance with an investment policy approved by the Board.

Investments are recognised when Bendigo Health enters into a contract to either purchase or sell the investment (i.e. when it becomes a party to the contractual provisions to the investment). Investments are initially measured at fair value, net of transaction costs.

Bendigo Health classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the timing of disposal of each asset.

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2022****Note 4.2: Property, Plant & Equipment****(a) Gross carrying amount and accumulated depreciation**

	2022 \$'000	2021 \$'000
Land		
Land at Fair Value	39,711	30,689
Total Land	39,711	30,689
Buildings		
Buildings at Fair Value	116,268	114,939
Less Accumulated Depreciation	(16,378)	(9,842)
Total Buildings	99,890	105,097
Landscaping and Grounds		
Landscaping and Grounds at Fair Value	2,723	2,723
Less Accumulated Depreciation	(241)	(161)
Total Landscaping & Grounds	2,482	2,562
Plant and Machinery		
Plant and Machinery at Fair Value	5,455	5,398
Less Accumulated Depreciation	(3,924)	(3,731)
Total Plant and Machinery	1,531	1,667
Medical Equipment		
Medical Equipment at Fair Value	45,856	50,807
Less Accumulated Depreciation	(30,282)	(32,530)
Total Medical Equipment	15,574	18,277
Computers and Communication Equipment		
Computers and Communication Equipment at Fair Value	30,475	29,331
Less Accumulated Depreciation	(27,425)	(25,254)
Total Computers and Communications Equipment	3,050	4,077
Furniture and Fittings		
Furniture and Fittings at Fair Value	834	812
Less Accumulated Depreciation	(600)	(570)
Total Furniture and Fittings	234	242
Motor Vehicles		
Motor Vehicles at Fair Value	4,813	5,122
Less Accumulated Depreciation	(2,918)	(2,775)
Total Motor Vehicles	1,895	2,347

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2022****Note 4.2: Property, Plant & Equipment (continued)****(a) Gross carrying amount and accumulated depreciation (continued)**

	2022	2021
	\$'000	\$'000
Non-Medical Equipment		
Non-Medical Equipment at Fair Value	2,536	2,677
Less Accumulated Depreciation	(2,189)	(2,292)
Total Non-Medical Equipment	347	385
Work In Progress		
Work In Progress at Cost	21,160	1,504
Total Work In Progress	21,160	1,504
Total Property, Plant and Equipment	185,874	166,847

Note 4.2 (b): Property, Plant & Equipment (continued)

How we recognise property, plant and equipment

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

Initial Recognition

Items of property, plant and equipment (excluding right-of-use assets) are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition. Assets transferred as part of a merger/machinery of government change are transferred at their carrying amounts.

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

Subsequent Measurement

Items of Property, plant and equipment (PPE) are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset). Further information regarding fair value measurement is disclosed in Note 7.4.

Revaluation

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

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

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

Note 4.2 (b): Property, Plant & Equipment (continued)

An independent valuation of Bendigo Health's property, plant and equipment was performed by the VGV on 30 June 2019. The valuation, which complies with Australian Valuation Standards, was determined by reference to the amount for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The managerial assessment performed at 31 December 2021 indicated an overall:

- increase in fair value of land of 53.49% (\$13,486,375)

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

The VGV provided advised that a building managerial revaluation is not required as building cost factors indicated increases of less than 10%.

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

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

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

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 4.2: Property, Plant & Equipment (Continued)

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

Land	Buildings	Landscaping and Grounds	Plant and Machinery	Medical Equipment	Computers and Communications Equipment	Furniture and Fittings	Motor Vehicles	Non-Medical Equipment	Work In Progress	Total
\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
25,214	106,239	2,619	1,821	19,119	6,658	240	2,779	397	29,835	194,921
Additions	0	280	23	2,466	1,105	34	4	69	2,595	6,737
Disposals	0	0	0	(46)	(2)	0	(57)	0	0	(105)
Revaluation Increments / (Decrements)	5,475	0	0	0	0	0	0	0	0	5,475
Jointly controlled Non-Current Assets (refer Note 8.8)	0	0	0	0	(2)	0	0	0	0	(2)
Assets Received Free of Charge	0	0	0	1,278	0	0	0	0	0	1,278
Net Transfers between Classes	0	4,632	0	62	0	0	0	0	(4,632)	0
Work in Progress Transferred to Intangible Assets (refer Note 4.5)	0	0	0	0	0	0	0	0	(26,294)	(26,294)
Depreciation (refer note 4.6)	0	(6,054)	(80)	(4,602)	(3,682)	(32)	(379)	(81)	0	(15,163)
Balance at 30 June 2021	30,689	105,097	2,562	18,277	4,077	242	2,347	385	1,504	166,847
Additions	0	1,245	0	1,305	1,330	22	0	47	20,021	24,052
Disposals	0	0	0	(557)	0	0	(132)	0	0	(689)
Revaluation Increments / (Decrements)	9,022	0	0	0	0	0	0	0	0	9,022
Jointly controlled Non-Current Assets (refer Note 8.8)	0	0	0	0	(33)	0	0	0	0	(33)
Assets Received Free of Charge	0	0	0	1,278	0	0	0	0	0	1,278
Net Transfers between Classes	0	84	0	6	281	0	0	(6)	(365)	0
Work in Progress Transferred to Intangible Assets (refer Note 4.5)	0	0	0	0	0	0	0	0	0	0
Depreciation (refer note 4.6)	0	(6,536)	(80)	(4,735)	(2,605)	(30)	(320)	(79)	0	(14,603)
Balance at 30 June 2022	39,711	99,890	2,482	15,574	3,050	234	1,895	347	21,160	185,874

A full revaluation of the Bendigo Health's land was performed by the Valuer-General of Victoria (VGV) in June 2022 and buildings in June 2019. The valuations, 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 land was 30 June 2022 and buildings was 30 June 2019. A managerial assessment was undertaken as at 30 December 2021 which resulted in a revaluation of Land (refer note 4.2 (b)).

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2022****Note 4.3: Right-of-use Assets****4.3(a) Gross carrying amount and accumulated depreciation**

	2022	2021
	\$'000	\$'000
Right of Use Buildings at fair value	35,708	34,930
Less Accumulated Depreciation	(5,142)	(3,322)
Total Right-of-use Buildings at Fair Value	30,566	31,608
Right of Use Plant and Equipment at Fair Value	1,315	1,293
Less Accumulated Depreciation	(505)	(329)
Total Right of Use Plant and Equipment at Fair Value	810	964
Leased Assets Contracted under VicFleet		
Motor Vehicles		
Motor Vehicles at Fair Value	320	142
Less Accumulated Depreciation	(50)	(13)
Total Leased Assets Contracted under VicFleet	270	129
Right of Use PPP Assets		
Leased Buildings at Fair Value	582,813	582,813
Less Accumulated Depreciation	(54,280)	(36,186)
	528,533	546,627
Leased Equipment at Fair Value	21,868	21,799
Less Accumulated Depreciation	(4,733)	(3,846)
	17,135	17,953
Total Right-of-use PPP Assets	545,668	564,580
Total Right-of-use Assets	577,314	597,281

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022
4.3(b) Reconciliations of the carrying amounts of each class of asset

	Right of Use Buildings	Right of Use Plant and Equipment	Right of Use PPP Assets	Leased Assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2020	32,715	16	582,895	0	615,626
Additions	678	1,224	744	142	2,788
Disposals	0	0	0	0	0
Revaluation Increments / (Decrements)	0	0	0	0	0
Jointly controlled Non-Current Assets (refer Note 8.8)	0	0	0	0	0
Assets Received Free of Charge	0	0	0	0	0
Net Transfers between Classes	0	0	0	0	0
Depreciation (refer note 4.6)	(1,785)	(276)	(19,059)	(13)	(21,133)
Balance at 30 June 2021	31,608	964	564,580	129	597,281
Additions	778	22	69	178	1,047
Disposals	0	0	0	0	0
Revaluation Increments / (Decrements)	0	0	0	0	0
Jointly controlled Non-Current Assets (refer Note 8.8)	0	0	0	0	0
Assets Received Free of Charge	0	0	0	0	0
Net Transfers between Classes	0	0	0	0	0
Depreciation (refer note 4.6)	(1,820)	(176)	(18,981)	(37)	(21,014)
Balance at 30 June 2022	30,566	810	545,668	270	577,314

4.3(b) Reconciliations of the carrying amounts of each class of asset (continued)

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased buildings	2 to 30 years
Leased plant, equipment, furniture, fittings and vehicles	3 to 25 years

Initial recognition

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

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

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

Bendigo Health holds lease agreements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. The health service has applied temporary relief and continues to measure those right-of-use asset at cost. Refer to Note 6.1 for further information regarding the nature and terms of the concessional lease, and Bendigo Health's dependency on such lease arrangements.

Subsequent measurement

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable. Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2022****Note 4.4: Revaluation Surplus**

		2022 \$'000	2021 \$'000
Balance at the beginning of the reporting period		22,341	16,866
Revaluation Increment			
- Land	4.2(b)	9,022	5,475
- Landscaping and Grounds	4.2(b)	0	0
- Buildings	4.2(b)	0	0
Balance at the end of the reporting period*		31,363	22,341
* Represented by:			
- Land		29,609	20,587
- Buildings		0	0
- Landscaping and Grounds		1,754	1,754
		31,363	22,341

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 4.5: Intangible Assets

Note 4.5(a): Gross carrying amount and accumulated amortisation

	2022 \$'000	2021 \$'000
Intangible produced assets - software	26,556	26,556
Less accumulated amortisation	(4,416)	(1,760)
Total intangible produced assets - software	22,140	24,796

Note 4.5(b): Reconciliations of the carrying amounts of each class of asset

	Note	Software \$'000	Total \$'000
Balance at 30 June 2020		-	-
Additions		26,556	26,556
Disposals		-	-
Revaluation increments/(decrements)		-	-
Net Transfers between classes		-	-
Depreciation	4.6	(1,760)	(1,760)
Balance at 30 June 2021	4.5(a)	24,796	24,796
Additions		-	-
Disposals		-	-
Revaluation increments/(decrements)		-	-
Net Transfers between classes		-	-
Depreciation	4.6	(2,656)	(2,656)
Balance at 30 June 2022	4.5(a)	22,140	22,140

How we recognise intangible assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and car park revenue recognition rights.

Initial recognition

Purchased intangible assets are initially recognised at cost.

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

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

Expenditure on research activities is recognised as an expense in the period on which it is incurred.

Subsequent measurement

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2022****Note 4.6: Depreciation and Amortisation**

	2022	2021
	\$'000	\$'000
Depreciation		
Property, Plant and Equipment		
Buildings	6,536	6,054
Landscaping and Grounds	80	80
Plant and Machinery	218	253
Medical Equipment	4,735	4,602
Computers and Communication	2,605	3,682
Furniture and Fittings	30	32
Motor Vehicles	320	379
Non-Medical Equipment	79	81
Total Depreciation - Property, Plant and Equipment	14,603	15,163
Right of Use Assets		
- Right of Use Buildings	1,820	1,785
- Right of Use Plant and Equipment	176	276
- Right of Use Motor Vehicles	37	13
Right of Use PPP Assets	18,981	19,059
Total Depreciation - Right of Use Assets	21,014	21,133
Total Depreciation	35,617	36,296
Amortisation		
Software	2,656	1,760
Total amortisation	2,656	1,760
Total depreciation and amortisation	38,273	38,056

How we recognise Depreciation

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

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

How we recognise Amortisation

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

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

Non-public private partnership (PPP) assets	2022	2021
Buildings		
- Structure Shell Building Fabric	2 to 58 years	2 to 58 years
- Site Engineering Services and Central Plant	2 to 52 years	2 to 52 years
Central Plant		
- Fit Out	25 years	25 years
- Trunk Reticulated Building Systems	30 years	30 years
Landscaping and Grounds	24 to 80 years	24 to 80 years
Plant and Machinery	4 to 20 years	4 to 20 years
Medical Equipment	3 to 20 years	3 to 20 years
Computers and Communication	1 to 20 years	1 to 20 years
Furniture and Fitting	4 to 20 years	4 to 20 years
Motor Vehicles	4 to 8 years	4 to 8 years
Software	10 years	10 years
Non Medical Equipment	2 to 20 years	2 to 20 years
Public private partnership (PPP) assets	2021	2021
Buildings	22 to 58 years	22 to 58 years
Equipment	3 to 20 years	3 to 20 years

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2022****Note 4.7: Inventories**

	2022	2021
	\$'000	\$'000
Inventories		
Pharmaceuticals - at cost	1,082	1,156
Medical and Surgical Lines - at cost	1,879	1,836
Other - at cost	454	470
Total Inventories	3,415	3,462

How we recognise Inventories

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

Inventories are measured at the lower of cost and net realisable value.

Note 4.8: Impairment of Assets

How we recognise Impairment

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

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

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

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

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

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

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

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

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

Note 5: Other Assets and Liabilities

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

Structure

5.1 Receivables

5.2 Payables

5.3 Other Liabilities

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Estimating the provision for expected credit losses	Bendigo Health uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Classifying a sub-lease arrangement as either an operating lease or finance lease	<p>Bendigo Health applies significant judgement to determine if a sub-lease arrangement, where the health service is a lessor, meets the definition of an operating lease or finance lease.</p> <p>Bendigo Health considers a range of scenarios when classifying a sub-lease. A sub-lease typically meets the definition of a finance lease if:</p> <ul style="list-style-type: none"> ▪ The lease transfers ownership of the asset to the lessee at the end of the term ▪ The lessee has an option to purchase the asset for a price that is significantly below fair value at the end of the lease term ▪ The lease term is for the majority of the asset's useful life ▪ The present value of lease payments amount to the approximate fair value of the leased asset and ▪ The leased asset is of a specialised nature that only the lessee can use without significant modification. <p>All other sub-lease arrangements are classified as an operating lease.</p>
Measuring deferred capital grant income	<p>Where Bendigo Health has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed.</p> <p>Bendigo Health applies significant judgement when measuring the deferred capital grant income balance, which references the estimated the stage of completion at the end of each financial year.</p>
Measuring contract liabilities	Bendigo Health applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, Bendigo Health assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.
Recognition of other provisions	Other provisions include Bendigo Health's obligation to restore leased assets to their original condition at the end of a lease term. Bendigo Health applies significant judgement and estimate to determine the present value of such restoration costs.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 5.1: Receivables

	Notes	2022 \$'000	2021 \$'000
CURRENT RECEIVABLES			
Contractual			
Inter Hospital Debtors		924	1,140
Trade Debtors		6,039	2,714
Debtors - Department of Health		12,613	0
Patient Fees		3,727	3,688
Allowance for impairment losses	5.1(a)	(477)	(421)
Accrued Revenue - Other		4,027	5,044
Sub-total Contractual Receivables		26,853	12,165
Statutory			
GST Receivable		2,485	1,408
Sub-total Statutory Receivables		2,485	1,408
Total Current Receivables		29,338	13,573
NON CURRENT			
Contractual			
Long Service Leave - Department of Health		29,594	23,410
Sub-total Contractual Receivables		29,594	23,410
Total Non-Current Receivables		29,594	23,410
Total Receivables		58,932	36,983
<i>(i) Financial assets classified as receivables (Note 7.1(a))</i>			
Total receivables		58,932	36,983
GST receivable		(2,485)	(1,408)
Total financial assets	7.1(a)	56,447	35,575
Note 5.1(a) Movement in the allowance for impairment losses of contractual receivables			
		2022 \$'000	2021 \$'000
Balance at beginning of year		(421)	(291)
Amounts written off during the year		307	146
Increase in allowance recognised in net result		(363)	(276)
Balance at end of year		(477)	(421)

How we recognise receivables

Receivables consist of:

- **Contractual receivables**, which mostly includes 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. Bendigo 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; and
- **Statutory receivables**, which mostly 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. Bendigo 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*.

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

Impairment losses of contractual receivables

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 5.2: Payables

CURRENT PAYABLES

Contractual

	2022	2021
	\$'000	\$'000
Accrued Expenses	5,947	8,349
Accrued Salaries and Wages	19,187	14,130
Unearned Income - DH	15,740	10,961
Deferred Grant Revenue	0	5,218
Salary Packaging	32	53
Inter Hospital Creditors	78	250
Trade Creditors	8,120	14,346
Creditors - Department of Health	10,313	0
	59,417	53,307
Total Payables	59,417	53,307

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

Total payables and contract liabilities	59,417	53,307
Deferred grant income	0	(5,218)
Department of Health	(15,740)	(10,961)
Total financial liabilities	43,677	37,128

How we recognise payables

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 Bendigo 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 Net 60 days.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 5.2(a): Deferred Capital Grant Revenue

	2022	2021
	\$'000	\$'000
Opening balance of deferred grant income	5,218	4,643
Grant consideration for capital works received during the year	0	45,229
Deferred grant revenue recognised as revenue due to completion of capital works	(5,218)	(44,654)
Closing balance of deferred grant income	0	5,218

How we recognise deferred capital grant revenue

Grant consideration was received from State and Commonwealth Government Agencies. It includes the capital grants for the construction and refurbishment of both the Golden Oaks Nursing Home and Gibson Street Residential Aged Care facilities. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Bendigo 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. (see note 2.1) As a result, Bendigo Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Maturity analysis of payables

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 5.3: Other Liabilities

Current Monies Held In Trust

Refundable Accommodation Deposits (RADs)	24,360	22,737
Community Packages	0	5,561
Local Loddon Leadership Group	747	429
Loddon Mallee Leadership Group	695	452
Loddon Mallee Regional Palliative Care Consortium	1,130	1,208
Loddon Mallee Regional Palliative Care Consultancy	76	66
Patient Monies Held in Trust	293	478
Loddon Mallee Integrated Cancer Services	1,211	1,098
Mallee Health Partnership	496	0
Murray Health Partnership	568	0

Total Current Monies Held In Trust

Other Liabilities

Total Current Other Liabilities

Non Current Monies Held In Trust

Derivative Financial Instruments Payable	0	7,964
Total Non Current Monies Held In Trust	0	7,964

Total Other Liabilities

*** Total Monies Held in Trust**

Represented by the following assets:

Cash Assets (refer to note 6.2)

Total

2022	2021
\$'000	\$'000
24,360	22,737
0	5,561
747	429
695	452
1,130	1,208
76	66
293	478
1,211	1,098
496	0
568	0
29,576	32,029
156	98
29,732	32,127
0	7,964
0	7,964
29,732	40,091
29,566	32,029
29,566	32,029

How we recognise other liabilities

Accommodation Deposits (Refundable Accommodation Deposit)/Accommodation Bond Liabilities

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

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

Interest Rate Swap Derivative - cash flow hedge

Bendigo Health is party to a derivative financial instrument in order to hedge exposure to fluctuations in interest rate changes.

As required in the operating deed for the Bendigo Health public private partnership, Bendigo Health became responsible for the interest rate swap contract during the 2018-19 financial year in which it entered into an Interest Rate Swap (IRS) contract to fix the interest payable under the Quarterly Service Payments. The IRS is effective for the period of 3 June 2019 to 1 October 2041.

Bendigo Health has economic exposure to AUD bank bill swap rate BBSY indexed cash flow interest rate risk embedded in the Floating Rate Component (FRC) debt payments to Exemplar Health.

The objective of interest rate hedging is to mitigate the variability in AUD cash flows due to changes in BBSY benchmark interest rates associated with FRC payments to Exemplar Health.

Bendigo Health has transacted to pay fixed and receive floating BBSY interest rate with Treasury Corporation of Victoria (TCV) to fix the effective interest rate on its FRC payments. The rate fixed in the Interest Rate Swap is 2.054% compared to the variable BBSY rate of 0.2832% as at the end of the reporting period.

The swap contracts require settlement of net interest receivable or payable every 90 days. The settlement dates coincide with the dates on which interest is payable on the underlying debt.

For the purpose of this hedge relationship, BBSY cash flow exposures on FRC is an eligible hedged item under the requirements of *AASB 9 Financial Instruments*.

Derivatives and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Bendigo Health only has the one hedging instrument, being an interest rate swap.

The full fair value of the hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is only classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Bendigo Health designates derivatives as a cash flow hedge and the swap hedges interest rate risk associated with the cash flows of the PPP lease liability that has highly probable forecast transactions.

Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

Cash flow hedges

The effective portion of changes in the fair value of the derivative that is designated and qualify as a cash flow hedge is recognised in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, within other gains/(losses). The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The gain or loss relating to the effective portion of the interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

Fair value measurement of derivative instruments

(i) Valuation techniques used to determine fair values

Interest Rate Swap – the present value of the estimated future cash flows based on observable swap yield curves.

The fair value estimate is included as 'recurring fair value measurements' in level 2 of the fair value hierarchy as described in note 7.4.

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

Note 6: How We Finance our Operations

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

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

Structure

- 6.1 Borrowings
- 6.2 Cash and Cash Equivalents
- 6.3 Commitments for Expenditure

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 6.1: Borrowings

Current Borrowings

DH Loan¹
Lease Liability - PPP²
Lease Liability²

Total Current Borrowings

Non-Current Borrowings

DH Loan¹
Lease Liability - PPP²
Lease Liability²

Total Non Current Borrowings

Total Borrowings

2022 \$'000	2021 \$'000
800	800
4,568	4,190
1,613	1,597
6,981	6,587
0	800
241,758	246,326
31,322	31,993
273,080	279,119
280,061	285,706

(1) DH unsecured loan which bears no interest.

(2) Lease secured by assets leased. Leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Note that the obligation of fulfilling PPP interest and principal payments over the PPP term rests with the Department of Health. Bendigo Health records on behalf of the Department of Health according to the information provided.

How we recognise borrowings

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

Initial recognition

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value is recognised in the net result over the period of the borrowings using the effective interest method.

Subsequent measurement

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

Maturity analysis

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

Defaults and breaches

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

Note 6.1(a) Lease liabilities

Bendigo Health's lease liabilities are summarised below:

Total undiscounted lease liabilities
Less unexpired finance expenses
Net lease liabilities

2022 \$'000	2021 \$'000
45,299	46,688
(12,364)	(13,098)
32,935	33,590

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

Not longer than one year
Later than 1 year and not later than 5 years
Later than 5 years

Minimum future lease liability
- Less unexpired finance expenses

Present value of lease liability

*** Represented by:**

Current liabilities
Non-Current liabilities

2022 \$'000	2021 \$'000
2,641	2,641
9,209	9,407
33,449	34,640
45,299	46,688
(12,364)	(13,098)
32,935	33,590
1,613	1,597
31,322	31,993
32,935	33,590

How we recognise lease liabilities

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

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

- the contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to Bendigo Health and for which the supplier does not have substantive substitution rights;
- Bendigo 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 Bendigo Health has the right to direct the use of the identified asset throughout the period of use; and
- Bendigo Health has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

Bendigo Health's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased buildings	2 to 30 years
Leased plant, equipment, furniture, fittings and vehicles	3 to 25 years

All leases are recognised on the balance sheet, with the exception of low value leases (less than \$10,000 AUD) and short term leases of less than 12 months. The following low value, short term and variable lease payments are recognised in profit or loss.

Type of payment	Description of payment	Type of leases captured
Low value lease payments	Leases where the underlying asset's fair value, when new, is no more than \$10,000	PC's and Photocopiers
Short-term lease payments	Leases with a term less than 12 months	Building Lease - COVID-19 Vaccination Hub

Separation of lease and non-lease components

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

Initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Bendigo Health's incremental borrowing rate. Our lease liability has been discounted by rates of between 1.6% to 3.3%.

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

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

The following types of lease arrangements, contain extension and termination options:

- Leased Buildings
- Leased plant, equipment, furniture, fittings and vehicles

These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the health service and not by the respective lessor.

In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term and lease liability if the lease is reasonably certain to be extended (or not terminated).

The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment and that is within the control of the lessee.

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of \$22,631.

Subsequent measurement

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

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

Note 6.1(b) PPP Lease Liabilities

Bendigo Health's PPP lease liabilities are summarised below:

Total undiscounted PPP lease liabilities
Less unexpired finance expenses
Net PPP lease liabilities

2022 \$'000	2021 \$'000
526,212	552,760
(279,886)	(302,244)
246,326	250,516

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

Not longer than one year
Later than 1 year and not later than 5 years
Later than 5 years
Minimum future PPP lease liability
- Less unexpired finance expenses
- Floating Rate Component (FRC) adjustment (i)
Present value of PPP lease liability

2022 \$'000	2021 \$'000
26,538	26,548
107,421	107,026
392,253	419,186
526,212	552,760
(152,460)	(212,494)
(127,426)	(89,750)
246,326	250,516

*** Represented by:**

Current liabilities
Non-Current liabilities

4,568	4,190
241,758	246,326
246,326	250,516

(i) Contingent lease payments/receipts adjust the minimum finance lease payments made for differences between the prevailing Bank Bill Rate and a fixed interest rate of 5.098% for the period May 2019 to April 2040 multiplied by the principal loan amount outstanding over that period. The forecast contingent lease receipts above have been calculated based on forward interest rates applying hedge accounting at a swap rate of 2.054% as at 30 June 2019 as provided by TCY.

How we recognise commissioned public private partnerships (PPP)

The Bendigo Hospital facility was built through a Public Private Partnership arrangement between of State of Victoria and Exemplar Health. Bendigo Health occupies the facility through a sublease agreement with Exemplar Health. Bendigo Health, on behalf of the State of Victoria, agreed to record and report the State's obligations and associated accounting transactions as provided by the Department of Health.

In relation to the PPP arrangement, although Bendigo Health has assumed the financial assets and liabilities in its accounts, the payments to the private provider are being made directly by the Department of Health on a monthly basis, hence there is no cash flow impact on Bendigo Health. Bendigo Health will record the non-cash entries in its accounts in accordance with a financial model that has been developed by the Department of Health.

Note 6.2: Cash and Cash Equivalents

Cash on hand (excluding Monies held in trust)
Cash at bank (excluding Monies held in trust)
Cash for Joint Operation
Total cash held for operations

2022 \$'000	2021 \$'000
10	10
53,500	67,335
1,370	1,167
54,880	68,512

Cash on hand (Monies held in trust)
Cash at bank (Monies held in trust)
Total cash held as monies in trust

10	9
29,566	32,029
29,576	32,038

Total Cash and Cash Equivalents

7.1(a) **84,456** **100,550**

How we recognise cash and cash equivalents

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

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 6.3: Commitments for Expenditure

	2022	2021
	\$'000	\$'000
Operating Expenditure Commitments		
Not later than one year	2,845	2,878
Later than 1 year and not later than 5 years	9,880	10,226
Later than 5 years	36,794	38,104
Total Operating Expenditure Commitments	49,519	51,208
Non-cancellable Short Term and low value lease commitments		
Not later than one year	309	298
Later than 1 year and not later than 5 years	0	298
Later than 5 years	0	0
Total Non-cancellable Lease Commitments	309	596
Public Private Partnership Commitments (commissioned)		
Not later than one year	53,441	39,206
Later than 1 year and not later than 5 years	259,254	188,569
Later than 5 years	1,180,670	990,943
Total Public Private Partnership Commitments	1,493,365	1,218,718
Total Commitments for Expenditure (inclusive of GST)	1,543,193	1,270,522
Less GST recoverable from the Australian Tax Office	(140,290)	(115,502)
Total Commitments for Expenditure (exclusive of GST)	1,402,903	1,155,020

The PPP expenditure commitments for Food Volume Adjustments are not included in expenditure commitments calculation as they are contingent on future food volumes supplied to Bendigo Health.

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

How we disclose our commitments

Our commitments relate to expenditure, Public Private Partnerships (PPP) and short term and low value leases.

Expenditure Commitments

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

Bendigo Health has entered into commercial leases on certain medical equipment, computer equipment and property where it is not in the interest of the Health Service 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 Bendigo Health. There are no restrictions placed upon the lessee by entering into these leases.

Short term and low value leases

Bendigo Health discloses short term and low value lease commitments which are excluded from the measurement of right-of-use assets and lease liabilities. Refer to Note 6.1 for further information.

Service concession arrangements

Bendigo Health is party to a service concession arrangement (SCA), which is an arrangement entered into with private sector participants to design and construct or upgrade assets used to provide public services. These arrangements are typically complex and usually include the provision of operational and maintenance services for a specified period of time. These arrangements are also referred to as public private partnerships (PPP).

With these arrangements, Bendigo Health or another party pay the operator over the period of the arrangement subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset and components related to the ongoing operation and maintenance of the asset. The former component is accounted for as a lease payment in accordance with the lease policy. The remaining components are accounted for as commitments for operating costs which are expensed in the comprehensive operating statement as they are incurred.

Pursuant to the requirements of the Operating Deed signed by the State and Bendigo Health in 2017, the Department of Health agrees to meet all payments (including leasing and operating) for which the State is liable and which are associated with the project. Bendigo Health has agreed to record and report all of the obligations of the state reflecting Bendigo Health's position as the government agency that controls the assets. Pursuant to the agreement for the project, the state has contributed to the constructions costs of the project to Exemplar Health during the construction phase. The Department of Health made capital contributions to Bendigo Health to fund these payments.

Bendigo Health recognises a leased asset and corresponding lease liability in respect of the arrangement in accordance with the State's stated accounting policy for such arrangements.

Quarterly service payments will be made to Exemplar Health. Each payment includes an allowance for the remaining capital cost of the facility, the facilities maintenance and ancillary services to be delivered by Exemplar Health over the 25 year operating phase, interest rate service payments and equity return.

Pass through payments in relation to Bendigo Health utilities, medical and laboratory gases and waste disposal services are not included in PPP commitments as they are contingent on future amounts utilised in operating the hospital.

Bendigo Health has a PPP arrangement with Exemplar Health. The PPP arrangement is for a period of 25 years, which commenced in January 2017.

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

Note 7: Risks, Contingencies & Valuation Uncertainties

Bendigo 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 Bendigo Health is related mainly to fair value determination.

Structure

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

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Note 7.1: Financial Instruments

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

Note 7.1(a) Categorisation of Financial Instruments

		Financial Assets at Amortised Cost \$'000	Financial Assets at Fair Value Through Profit & Loss \$'000	Financial Liabilities at Fair Value Used for Hedging \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
2022	Note					
Contractual Financial Assets						
Cash and cash equivalents	6.2	84,456	0	0	0	84,456
Receivables	5.1	56,447	0	0	0	56,447
Investments and Other Financial Assets						
- Shares in Other Entities	4.1	0	57	0	0	57
Total Financial Assets ⁽ⁱ⁾		140,903	57	0	0	140,960
Financial Liabilities						
Payables	5.2	0	0		43,677	43,677
Borrowings	6.1	0	0	0	280,061	280,061
Other Financial Liabilities						
- Interest Rate Swap	5.3	0	0	0	0	0
- Other	5.3	0	0	0	29,732	29,732
Total Financial Liabilities ⁽ⁱ⁾		0	0	0	353,470	353,470

		Financial Assets at Amortised Cost \$'000	Financial Assets at Fair Value Through Profit & Loss \$'000	Financial Liabilities at Fair Value Used for Hedging \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
2021	Note					
Contractual Financial Assets						
Cash and cash equivalents	6.2	100,550	0	0	0	100,550
Receivables	5.1	35,575	0	0	0	35,575
Investments and Other Financial Assets						
- Shares in Other Entities	4.1	0	75	0	0	75
Total Financial Assets ⁽ⁱ⁾		136,125	75	0	0	136,200
Financial Liabilities						
Payables	5.2	0	0		37,128	37,128
Borrowings	6.1	0	0	0	285,706	285,706
Other Financial Liabilities						
- Interest Rate Swap	5.3	0	0	7,964	0	7,964
- Other	5.3	0	0	0	32,127	32,127
Total Financial Liabilities ⁽ⁱ⁾		0	0	7,964	354,961	362,925

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

How we categorise financial instruments

Categories of financial assets

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

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

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

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

Financial assets at amortised cost

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

- the assets are held by Bendigo Health solely to collect the contractual cash flows, and
 - the assets' contractual terms give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding on specific dates.
- These assets are initially recognised at fair value plus any directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method less any impairment.

Bendigo Health recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables); and
- term deposits;

Financial assets at fair value through profit & loss

Equity instruments that are held for trading as well as derivative instruments are classified as fair value through profit & loss. Other financial assets are required to be measured at fair value through profit & loss unless they are measured at amortised cost or fair value through other comprehensive income as explained above.

However, as an exception to those rules above, Bendigo Health may, at initial recognition, irrevocably designate financial assets as measured at fair value through profit & loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency ('accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases.

Bendigo Health recognises listed equity securities as mandatorily measured at fair value through profit & loss.

Categories of financial liabilities

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

Financial liabilities at amortised cost

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

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired.
- Bendigo Health retains the right to receive cash flows from the asset, but has assumed an obligation
- Bendigo Health has transferred its rights to receive cash flows from the asset and either:
 - has transferred substantially all the risks and rewards of the asset or
 - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

Derecognition of financial liabilities

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

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

Reclassification of financial instruments

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

A financial liability reclassification is not permitted.

Hedging instruments – interest rate swap

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item. This will effectively result in recognising interest expense at a fixed interest rate for the hedged floating rate lease liability.

Hedge ineffectiveness

Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument.

Bendigo Health entered into an interest rate swap that have similar critical terms as the hedged item, such as reference rate, reset dates, payment dates, maturities and notional amount. Bendigo Health does not hedge 100% of its loans, therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective.

Hedge ineffectiveness for interest rate swaps is assessed by performing a qualitative assessment of effectiveness. If changes in circumstances affect the terms of the hedged item such that the critical terms no longer match exactly with the critical terms of the hedging instrument, Bendigo Health uses the hypothetical derivative method to assess effectiveness.

Hedge ineffectiveness may occur due to:

- the credit value/debit value adjustment on the interest rate swaps which is not matched by the lease liability, and
- differences in critical terms between the interest rate swaps and loans.

The ineffectiveness during 2022 in relation to the interest rate swap was \$0.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 7.2: Financial risk management objectives and policies

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

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

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

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

Note 7.2 (a): Credit risk

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

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

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

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

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

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

There has been no material change to Bendigo Health's credit risk profile in 2021-22.

Impairment of financial assets under AASB 9

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

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

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

Contractual receivables at amortised cost

Bendigo 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. Bendigo 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, Bendigo Health determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as follows:

2022	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Trade Debtors	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected loss rate	1%	1%	5%	10%	50%	
Gross carrying amount of contractual receivables	7,300	870	996	967	497	10,630
Loss allowance	73	9	50	97	248	477

2021	Current	Less than 1 month	1-3 months	3 months - 1 year	1-5 years	Total
Trade Debtors	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected loss rate	1%	1%	5%	10%	50%	
Gross carrying amount of contractual receivables	3,808	715	1,138	1,352	367	7,380
Loss allowance	38	7	57	135	184	421

Statutory receivables

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

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 7.2 (b): Liquidity risk

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

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

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

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

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

	Note	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates			
				Less than 1 Month \$'000	1-3 Months	3 months - 1 Year \$'000	1+ Years \$'000
2022							
Financial Liabilities							
At amortised cost							
Payables	5.2	59,417	59,417	59,417	0	0	0
Borrowings	6.1	280,061	280,061	0	1,464	5,517	273,080
Other Financial Liabilities (i)							
- Accommodation Deposits	5.3	24,360	24,360	387	407	23,566	0
- Other	5.3	5,372	5,372	5,372	0	0	0
Total Financial Liabilities		369,210	369,210	65,176	1,871	29,083	273,080
Derivatives							
Interest Rate Swaps		0	0	0	0	0	0
Total Derivatives		0	0	0	0	0	0
2021							
Financial Liabilities							
At amortised cost							
Payables	5.2	53,307	53,307	53,228	79	0	0
Borrowings	6.1	285,706	285,706	0	1,366	5,221	279,119
Other Financial Liabilities (i)							
- Accommodation Deposits	5.3	22,737	22,737	0	0	22,737	0
- Other	5.3	9,390	9,390	9,390	0	0	0
Total Financial Liabilities		371,140	371,140	62,618	1,445	27,958	279,119
Derivatives							
Interest Rate Swaps		7,964	7,964	0	0	0	7,964
Total Derivatives		7,964	7,964	0	0	0	7,964

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

Note 7.2 (c): Market risk

Bendigo Health's exposures to market risk are primarily through interest rate risk, foreign currency risk and equity price risk. Objectives, policies and processes used to manage each of these risks are disclosed below.

Sensitivity disclosure analysis and assumptions

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

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

Interest rate risk

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

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

Foreign currency risk

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

Bendigo Health has minimal exposure to foreign currency risk.

Equity risk

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

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

	-15%		15%
	Carrying Amount \$'000	Net Result \$'000	Net Result \$'000
2022			
Contractual financial assets			
Investments and other financial assets	57	-9	9
Total impact		-9	9
2021			
Contractual financial assets			
Investments and other financial assets	75	-11	11
Total impact		-11	11

Note 7.3 Contingent assets and contingent liabilities

Details of estimates of maximum amounts of Contingent Assets or Contingent Liabilities are as follows:

	2022 \$'000	2021 \$'000
Contingent liabilities		
Quantifiable		
Legal Proceedings and Disputes	462	0
Total Quantifiable Contingent Liabilities	462	0

Note 7.4: Fair value determination

How we measure fair value

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

The following assets and liabilities are carried at fair value:

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

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

Valuation hierarchy

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

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

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022
Note 7.4(a): Fair value determination of investments and other financial assets

Balance at 30 June 2022	Fair value measurement at end of reporting period using:			
	Carrying amount \$'000	Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Australian listed shares	57	57	0	0
Total Financial Assets at Fair Value through profit or loss	57	57	0	0
Total investments and other financial assets at fair value	57	57	0	0

⁽ⁱ⁾ Classified in accordance with the fair value hierarchy.

Balance at 30 June 2021	Fair value measurement at end of reporting period using:			
	Carrying amount \$'000	Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Australian listed shares	69	69	0	0
Total Financial Assets at Fair Value through profit or loss	69	69	0	0
Total investments and other financial assets at fair value	69	69	0	0

⁽ⁱ⁾ Classified in accordance with the fair value hierarchy.

How we measure fair value of investments and other financial assets
Australian Listed Shares

Bendigo Health's Australian listed shares are valued using quoted (unadjusted) market prices in active markets. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms.

Bendigo Health classifies these debt securities as Level 1.

Note 7.4(b): Fair value determination of non-financial physical assets

Balance at 30 June 2022	Fair value measurement at end of reporting period using:			
	Carrying amount \$'000	Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Land at fair value				
Non-specialised land	11,104	0	11,104	0
Specialised land	28,607	0	0	28,607
Total of Land at fair value	39,711	0	11,104	28,607
Buildings at fair value				
Non-specialised buildings	3,408	0	3,408	0
Specialised buildings	96,482	0	0	96,482
Total of Buildings at fair value	99,890	0	3,408	96,482
Landscaping and Grounds at fair value				
Specialised Landscaping and Grounds	2,482	0	0	2,482
Total of Landscaping and Grounds at fair value	2,482	0	0	2,482
Plant and Machinery at fair value				
Plant and Machinery	1,531	0	0	1,531
Total of Plant and Machinery at fair value	1,531	0	0	1,531
Medical Equipment at fair value				
Medical Equipment	15,574	0	0	15,574
Total Medical Equipment at fair value	15,574	0	0	15,574
Computers and Communication Equipment at fair value				
Computers and Communication Equipment at fair value	3,050	0	0	3,050
Total Computers and Communication Equipment at fair value	3,050	0	0	3,050
Furniture and Fittings at fair value				
Furniture and Fittings	234	0	0	234
Total Furniture and Fittings at fair value	234	0	0	234
Motor Vehicles at fair value				
Motor Vehicles	1,895	0	0	1,895
Total Motor Vehicles at fair value	1,895	0	0	1,895
Non-Medical Equipment at fair value				
Non-Medical Equipment	347	0	0	347
Total Non-Medical Equipment at fair value	347	0	0	347
PPP Assets				
PPP Assets	545,668	0	0	545,668
Total PPP Assets at fair value	545,668	0	0	545,668
	710,382	0	14,512	695,870

⁽ⁱ⁾ Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 7.4(b): Fair value determination of non-financial physical assets

Balance at 30 June 2021	Fair value measurement at end of reporting period using:			
	Carrying amount \$'000	Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Land at fair value				
Non-specialised land	8,363	0	8,363	0
Specialised land	22,326	0	0	22,326
Total of Land at fair value	30,689	0	8,363	22,326
Buildings at fair value				
Non-specialised buildings	3,500	0	3,500	0
Specialised buildings	101,597	0	0	101,597
Total of Buildings at fair value	105,097	0	3,500	101,597
Landscaping and Grounds at fair value				
Specialised Landscaping and Grounds	2,562	0	0	2,562
Total of Landscaping and Grounds at fair value	2,562	0	0	2,562
Plant and Machinery at fair value				
Plant and Machinery	1,667	0	0	1,667
Total of Plant and Machinery at fair value	1,667	0	0	1,667
Medical Equipment at fair value				
Medical Equipment	18,277	0	0	18,277
Total Medical Equipment at fair value	18,277	0	0	18,277
Computers and Communication Equipment at fair value				
Computers and Communication Equipment at fair value	4,077	0	0	4,077
Total Computers and Communication Equipment at fair value	4,077	0	0	4,077
Furniture and Fittings at fair value				
Furniture and Fittings	242	0	0	242
Total Furniture and Fittings at fair value	242	0	0	242
Motor Vehicles at fair value				
Motor Vehicles	2,347	0	0	2,347
Total Motor Vehicles at fair value	2,347	0	0	2,347
Non-Medical Equipment at fair value				
Non-Medical Equipment	385	0	0	385
Total Non-Medical Equipment at fair value	385	0	0	385
PPP Assets				
PPP Assets	564,580	0	0	564,580
Total PPP Assets at fair value	564,580	0	0	564,580
	729,923	0	11,863	718,060

⁽ⁱ⁾ Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period.

Note 7.4(b): Fair value determination of non-financial physical assets (Continued)

How we measure fair value

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

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

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

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

Non-Specialised Land and Non-Specialised Buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by the Valuer-General Victoria to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2022 for non-specialised land and 30 June 2019 for non-specialised buildings.

Note 7.4(b): Fair value determination of non-financial physical assets (Continued)**Specialised Land and Specialised Buildings**

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

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

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

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

For Bendigo 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 Bendigo Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation of specialised land was performed using the market approach adjusted for CSO. The valuation of specialised buildings was performed using depreciated replacement cost method. The effective date of the valuation is 30 June 2022.

Vehicles

Bendigo Health acquires new vehicles and at times disposes of them before completion of their economic life. The process of acquisition, use and disposal in the market is managed by Bendigo Health who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Plant and Equipment

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

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 7.4(b): Fair value determination of non-financial physical assets (Continued)

Reconciliation of Level 3 Fair Value Measurementⁱ

	Land \$ '000	Buildings \$ '000	Landscaping and Grounds \$ '000	Plant and Machinery \$ '000	Medical Equipment \$ '000	Computers and Communication Equipment \$ '000	Furniture and Fittings \$ '000	Motor Vehicles \$ '000	Non Medical Equipment \$ '000	PPP Assets \$ '000
Balance at 30 June 2020	18,300	102,555	2,619	1,821	19,119	6,658	240	2,779	397	582,895
Additions/(Disposals)	0	4,912	23	161	2,420	1,101	34	(53)	69	744
Assets Received Free of Charge	0	0	0	0	1,278	0	0	0	0	0
Net Transfers between Classes	0	0	0	(62)	62	0	0	0	0	0
Gains or losses recognised in net result	0	(5,870)	(80)	(253)	(4,602)	(3,682)	(32)	(379)	(81)	(19,059)
- Depreciation	0	0	0	0	0	0	0	0	0	0
- Revaluation	0	0	0	0	0	0	0	0	0	0
Items recognised in Other Comprehensive Income	4,026	0	0	0	0	0	0	0	0	0
- Revaluation	4,026	0	0	0	0	0	0	0	0	0
Balance at 30 June 2021	22,326	101,597	2,562	1,667	18,277	4,077	242	2,347	385	564,580
Additions/(Disposals)	0	1,329	0	82	748	1,578	22	(132)	47	69
Assets Received Free of Charge	0	0	0	0	1,278	0	0	0	0	0
Net Transfers between Classes	0	0	0	0	6	0	0	0	(6)	0
Gains or losses recognised in net result	0	(6,444)	(80)	(218)	(4,735)	(2,605)	(30)	(320)	(79)	(18,981)
- Depreciation	0	0	0	0	0	0	0	0	0	0
- Revaluation	0	0	0	0	0	0	0	0	0	0
Items recognised in Other Comprehensive Income	6,281	0	0	0	0	0	0	0	0	0
- Revaluation	6,281	0	0	0	0	0	0	0	0	0
Balance at 30 June 2022	28,607	96,482	2,482	1,531	15,574	3,050	234	1,895	347	545,668

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 7.4(b): Fair value determination of non-financial physical assets (Continued)

Fair value determination of level 3 fair value measurement

Asset Class	Valuation approach	Significant inputs (Level 3 only)
Specialised Land	Market Approach	Community Service Obligation (CSO) Adjustment (b)
Specialised Buildings	Depreciated Replacement Cost	Direct Cost per Square Metre Useful Life of Specialised Buildings
Non-Specialised Land and Non-Specialised Buildings	Market Approach	Not Applicable
Landscaping and Grounds	Depreciated Replacement Cost	Direct Replacement Cost Useful Life of Landscaping & Grounds
Plant and Machinery	Depreciated Replacement Cost	Cost Per Unit Useful Life of PPE
Medical Equipment	Depreciated Replacement Cost	Cost Per Unit Useful Life of Medical Equipment
Computers and Communication Equipment	Depreciated Replacement Cost	Cost Per Unit Useful Life of Computers & Communication Assets
Furniture and Fittings	Depreciated Replacement Cost	Cost Per Unit Useful Life of Furniture & Fittings
Motor Vehicles	Depreciated Replacement Cost	Cost Per Unit Useful Life of Motor Vehicles
Non-Medical Equipment	Depreciated Replacement Cost	Cost Per Unit Useful Life of Non-Medical Equipment
PPP Assets	Depreciated Replacement Cost	Useful Life of PPP Assets

a) AASB 13 Fair Value Measurement provides an exemption for not for profit public sector entities from disclosing the sensitivity analysis relating to 'unrealised gains/(losses) on non-financial assets' if the assets are held primarily for their current service potential rather than to generate net cash inflows.

b) CSO adjustment of 20% was applied to reduce the market approach value for Bendigo Health's specialised land.

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

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

Note 8: Other Disclosures

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

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
- 8.2 Responsible Persons Disclosure
- 8.3 Remuneration of Executive Officers
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Ex-gratia Payments
- 8.7 Events Occurring after the Balance Sheet Date
- 8.8 Jointly Controlled Operations
- 8.9 Economic Dependency
- 8.10 Equity

Telling the COVID-19 story

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

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

	2022	2021
	\$'000	\$'000
Net Result for the Year	(6,159)	(8,699)
Non-cash movements:		
Depreciation	38,273	38,056
Assets Received Free of Charge	(1,225)	(1,440)
Capital Expenditure transferred from WIP	27	928
Net Non-cash	(14,834)	0
PPP - Net Non-cash Payments Paid by DH	(4,378)	(3,755)
Allowance for impairment losses of contractual receivables	59	126
Movement in Value of Shares	(18)	6
Reduction in Interest Free Gain on Loan	0	10
Other economic flows - Swap Interest Revenue	114	(114)
Loss on JV Operations	(9)	(268)
Movements included in investing and financing activities:		
Net Loss from Sale of Plant and Equipment	499	(147)
Less cash inflow from investing and financing activities	0	412
Movements in assets and liabilities:		
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Trade and Other Receivables	(20,902)	(4,045)
(Increase)/Decrease in Prepayments and Other Assets	(9,310)	(683)
(Increase)/Decrease in Inventories	48	63
Increase/(Decrease) in Trade and Other Payables	6,806	5,872
Increase/(Decrease) in Employee Benefits	8,945	2,502
Net Cash Inflow/(Outflow) From Operating Activities	(2,064)	28,824

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

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.

		Period
Responsible Ministers:		
The Honourable Martin Foley:		01/07/2021 - 30/06/2022
Minister for Health		
Minister for Ambulance Services		01/07/2021 - 30/06/2022
The Honourable Anthony Carbines:		01/07/2021 - 30/06/2022
Minister for Child Protection and Family Services		
Minister for Disability, Ageing and Carers		01/07/2021 - 30/06/2022
The Honourable James Merlino:		
Minister for Mental Health		01/07/2021 - 30/06/2022
Governing Boards		
Mr B Cameron	Chair	01/07/2021 - 28/04/2022
	Director	29/04/2022 - 30/06/2022
Dr E Piejko	Chair	29/04/2022 - 30/06/2022
	Director	01/07/2021 - 28/04/2022
Ms M Beaumont OAM	Director	01/07/2021 - 30/06/2022
Ms D Foggo AM	Director	01/07/2021 - 30/06/2022
Mr M McCartney	Director	01/07/2021 - 30/06/2022
Dr U Masood	Director	01/07/2021 - 30/06/2022
Ms K Angelopoulos	Director	01/07/2021 - 30/06/2022
Mrs J Green	Director	01/07/2021 - 30/06/2022
Dr S Capp	Director	01/07/2021 - 30/06/2022
Accountable Officers		
Mr P Faulkner	Chief Executive	01/07/2021 - 30/06/2022

Remuneration of Responsible Persons

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

Income Band	2022 No.	2021 No.
\$0-\$9,999	0	1
\$20,000-\$29,999	7	7
\$30,000-\$39,999	1	0
\$50,000-\$59,999	0	1
\$420,000-\$429,999	1	1
\$460,000-\$469,999	1	0
Total Numbers	10	10
	2022 (\$'000)	2021 (\$'000)
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$746	\$676

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

Amounts relating to Responsible Ministers are reported in the State Annual Financial Report.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022

Note 8.3: Remuneration of Executive Officers

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

	Total Remuneration	
	2022 (\$'000)	2021 (\$'000)
Short term employee benefits	2,053	2,009
Post-employment benefits	185	191
Other long-term benefits	51	50
Total Remuneration	\$2,289	\$2,250
Total number of executives	10	7
Total Annualised Employee Equivalentⁱ	7	7

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

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

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

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

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

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Other factors

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed during the year and negotiated and a number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2022
Note 8.4: Related parties

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

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of the Loddon Mallee Rural Health Alliance.

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

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

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

The compensation detailed below is reported in \$'000 and excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968*, and is reported within the State Annual Financial Report.

Compensation - KMPs	2022 (\$'000)	2021 (\$'000)
Short-term Employee Benefits	669	608
Post-employment benefits	67	58
Other long-term benefits	10	10
Termination benefits	0	0
Total¹	\$746	\$676

¹ KMPs are also reported in Note 8.2 Responsible Persons

Significant Transactions with Government Related Entities

Bendigo Health received funding from the Department of Health of \$569m (2021: \$497m) and indirect contributions of \$0.7m (2021: \$0.7m).

Expenses incurred by the Bendigo 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 Bendigo 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 the Treasurer.

Transactions with KMPs and other related parties

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

Outside of normal citizen type transactions with Bendigo Health, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2022 (2021: none).

Transactions with related parties which were at arms length basis included (ex GST):

Related Party Entity	Paid \$'000	Payable \$'000	Detail	General Nature of Transactions
Bendigo Kangan Institute	120	-	M McCartney is a Director	Staff & Student Training
Coliban Region Water Corporation	708	-	B Cameron is a Director	General Rates & Charges
Monash University	194	-	U Masood is a Lecturer	Training & room hire
Victorian Hospitals Industrial Association	63	-	P Faulkner is a Director	Membership fees

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2022****Note 8.5: Remuneration of auditors****Victorian Auditor-General's Office**

Audit of the financial statements

2022	2021
\$'000	\$'000
70	68
70	68

Note 8.6: Ex-gratia Payments

Bendigo Health has made the following ex gratia expenses:

Notice in lieu of termination

Negotiated departure

Total ex-gratia expenses

2022	2021
\$'000	\$'000
35	0
54	0
89	0

Includes ex-gratia for both individual items and in aggregate that are greater than or equal to \$5,000.

All Ex gratia items noted above have been disclosed within employee expenses.

Note 8.7: Events occurring after the Balance Sheet date

There are no events occurring after the Balance Sheet date.

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2022****Note 8.8: Joint Arrangement**

Name of entity	Principal Activity	Ownership Interest	
		2022	2021
Loddon Mallee Rural Health Alliance	Information Technology	17.23%	18.09%

Bendigo Health's interest in the above jointly controlled operations and assets is detailed below.

The amounts are included in the financial statements under their respective asset categories:

	2022 \$'000	2021 \$'000
CURRENT ASSETS		
Cash and Cash Equivalents	1,370	1,167
Receivables	94	197
Other	420	270
Total Current Assets	1,884	1,634
NON CURRENT ASSETS		
Property, Plant and Equipment	142	174
Total Non Current Assets	142	174
Total Assets	2,026	1,808
CURRENT LIABILITIES		
Payables	700	532
Deferred Grant Revenue	41	0
Total Current Liabilities	741	532
Total Liabilities	741	532
Net Assets	1,285	1,276

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

	2022 \$'000	2021 \$'000
REVENUES		
Operating Activities	2,136	3,763
Capital Purpose Income	33	224
Total Revenue	2,169	3,987
EXPENSES		
Other Expenses from Continuing Operations	2,065	3,685
Expenditure using Capital Purpose Income	34	34
Total Expenses	2,099	3,719
Net Result	70	268

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2022****Note 8.9: Economic dependency**

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

Note 8.10: Equity**Contributed capital**

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

Transfers of net assets arising from administrative restructurings are treated as distributions to or contributions by owners.

Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Other transfers that are in the nature of contributions or distributions or that have been designated as contributed capital are also treated as contributed capital.

Financial assets at fair value through comprehensive income revaluation reserve

The financial assets at fair value through other comprehensive income revaluation reserve arises on the revaluation of financial assets (such as equity instruments) measured at fair value through other comprehensive income. Where such a financial asset is sold, that portion of the reserve which relates to that financial asset may be transferred to accumulated surplus/deficit.

Specific restricted purpose reserves

The Specific Restricted Purpose Surplus is established where Bendigo Health has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

Hedging Reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see note 5.3 for details. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 7.1 (financial instruments note).

Amounts are subsequently reclassified to profit or loss as appropriate.



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