



Bendigo Health Annual Report 2019-2020



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



OUR CARE AT A GLANCE



109,403

Service events provided
by our Specialist Clinics



56,801

People who came to our Emergency
Department for treatment



50,640

People who were
admitted to our hospital



14,912

Operations performed



16,340

Ambulance arrivals handled
by our Emergency Department



1,426

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



1,675

Babies delivered



4,246*

Staff employed



766

Bed service



*Number of staff with an active employment agreement as at 30 June 2020.

This includes locums, casuals and staff on long-term leave.



CONTENTS

- 5** Chair's Report
 - 8** Chief Executive Officer's 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
 - 35** Statement of Priorities: Part B
Performance Priorities
 - 40** Statement of Priorities: Part C
Activity and Funding
 - 41** Disclosure Index
- 43 Financial Report 2019–2020**

CHAIR'S REPORT

This year has thrust health services into the spotlight.

The Coronavirus pandemic has highlighted the importance of the work we do and the challenges faced by health services on a daily basis.

The pandemic has also confirmed to the Board that our strategic plan has been built on sound principles.

We are now in the second year of the plan, which outlines our vision for Bendigo Health and sets out the priorities until July 2021.

It is centred around our vision of Excellent Care. Every Person. Every Time and has four strategic goals to help us achieve this. They are: health, access, care and our people.

With the usual access indicators and many of our usual services altered dramatically by the pandemic, it is fair to say our people was the most relevant goal this year.

“

The Board recognises the diversity of the community we serve and want to lead a health service where the various needs of our community are addressed.

COVID-19 challenged our staff to find innovative ways to modify access to care as the movement of people became more restricted.

Face-to-face Specialist Clinic appointments were reduced by two thirds and replaced with telehealth.

During a six-week period in April and May, Bendigo Health conducted roughly 2700 telehealth outpatient appointments across the Loddon Mallee region. In the 12 months prior to this, we did just 187 hospital outpatient appointments via telehealth.

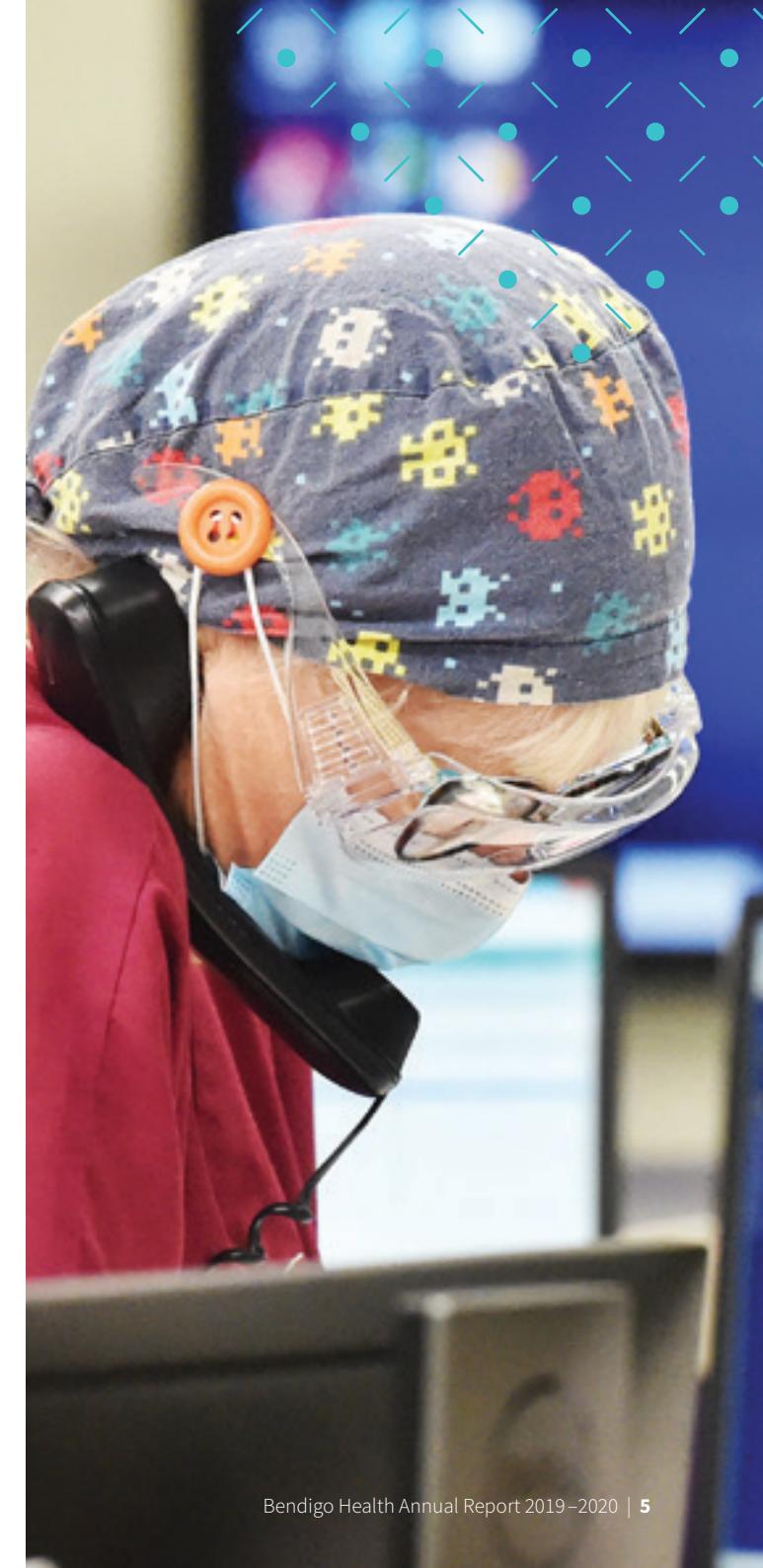
The success of the program prompted an evaluation into how telehealth can be integrated into our model of care in the future and the Board is confident the effective use of the technology will enable more people to be treated closer to home.

It also allows organisations to provide care remotely, which has the potential to address some of the workforce issues faced by regional and rural health services.

Captured within the goal of health is the Board's focus on improving engagement with consumers to empower them to make better health choices.

The Board recognises the diversity of the community we serve and want to lead a health service where the various needs of our community are addressed. We want a health service where our community feels safe and access to services is equitable.

This year, Bendigo Health submitted its draft Reconciliation Action Plan (RAP) to Reconciliation Australia.



CHAIR'S REPORT *(continued)*

The RAP will provide a framework for Bendigo Health to build on relationships with Aboriginal organisations, creating more opportunities to improve the health and wellbeing of Aboriginal and Torres Strait Islander people.

The Board believes this is an important step aimed to facilitate Bridging the Gap and realising our vision for reconciliation while acknowledging there is still much to be done.

Bendigo Health this year employed a female Aboriginal Hospital Liaison Officer to work in our Aboriginal Support team to cater for the cultural preferences of Indigenous Australians.

In response to the growing number of interpreter requests from the Karen community, we welcomed two Karen interpreters into our team this year.

The Karen community in Bendigo has grown to almost 3000 people and Karen is the second most commonly-spoken language in Bendigo.

The interpreters provide a reassuring presence for people who might feel uncomfortable in a hospital setting and we hope that will encourage more of the Karen community to seek the healthcare they might need.

Throughout the pandemic our staff have been asked to do different roles, work flexibly and put themselves on the front line to protect our community.

To support both frontline workers and the many staff redeployed or working from home, a Staff Health, Wellbeing and Response Program was created.

The program offers emotional, functional and informational support and was designed to allow our staff to focus on providing care to our community under exceptional circumstances.

The work included collaboration across the organisation and with local businesses to provide goods and services to manage practical staff needs including emergency accommodation and childcare.

During the peak of the pandemic Bendigo Health had close to 600 people working from home.

The Board is grateful for the work done by our ICT department to support the rapid change in working and in service delivery. They did a fantastic job in difficult circumstances.

One of the opportunities we highlighted in our Strategic Plan was the need to provide better leadership and support for public health services throughout the Loddon Mallee region.

We recognise that as the largest health service we have expertise in areas other health services lack and that we face common challenges.

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During the peak of the pandemic
Bendigo Health had close to
600 people working from home.

One example is the transition of the hospital in Mildura back to a public hospital.

Our People and Culture team helped develop a shared human resources model and provided significant levels of support to the State Government to assist with the transition of staff to their new employer. The Innovation & Digital Services Division provided planning and execution for the transfer of all Information and Consumer Technology (ICT) infrastructure and application services.

The new public hospital financial systems have been created with significant support from Bendigo Health. All these supports were provided by our Executive Directors in addition to running Bendigo Health during the pandemic. It has been a super human effort and we are very proud and grateful of the contribution Bendigo Health was able to make in establishing a new public health service for the community of Mildura.

The dedication of our people to deliver on commitments to large regional projects demonstrates our values of Caring, Passionate and Trustworthy.

The sharing of resources throughout the Loddon Mallee region during the pandemic has highlighted the connectivity of health services in our region.

The Loddon Mallee became the first region in Victoria to endorse a pandemic cluster plan, which clearly defines the roles of health services in the region should localised outbreaks of COVID-19 occur.

CHAIR'S REPORT *(continued)*

The Loddon Mallee Cluster Plan classifies health services on their capacity to care for COVID-19 patients at different stages of an outbreak.

It also caters for a sharing of services for high-risk patients in areas like oncology, dialysis and maternity should a localised outbreak impact service delivery for a specific health service.

The rapid sharing of expertise, knowledge, plans and resources was made possible due to the strength of existing relationships within the health network.

The Board has been pleased to see infrastructure developments progress despite the practical challenges posed by a pandemic.

A new 15-bed wing at Golden Oaks nursing home was completed this year. It is the third stage of a redevelopment project at the complex which will modernise our facilities and give residents the best possible experience.

It was a pleasure to join Jacinta Allan MP and Maree Edwards MP to officially open the new wing in June.

The \$4.9 million redevelopment, funded through the State Government Regional Health Infrastructure Fund, provides single rooms and ensuites for all residents, two sunrooms and a large communal area.

Planning is also underway for the \$60 million transformation of the old hospital building into a new day rehabilitation centre.

The project is out to tender for the principal design consultants and two project officers have been appointed.

When complete, the new facility will house a number of outpatient services and will improve the patient experience at Bendigo Health.

Work also continued on the implementation of an Electronic Patient Record which will deliver improved patient safety and give our clinical staff immediate access to the latest information about their patients.

One of the biggest challenges of the pandemic was closing the hospital to visitors and asking our volunteers to stand down indefinitely. These were not easy decisions to make and we appreciated the gracious nature with which these decisions were accepted.

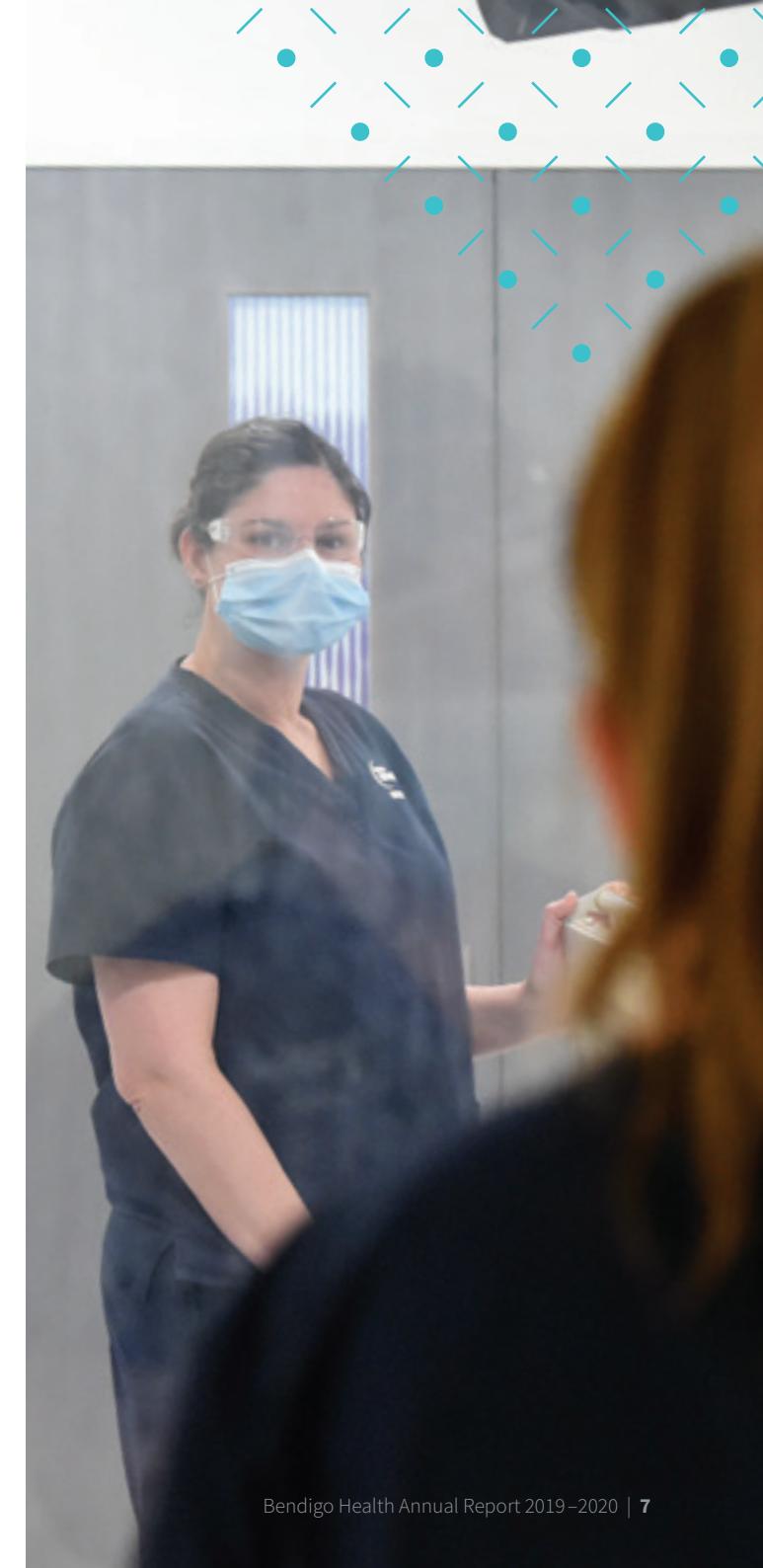
Our spaces were designed to be welcoming environments and shutting the doors felt unnatural. We look forward to welcoming everyone back soon.

Thank you to our Board, staff and volunteers for your tireless efforts during a challenging year. Our community and region are lucky to have such a Caring, Passionate and Trustworthy team supporting them.



Bob Cameron

Bob Cameron
Board Chair



CHIEF EXECUTIVE OFFICER'S REPORT

Throughout the year our staff have risen to the challenges put in front of them, proving we are a capable and effective health service responding to the communities' needs.

Faced with continued growth in demand for our service, our staff developed ways to work more efficiently and continued to strive for clinical improvements.

Some of those improvements include:

- Our Emergency Department (ED) received the highest level of training accreditation in Australia. The Australasian College of Emergency Medicine in December accredited the ED as a 24-month training site, meaning junior doctors can do most of their emergency medicine training in Bendigo.
- Our Special Care Nursery (SCN) successfully implemented the Sepsis risk calculator – a tool which assesses whether or not a baby is at risk of developing sepsis and needs antibiotics. The tool has reduced the number of babies unnecessarily treated with antibiotics.
- The creation of an online Fitness for Older Adults (FOAP) program. Eight hundred participants were kept active online through a number of groups (Strength Training, Exercise to Music, Tai Chi, Marketplace Movers) throughout the Coronavirus pandemic.
- In the four months from March to June, we conducted almost 6000 hospital outpatient appointments via telehealth. We are now assessing the role telehealth will play in our ongoing model of care.

- The commissioning of a transperineal biopsy machine, which provides more accurate diagnosis and safer and improved access to the prostate for public patients in the Loddon Mallee region.

These are just a few examples of improvements to our healthcare system, which has stood up to the rigours of a pandemic.

Our organisational response to the threat of Coronavirus was swift and reassuring for the community we serve.

We moved quickly to overhaul our model of care splitting our Emergency Department (ED) into two areas, a respiratory ED and a general ED.

This allowed us to separate patients with respiratory symptoms from patients with other conditions.

We converted our old ED on Stewart Street into a COVID-19 Screening Clinic and established a respiratory ward in the new hospital to treat suspected COVID-19 patients.

We trained thousands of clinical staff on appropriate infection control measures and the correct use and disposal of Personal Protective Equipment.

And we reduced non-urgent clinical activity like elective surgery, dental work and modified outpatient appointments to reduce the number of people at the hospital precinct.

Our efforts have not been restricted to the hospital. In our Residential Aged Care Services, we rapidly redeployed staff



CHIEF EXECUTIVE OFFICER'S REPORT *(continued)*

from areas that had reduced service to assist with an enhanced lifestyle program for residents during periods of visitor restrictions. We also made available electronic devices to enable residents to have online video visits and we introduced visitor pods and divided rooms to allow non-contact visits.

In our community and home visiting services, we shifted much of this activity to telehealth and increased our access to and use of Personal Protective Equipment for those visits that needed to occur.

These significant changes gave the community confidence that we were prepared as a health service.

The community responded in kind, heeding our public health messages to stay at home, wash their hands and keep their physical distance.

The way the community answered our calls to get tested for COVID-19 throughout the pandemic was heartening.

During the State Government's fortnight testing blitz in late April, thousands of people from across the region were tested at our Screening Clinic to give us a greater understanding of the virus' prevalence in our community.

It wasn't just the practical responses of the community to the virus that motivated staff.

It was the constant messages of support via letters and social media, the business community rallying together to provide a range of services for our staff and the donation of valuable

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The pandemic confirmed our capacity to care for extremely unwell patients and also our flexibility as an organisation.

equipment from our university partners that made our staff feel supported during a difficult time.

One instance where our system and our organisational values were tested was our first serious Coronavirus case in March.

The patient spent three weeks in the Intensive Care Unit (ICU) and a further three weeks on the respiratory ward.

Having a high-risk patient in the hospital for such an extended period of time was challenging for the numerous staff that cared for the patient, but the teamwork and adaptability displayed by the ICU, infection control, and respiratory ward staff highlighted their commitment to delivering our vision of Excellent Care. Every Person. Every Time. We were all so pleased to see that person return to their family after such a long and difficult battle with COVID-19.

The pandemic confirmed our capacity to care for extremely unwell patients and also our flexibility as an organisation.

Staff were redeployed across numerous areas to suit organisational needs, with dentists working in our aged care facilities, allied health staff temperature testing staff and patients at reception and surgical ward nurses learning a whole new skillset while being deployed on the respiratory ward.

Others put in tireless efforts modifying key projects to ensure they remained achievable despite the pandemic.

Training for the new Electronic Patient Record system was adapted, with sessions conducted virtually. Training rooms were set up with microphones so participants could speak with offsite trainers and programs were used so the trainers could use participants' devices and troubleshoot problems.

This new method of training allowed us to move ahead with an exciting project that we look forward to finalising next year.

In many ways the pandemic has brought our health service closer to the community.

I've always believed that Bendigo Health has been a source of pride for the local community, a hospital and health service people could relate to and take ownership of.

The Coronavirus pandemic has reinforced these beliefs and it seems fitting to me that the outstanding efforts of our workforce came in a year when we passed the 4000 staff milestone.

The organisation has grown considerably since I joined Bendigo Health more than 10 years ago, yet our connection

CHIEF EXECUTIVE OFFICER'S REPORT *(continued)*

with and dedication to the community we serve hasn't changed.

The commitment of staff to our values of Caring, Passionate and Trustworthy was recognised on a state level this year, when Bendigo Health was named the first regional finalist in the large health service category of the Victorian Public Healthcare Awards.

The awards celebrate innovation, health promotion, sustainability, quality, safety and the excellent work our staff do every day. It was an honour to represent our great health service at the awards night in November.

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Thank you to everyone who has contributed to Bendigo Health this year... To our staff and our community, I understand how difficult this year has been for all of us, but I take great strength from the fact we've got through it, together.

This year, we welcomed a new Chief Medical Officer, Diana Badcock. Diana has held a number of important leadership roles in the hospital, including our Senior Medical Operations Officer and Medical Lead during the move into the new hospital.

Diana's strong rapport with staff across various departments has been evident this year and her leadership and empathy toward medical staff has been invaluable.

Thank you to everyone who has contributed to Bendigo Health this year.

To our volunteers, thank you for your enduring support of our health service. We certainly missed your red shirts and warm smiles for a significant portion of the year but hope to see more of you next year.

To our staff and our community, I understand how difficult this year has been for all of us, but I take great strength from the fact we've got through it, together.



A handwritten signature in black ink, appearing to read "Peter Faulkner".

Peter Faulkner
Chief Executive Officer







BOARD OF DIRECTORS

THE HON. BOB CAMERON LL.B (MELB) FAICD – BOARD CHAIR

Bob Cameron was a long serving Victorian Minister from 1999-2010 and Bendigo West MP from 1996-2010. Mr Cameron 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 occupation and was appointed Chair of Bendigo Health Board of Directors in July 2015.

MS 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).

A resident of Deniliquin in Central Victoria, Marilyn's interests include food production, and, in addition to Bendigo Health, Marilyn's current work includes mentoring young women in executive roles and volunteering with a range of organisations including as Chair, Australian Women's Health Network.

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 member of the Audit and Risk and Visiting Committee.

MS DIANNE FOGGO AM

Dianne Foggo AM was appointed to the Board in August 2015. She works as a private conciliator and mediator primarily in universities. She worked as a teacher in Victoria, South Australia and the Northern Territory and was President of Australian Education Union and a Vice President of the ACTU. Ms Foggo 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 IR Society of Victoria and was awarded an Honorary Doctorate at Victoria University in 2011. Ms Foggo was awarded the 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 a member of the National Advisory Committee of Beyondblue and Chair of the Victorian Eradication of Asbestos Agency.

BOARD OF DIRECTORS *(continued)*

DR UMAIR MASOOD

Umair Masood graduated from medical school in 1998. He has spent time working in clinical medicine in both the UK and Australia. Umair continues to work in clinical medicine. He is a senior partner at Neal Street Medical Clinic and Gisborne Specialist Centre. Umair has been involved in and continues to participate in medical research. He has also published a thesis, articles and presented at numerous scientific meetings. Umair is a senior lecturer at Monash University and is involved in teaching medical students. He is also involved in supervising and teaching registrars for fellowship examinations.

MR MICHAEL MCCARTNEY

For close to 20 years Michael McCartney was a principal in the accounting and financial planning practice of Strategem Financial Group based in Bendigo. He headed the Investment Services division of the 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.

MR ADAM WOODS

Adam Woods is a Chartered Accountant and is currently Executive Manager Corporate Services at North Central Catchment Management Authority. He has 19 years' experience in public accounting, banking, finance with a focus on major change/technology project implementations and automation.

DR EWA PIEJKO

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

MS JULIE GREEN

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

MS KATERINA ANGELOPOULOS

Katerina Angelopoulos has extensive background in corporate 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 two boards in the health sector – Tweedle Child and Family Health Service and Merri Health. She is also on 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.

BOARD OF DIRECTORS *(continued)* BOARD SUB-COMMITTEE MEMBERSHIP

FINANCE

Michael McCartney (Chair)
Dianne Foggo
Bob Cameron
Adam Woods
Julie Green
Katerina Angelopoulos

AUDIT AND RISK

Adam Woods (Chair)
Marilyn Beaumont
Michael McCartney
Bob Cameron
Julie Green

QUALITY CARE COUNCIL

Marilyn Beaumont (Chair)
Julie Green
Dr Umair Masood
Michael McCartney
Dr Ewa Piejko

MEDICAL ADVISORY

Dianne Foggo (Chair)
Dr Umair Masood
Bob Cameron

COMMUNITY ADVISORY

Katerina
Angelopoulos (Chair)
Marilyn Beaumont
Dr Ewa Piejko

PRIMARY CARE AND POPULATION HEALTH ADVISORY

Dr Ewa Piejko (Chair)
Marilyn Beaumont
Julie Green
Katerina Angelopoulos

PEOPLE AND CULTURE

Dr Umair Masood (Chair)
Adam Woods
Dianne Foggo
Katerina Angelopoulos

GOVERNANCE AND REMUNERATION

Bob Cameron (Chair)
All Board of Directors

VISITING

Julie Green (Convenor)
All Board of Directors

EXECUTIVE DIRECTORS

Peter Faulkner
Chief Executive Officer

Robyn Lindsay
Executive Director Clinical Operations

Liz Hamilton
Executive Director Integrated Care Services
Chief Allied Health Officer

Dr Diana Badcock
Executive Director Clinical Governance
Chief Medical Officer

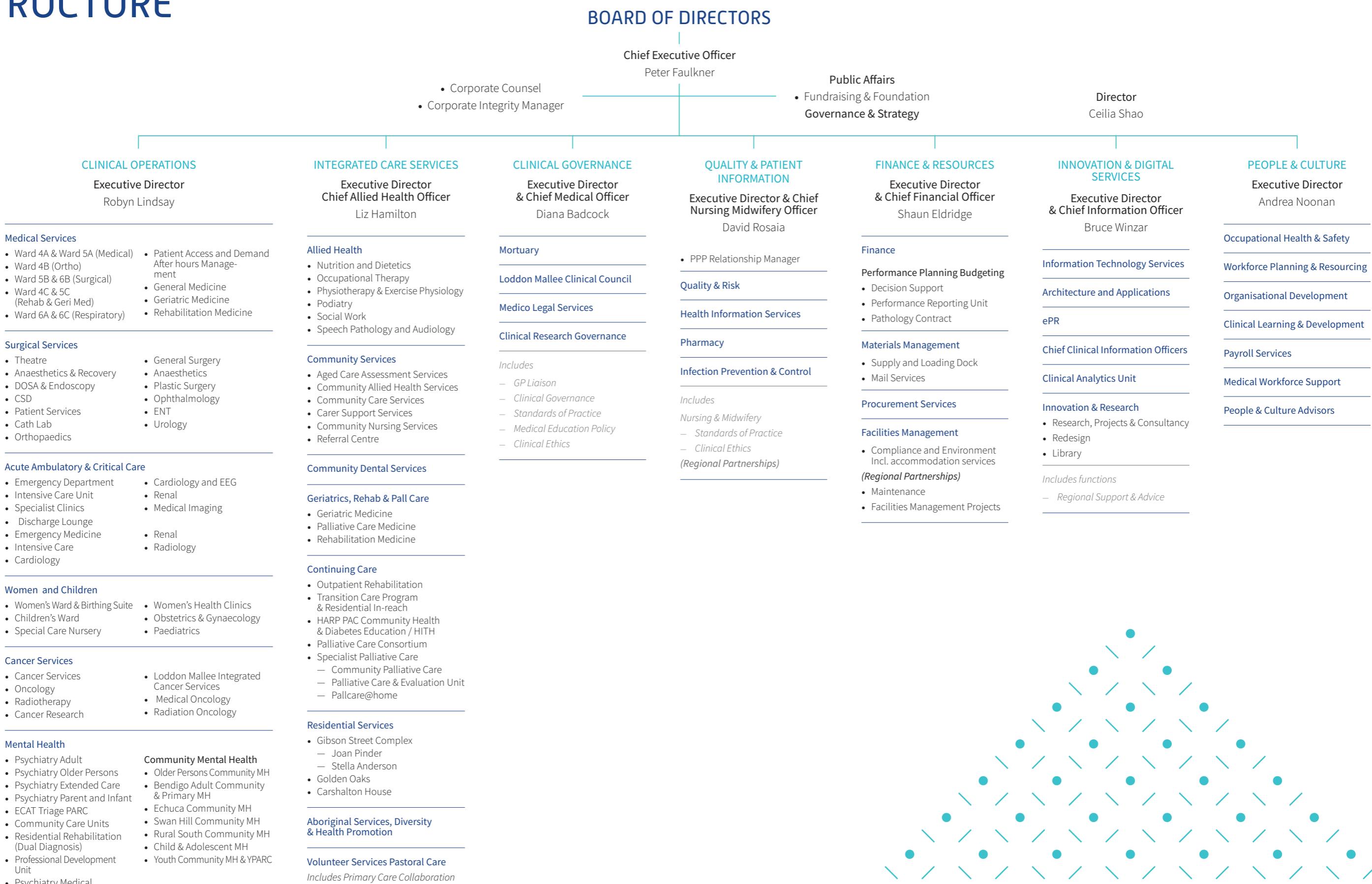
David Rosaia
Executive Director Quality and Patient Information
Chief Nursing and Midwifery Officer

Shaun Eldridge
Executive Director Finance and Resources
Chief Financial Officer

Bruce Winzar
Executive Director Innovation and Digital Services
Chief Information Officer

Andrea Noonan
Executive Director People and Culture

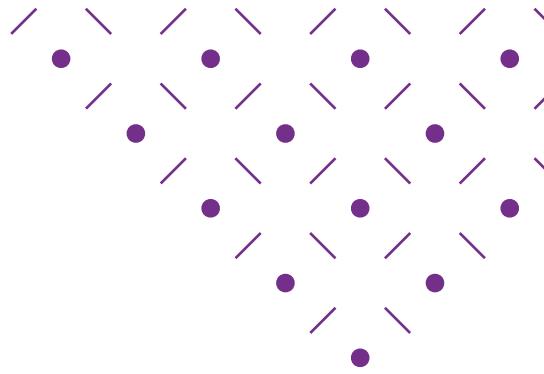
ORGANISATIONAL STRUCTURE





Striving for
Excellent Care.
Every Person.
Every Time.





Sepsis Risk Calculator, Special Care Nursery

Bendigo Health's commitment to our vision of *Excellent Care. Every Person. Every Time* came to the fore during a year where our staff and our services faced the most unique of challenges.

In the context of a global Coronavirus pandemic and growing demand for our service, our staff found innovative and efficient ways to improve clinical care, doing so safely and compassionately for the communities we serve.

A few examples of clinical improvements undertaken in 2019-20 are detailed in this section of the annual report.



Peter Faulkner
Chief Executive Officer



OUR VISION

Excellent Care. Every Person. Every Time.

Bendigo Health in December became the first regional Victorian hospital and second in the state to use the Sepsis Risk Calculator in the Special Care Nursery (SCN).

The computer program calculates the risk of a baby developing Sepsis and thus needing antibiotics. It uses metrics such as baby's gestational age, when the mother's membrane was ruptured and the highest maternal temperature to calculate if a baby needs antibiotics.

SCN unit manager Stacey Rogers said since the introduction of the calculator the number of babies unnecessarily treated with antibiotics has dropped considerably and occupancy rates in the unit have also decreased.

"This means our nurses have more capacity to spend time with other babies, and we have more capacity to treat more babies from around the Loddon Mallee region because

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there's less babies that are unnecessarily admitted to the SCN for antibiotic treatment," she said.

The term admission rate in the SCN has dropped from an average of 15% for the 2018-2019 period to 11.25% for the eight months since its introduction in December 2019.

"Reducing the use of antibiotics helps babies' guts develop natural bacteria which is crucial to their development and immune system. It also means they get to spend more time with their mothers and develop an early breastfeeding connection."

Ms Rogers said the Sepsis Risk Calculator is a safety net and doesn't rule clinical practice.

"If the doctors believe a baby is visibly unwell and needs antibiotics, their decision always overrules the calculator," she said.



COVID-19 Screening Clinic

Bendigo Health's Emergency Department (ED) was tasked with setting up and running a COVID-19 Screening Clinic to cater for expected demand for testing in the community.

In early March, there were two initial iterations of the Screening Clinic – in an isolation room in ED, then the discharge lounge in ED – before the old ED on Stewart street was recommissioned into a serviceable clinic on March 19.

The nurse-led clinic was at times subject to overwhelming demand and had to constantly adapt its processes to cater for testing requirements set by the State Government, from asymptomatic testing to outbreak testing to the introduction of pop-up testing clinics in the community.

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Creating the Screening Clinic gave the general public somewhere to turn to, and meant our staff could be properly prepared and ready to treat our community.

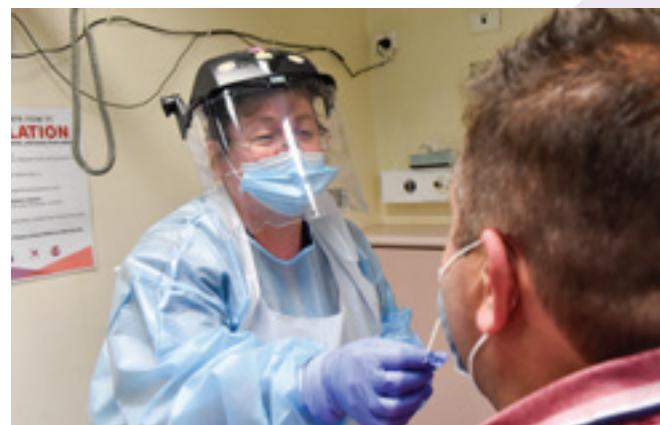
properly prepared and ready to treat our community," Acting ED nurse unit manager Kate Fuller said.

The clinic also had to adapt to the needs of Bendigo's multicultural community, working closely with Bendigo Health's Aboriginal Services, Diversity & Health Promotion team to provide linguistic and culturally appropriate support.

From March to the end of June, the Screening Clinic and various pop-up clinics tested 7819 people for COVID-19.

"As emergency nurses and doctors we pride ourselves on being adaptable and being able to prioritise information, but this time tested us all," Ms Fuller said.

"We overcame these challenges by doing our very best each and every day."



Power BI Data

Bendigo Health is a large organisation of more than 4,000 staff with numerous departments and data sources.

A solution was sought to consolidate these data sources to provide real-time data to make informed, timely decisions.

The COVID-19 pandemic intensified the need for a real-time data dashboard as decisions were required to be made quickly in an ever-evolving situation.

The Power BI dashboard was a perfect tool to combine key data sets such as iPM and ACL Pathology Results to give a combined granular view of both screening, testing and monitoring of COVID-19 patients.

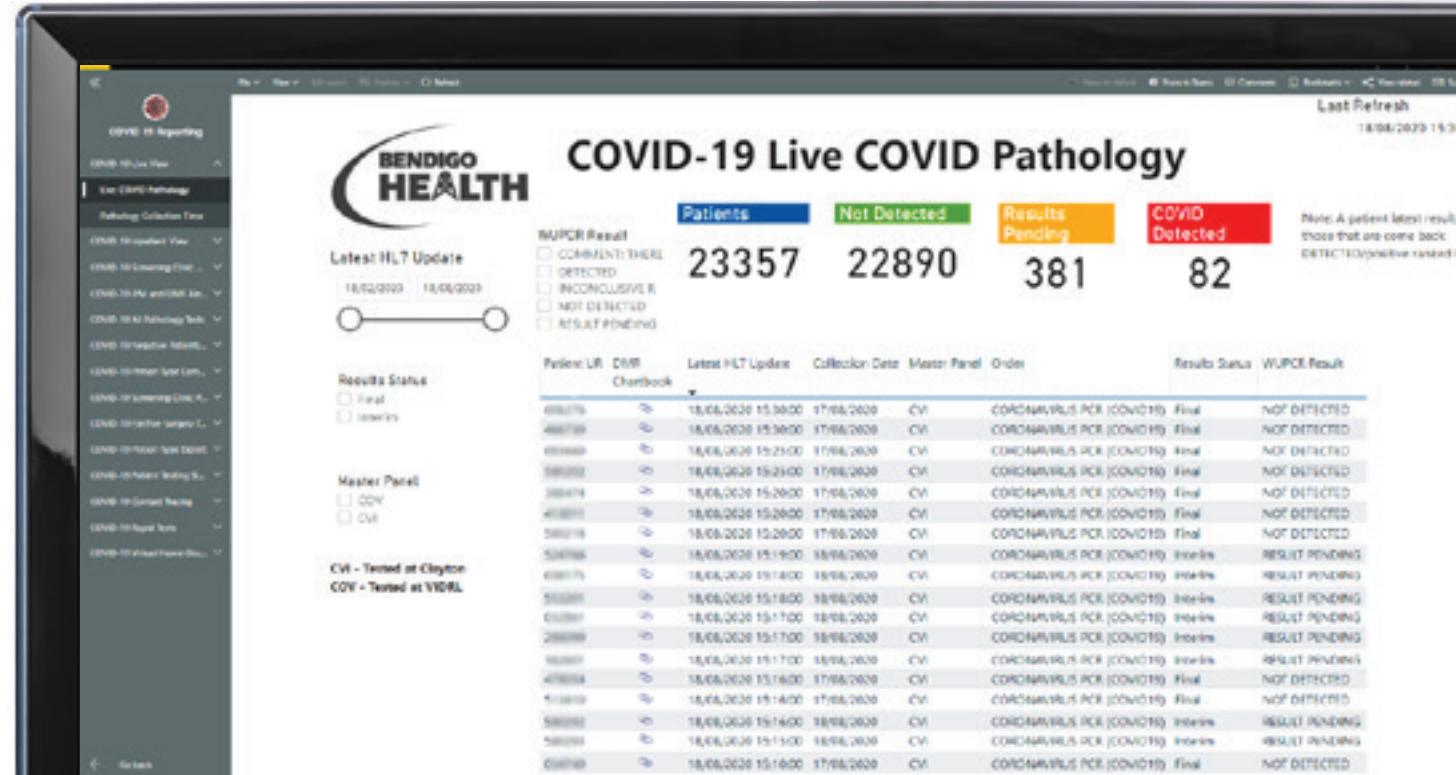
"It helped us quickly capture and use data to make it available to key personnel/executive in real time," Bendigo Health Analytics and Data Insight Specialist Luke Garton said.

The Power BI dashboard has been used across various departments. People and Culture have used it for annual leave, flu vaccination compliance and mandatory training requirements, while wards have used them to monitor falls and pressure injury compliance.

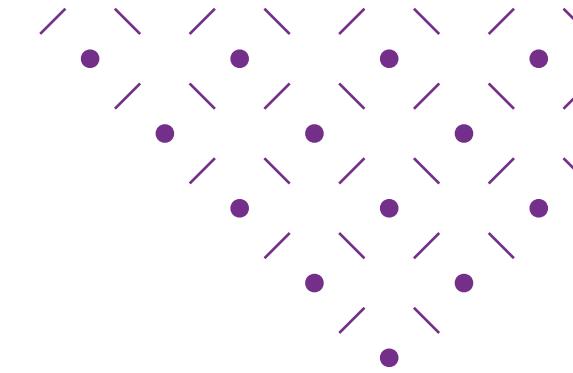
"The dashboards have saved thousands of hours of manual data processing and collation across multiple data domains, opened doors to advances and innovation with real-time data and analytics capability and built confidence in making the right decision, at the right time to provide excellent care," Mr Garton said.

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It helped us quickly capture and use data to make it available to key personnel/executive in real time.



MOVE program



A physiotherapy-led rehabilitation program has helped countless Central Victorians confidently manage hip and knee osteoarthritis without the need for surgery.

The Management of Osteoarthritis via Exercise and Education (MOVE) program, run by Bendigo Health Outpatient Rehabilitation Services, has helped improve function, strength and mobility in participants, while also reducing pain by 20 per cent, on average, per patient.

The eight-week program, which has so far supported 150 people across the region, is a mixture of education and targeted exercise sessions.

Outpatient Rehabilitation Services Orthopaedic Stream Leader, Jonathon Turton said the physical tests done at the end of the program showed people were stronger, walking faster and more efficiently, which helped reduce the risk of falls.

Mr Turton said the program catered for a wide demographic, from middle-aged participants to the elderly.

“These are people from many backgrounds including those trying to stay productive in society, enjoying their work and enjoying their leisure,” he said.

The educational aspect of the program was crucial to managing osteoarthritis, he said.

“Learning about the condition helps people cope with osteoarthritis a lot better. Understanding the effects of osteoarthritis are not an inevitable part of ageing, knowing that the pain and decreased function that can be associated with osteoarthritis can be changed and reduced is important,” he said.



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GP oncology hotline

Loddon Mallee Integrated Care Service (LMICS) collaborated with the Bendigo Cancer Centre to set up a GP oncology hotline in September to save days or weeks in a cancer patients journey.

The hotline gives GPs in the Loddon Mallee region access to medical oncologists, who provide a range of specialist advice to the GP when they need to make a decision about their patient.

LMICS project officer Cheryl Martin said the hotline averages three calls per week from GPs, many of whom are calling from the wider Loddon Mallee region.

“We tried to implement what is essentially a decision support tool for GPs. A few minutes on a phone call can help the GP and save some patients days or weeks in getting the appropriate treatment,” she said.

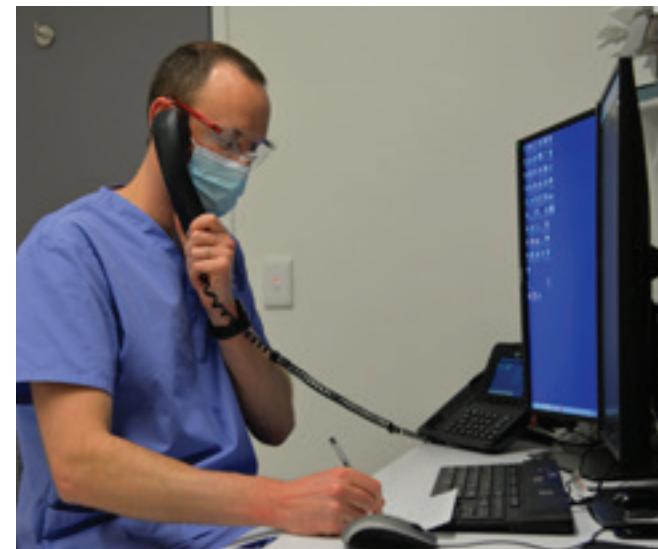
The hotline has helped strengthen the important relationships between GPs and the Bendigo Cancer Centre and is one of a suite of tools Bendigo Health has provided to GPs.

Five medical oncologists take turns in being on-call for a month for the hotline, which has improved access to timely and appropriate care for at least 120 patients per year.

“The hotline is part of a continuous improvement approach to cancer care in our region by making sure the patient gets the care when they need it,” Ms Martin said.

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The hotline is part of a continuous improvement approach to cancer care in our region by making sure the patient gets the care when they need it.



Staying connected

The Coronavirus pandemic changed the way Bendigo Health delivered care. The switch to virtual care, in the form of telehealth, was swift and challenging for our clinicians, but its successful implementation may lead to long-term changes to our future models of care.

From March to the end of June, Bendigo Health conducted almost 6000 hospital outpatient appointments via telehealth – in the six months prior to this, we did 201 of the same appointments virtually.

Lactation Consultant Carolyn Arandt ran group sessions during COVID-19, reaching mothers from Swan Hill to Nhill.

“Some of the first time mums have been quite isolated and anxious, so being able to provide the session benefits them,” she said.

“We’ve been able to refine our skills and use various props to empower women and get to know their babies and their cues and trust that together they will make it through the journey of the early transition to parenthood.

First time mum and Warraknabeal resident Rhiannon Adams said the virtual service had numerous practical benefits for her after having a caesarean section.

“I couldn’t drive and would have required another person to drive me, which is very limiting. Having the telehealth available, I could just log on, have the baby with me and not have to worry about getting organised to leave the house,” she said.

Physiotherapy was another department that embraced the telehealth platform.

Bendigo Health Senior Physiotherapist Stephen Shanahan said the service worked well for patients with chronic conditions but was more problematic for those with acute injuries like fractures.

“Where I work we see a lot of acute injuries – from emergencies to the surgical ward. We need to be next to patient when they’re weight baring or coming out of a brace,” he said.

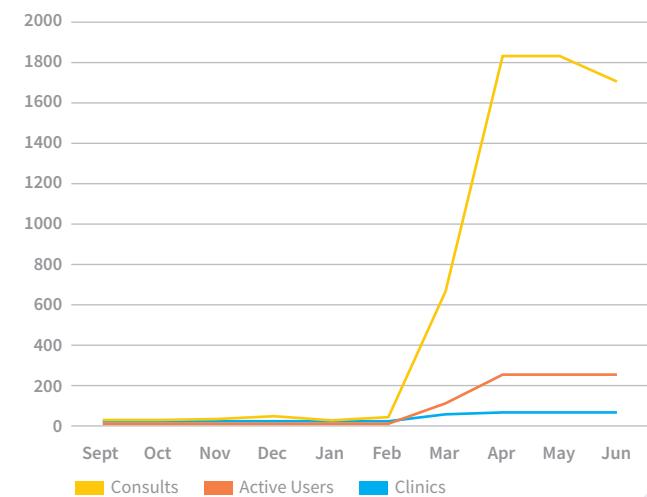
Mr Shanahan said telehealth has been beneficial for a certain subgroup of patients.

“The further you get away (from Bendigo) the less access you get to services or they might not come in. We’ve been connecting to people in NSW to see how they have been going. It (telehealth) has helped bridge the gap between patients leaving the hospital and then another health service picking them up,” he said.

“

Some of the first time mums have been quite isolated and anxious, so being able to provide the session benefits them.

Monthly telehealth stats



Visiting pods bring families together

Bendigo Health installed two visiting pods at its aged care complexes in June to allow families to spend more quality time with their loved ones during the pandemic.

The pods allow larger family groups and children under the age of 16 to visit their relatives together for up to two hours.

Gibson Street facility manager Linda Burnard said the pods have hosted special milestones like birthdays, anniversaries, and new baby introductions.

“We’ve had families who have brought the new baby and new grandchild in to the pods, so being able to have those family groups has been great for the residents,” she said.

“It’s the highlight of the residents’ lives when they see their children and grandchildren.”

“

We’ve had families who have brought the new baby and new grandchild in to the pods, so being able to have those family groups has been great for the residents.

As the pandemic progressed, the pods have become more popular, with visiting restrictions at the main facility in place indefinitely.

“There’s seldom an empty spot, we have half hourly appointments from 9.30am-4.45pm,” Ms Burnard said.

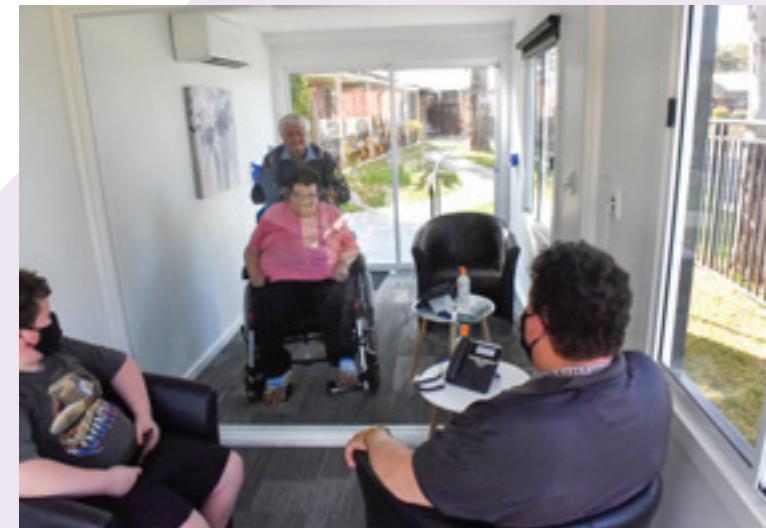
The pods, which are converted shipping containers, give Bendigo Health the flexibility to provide visitation throughout the pandemic and beyond.

Bendigo Health’s Facilities Management team modified two shipping containers over a four-week period and installed them at Joan Pinder nursing home and Carshalton House.



The pods have a glass partition down the middle, two nurse call buttons, are fully air conditioned and use phones to communicate.

A new visiting area was also created at Simpkin House, a psychogeriatric facility, by installing glass in internal meeting room that has separate entrance and exit doors.





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(Access via Mercy Street)

PO Box 126 Bendigo Victoria 3552

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www.bendigohealth.org.au

ABN 26 875 445 912



Excellent Care. Every Person. Every Time.

WORKFORCE DATA*

Hospitals Labour Category	JUNE Current Month FTE		Average Monthly FTE	
	2019	2020	2019	2020
Nursing	1,357.13	1,419.90	1,311.35	1,370.55
Administration and Clerical	469.16	485.89	455.99	467.72
Medical Support	198.89	212.18	183.98	205.54
Hotel and Allied Services	74.68	68.98	79.31	71.59
Medical Officers	59.36	61.05	57.51	58.76
Hospital Medical Officers	180.44	192.23	177.19	187.80
Sessional Clinicians	30.01	36.38	27.89	32.41
Ancillary Staff (Allied Health)	323.57	320.34	313.76	319.46
Total	2,693.24	2,796.95	2,606.98	2,713.83

*Workforce data in the table above was calculated on the number of staff paid by Bendigo Health. In June 2020 it was 3,825 head count.

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.





ATTESTATIONS AND DECLARATIONS

Reporting period from 1 July 2019 to 30 June 2020

This report is prepared for the Honorable Jenny Mikakos, the Minister for Health and Ambulance Services 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 2020.



Bob Cameron, Board Chair
7 July 2020

FINANCIAL MANAGEMENT COMPLIANCE

I, Bob Cameron 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.



Bob Cameron, Board Chair
7 July 2020

DATA INTEGRITY

I, Bob Cameron 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.



Bob Cameron, Board Chair
7 July 2020

CONFLICT OF INTEREST

I, Bob Cameron 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.



Bob Cameron, Board Chair
7 July 2020

INTEGRITY, FRAUD AND CORRUPTION

I, Bob Cameron 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.



Bob Cameron, Board Chair
7 July 2020

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, medical imaging, pathology, rehabilitation, community services, residential aged care, psychiatric care, community dental, hospice/palliative care, cancer services and renal dialysis.

It is an expanding regional health service incorporating the Loddon Mallee, an area the quarter the size of Victoria. There are a number of campuses, including the Bendigo Hospital, based in Bendigo with services extended to many regional settings including areas such as Mildura, Echuca, Swan Hill, Kyneton and Castlemaine.

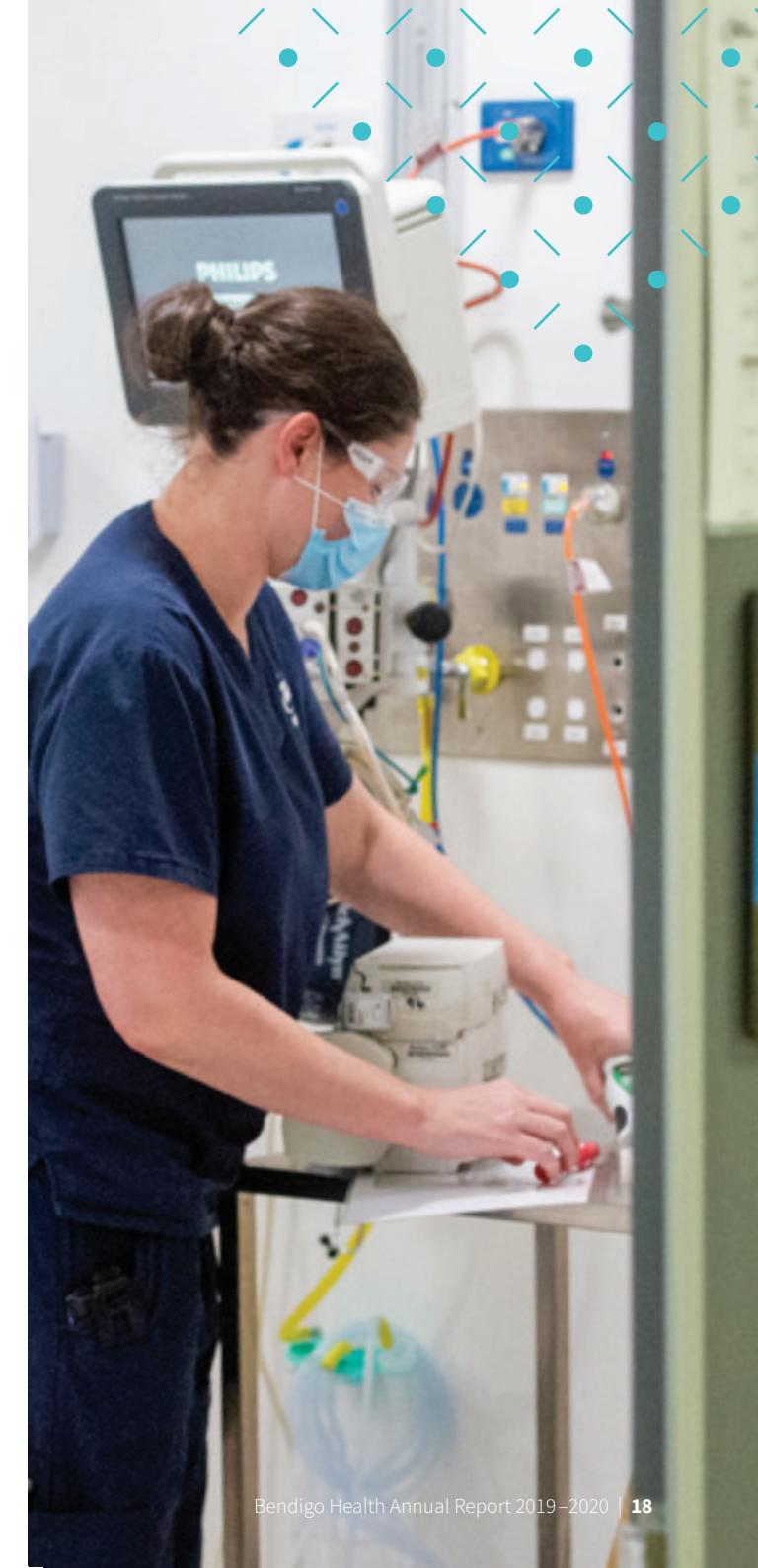
FREEDOM OF INFORMATION

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.

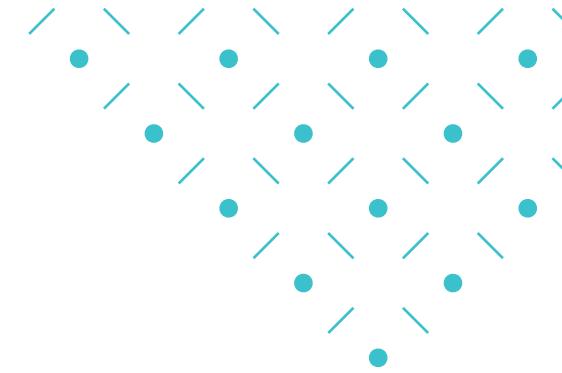
Requests received 2019-20	
Access granted in full	289
Access granted in part	77
Access denied in full	7
Application withdrawn/did not proceed	14/9
No information available	12
Not yet finalised	26
Finalised outside of FOI Act	1
Total	435

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.



STATUTORY COMPLIANCE *(continued)*



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 redevelopment and maintenance issues. The Bendigo Hospital is maintained by a Public Private Partnership (PPP) through Spotless for a period of 25 years.

PROTECTED DISCLOSURES

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.

CAR PARKING FEES

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

NATIONAL COMPETITION POLICY

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

VICTORIAN INDUSTRY PARTICIPATION POLICY

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 two contracts in 2019-20 to which the Victorian Industry Participation Policy Act (2003) applied.

ADDITIONAL INFORMATION

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

- Declarations of pecuniary interests have been duly completed by all relevant officers;
 - Details of shares held by senior officers as nominee or held beneficially;
 - Details of publications produced by the entity about itself, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service
 - Details of any major external reviews carried out on the Health Service;
 - Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;
 - Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
 - Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
 - Details of assessments and measures undertaken to improve the occupational health and safety of employees;
 - 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, the purposes of each committee and the extent to which those purposes have been achieved;
 - Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

STATUTORY COMPLIANCE *(continued)*

DETAILS OF CONSULTANCIES [UNDER \$10,000]

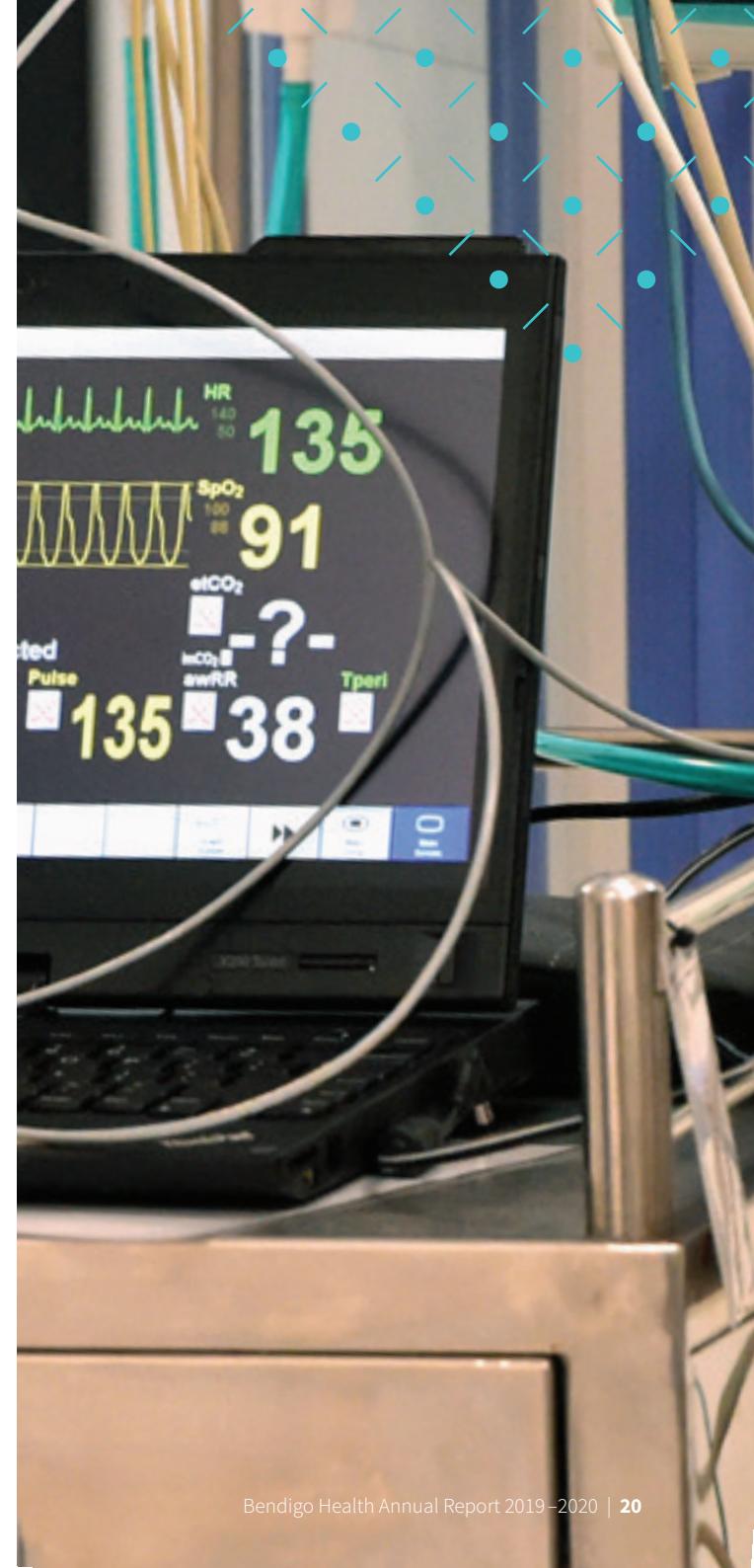
In 2019-20, there were 18 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2019-20 in relation to these consultancies is \$62,293 (excl. GST).

DETAILS OF CONSULTANCIES [OVER \$10,000]

In 2019-20, there were 6 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2019-20 in relation to these consultancies is \$129,368 (excl. GST).

Bendigo Health spent
\$191,661 (ex GST)
on consultancies
in 2019-20.

CONSULTANT	PURPOSE OF CONSULTANCY	Start Date	End Date	Expenditure	
				2019-20 (ex GST) \$'000	Future (ex GST) \$'000
Baade Harbour Australia	Golden Oaks Redesign	Oct-19	Dec-19	12	0
Healthconsult	Digital Health assessment	Jul-19	Jul-20	26	10
Mediasmiths Asia Pac	Consultancy and advice review	Nov-19	Nov-19	10	0
Mercer Consulting (Australia)	Review of several roles	Nov-19	Feb-20	14	0
Porter Novelli Australia	Executive Coaching & research project	Oct-19	Apr-20	21	0
University of Queensland	Evaluation of Geri-connect program	Jun-20	Dec-20	0	36



STATUTORY COMPLIANCE *(continued)*

INFORMATION AND COMMUNICATION TECHNOLOGY [ICT] EXPENDITURE

The total ICT expenditure incurred during 2019-20 is \$34.51 million (excluding GST) with the details shown below:

	BAU (\$ Million)	Non-BAU (\$ Million)	Total (\$ Million)
Total ICT Expenditure	34.20	0.31	34.51
	Operating (\$ Million)	Capital (\$ Million)	Total (\$ Million)
Total ICT Expenditure	11.59	22.92	34.51

491 incidents
of occupational violence
reported at Bendigo Health
in 2019-20

OCCUPATIONAL VIOLENCE

Occupational violence statistics	2019-20
1. WorkCover accepted claims with an occupational violence cause per 100 FTE	0.179
2. Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	1.01
3. Number of occupational violence incidents reported	491
4. Number of occupational violence incidents reported per 100 FTE	17.55
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	10.26

**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 2018-19.

Lost time – is defined as greater than one day.

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

OCCUPATIONAL HEALTH AND SAFETY

Workers compensation statistics	2019-20	2018-19	2017-19
The number of reported hazards/incidents for the year per 100 FTE	43.23	40.70	44.21
The number of ‘lost time’ standard WorkCover claims for the year per 100 FTE	0.89	1.11	1.10
The average cost per WorkCover claim for the year ('000)	\$22,481.62	\$12,421.12	\$11,540.61

STATUTORY COMPLIANCE *(continued)*

ENVIRONMENTAL PERFORMANCE

Bendigo Health endeavours to maximise energy efficiency and improve the overall management of resources. Some of the energy efficient initiatives installed in the hospital are listed below:

- Cogeneration and tri-generation plant to supply electricity, hot water and chilled water
- 200KW Solar photovoltaic array on the roof to generate electricity
- Capture of rain water from the roof for re-use
- CSSD steriliser waste water capture for re-use
- Use of the combined reclaimed water and Class A recycled water for toilets, macerators and garden irrigation
- Variable speed drives on pumps and fans so the plant is only consuming energy as needed
- Economy cycles on air handling systems to maximise use of outside air when conditions permit
- Zoning of air conditioning systems so areas only operate as required
- Lighting control systems to allow programming, including the use of motion detectors and daylight sensors to provide lighting only when it is required
- A Building Management System (BMS) that utilises sub-metering to provide monitoring and the ability to control all of building services

- Water efficient heat rejection systems comprising adiabatic coolers
- Recycling areas that are designated for recycling paper, cardboard, PET, glass, PVC, LDPE and HDPE waste to reduce the amount of waste to landfill

The above measures incorporated in the building show Bendigo Health is committed to minimise any environmental impacts and aspire to reduce our footprint.

The 2017-2018 year has been used as the new benchmark because it includes a full 12 months data from the new hospital which is the most significant user of utilities for all the Bendigo Health properties with 65.2% of electricity, 73.8% natural gas and 55.1% of total water consumption.

There were areas in the main hospital that were opened during the 12 months which added to increased demand for both power and gas in 2019-2020.

Total energy consumption decreased slightly by 3.83% over the past 12 months. There were periods when one or both of the tri-generation plants were out of order which resulted in less gas use but increased power purchased. As a result, carbon emissions increased slightly by 2.65% from the previous year. The Coliban Water recycled water plant went out of action from December to July. During this period, potable water was used in all areas designated for recycled water within both the Barnard and Lucan Street complex. Coliban Water also found a fault in their historic meter reading on the Barnard Street precinct by only

registering 10% of actual recycled water use. The increased use of potable water and accurate identification of the amount of recycled water use, the total water use increased by 10.2%.

All environmental data gathered by the sub-metering allows the information to be displayed on the environmental display screen within the hospital main entrance.

There has been an increased focus on minimising waste to landfill by increasing different recycling waste streams. Soft plastics recycling is removing between 3m³ and 4.5m³ each week that was previously going to landfill. The commencement of Kimguard/Steriwrap recycling in March saw approximately 973.5kg removed from landfill by the end of June.

The following areas have been introduced to increase the segregation of waste into specific recycling lines.

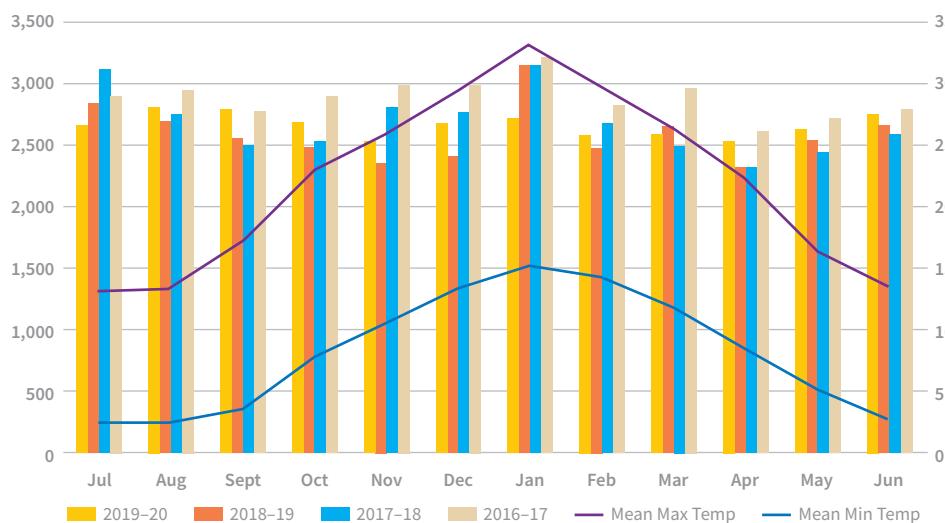
Commingled	Copper
Printer Cartridges	Single use metal equipment
Batteries	E-waste
PVC	Timber unmarked pallets
Soft Plastics	Polystyrene
Organic waste	Polypropylene bed screens/curtains
Light globes/tubes	Paper
Metal	Cardboard
Bottle caps	Kimguard/Steriwrap
Pens	Fabric
Polypropylene	

STATUTORY COMPLIANCE *(continued)*

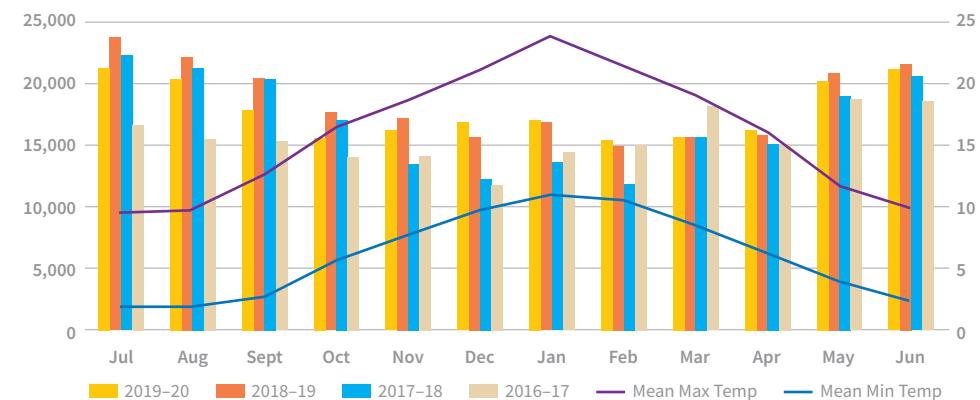
GRAPHS FOR BENDIGO HEALTH TOTAL CARBON EMISSIONS, TOTAL ENERGY AND WATER USE

	2016-2017	2017-2018	2018-2019	2019-2020
Total Energy GJ	185,955	201,551	221,922	213,412
Total Carbon tCO ₂ -e	34,718	32,305	31,263	32,092
Total Water Kls	121,716	155,559	143,058	157,680

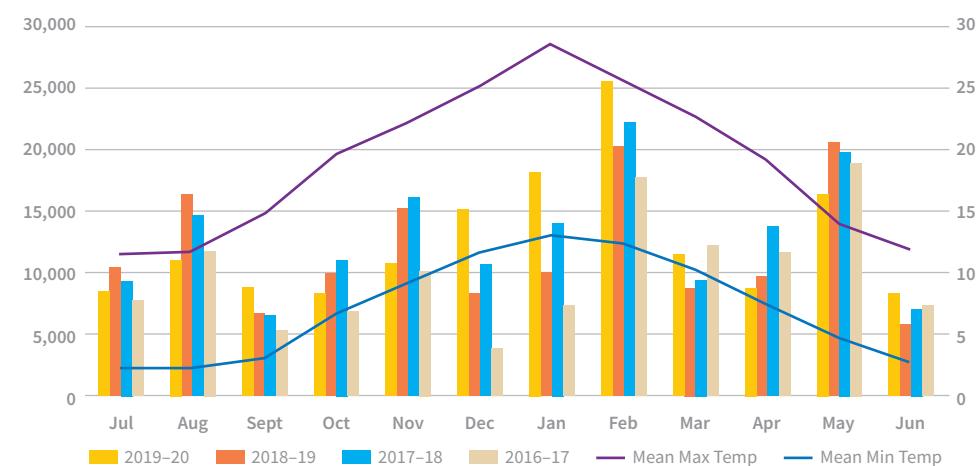
Carbon Emissions T Co₂-e



Energy Consumption GL Per Month



Water Consumption K/L Per Month



STATUTORY COMPLIANCE *(continued)*

OPERATIONAL AND FINANCIAL PERFORMANCE

Bendigo Health budgeted for a deficit of \$1.8 million. However, before the pandemic (end of February 2020) Bendigo Health was delivering services in excess of target and despite this we were breaking even (as per Statement of Priorities).

Costs of \$6.8m related to the COVID-19 pandemic have been captured per strict DHHS directive guidelines and fully offset by operating grants. Bendigo Health ended the financial year with an operating deficit (before capital and specific items) of \$2m. The overall Net Result for the year was a deficit of \$29.78m which is \$15.4m favourable to budget. This was largely the result of unbudgeted capital income and delays in several projects largely due to the COVID-19 pandemic.

	2020 \$000	2019 \$000	2018 \$000	2017 \$000	2016 \$000
*Operating Result	(2,032)	(334)	2,066	2,663	3,163
Total revenue	543,650	515,310	479,277	970,901	366,737
Total expenses	571,725	545,474	511,061	440,726	367,159
Net result from transactions	(28,075)	(30,164)	(31,784)	530,175	(422)
Total other economic flows	(1,623)	(54,501)	493	96	(184)
Net result	(29,698)	(84,665)	(31,291)	530,271	(606)
Total assets	928,763	896,294	1,064,928	1,059,320	264,278
Total liabilities	491,486	409,086	391,474	358,058	94,287
Net assets/Total equity	437,277	487,208	673,454	701,262	169,991

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

“

...before the pandemic (end of February 2020) Bendigo Health was delivering services in excess of target and despite this we were breaking even...

Table 7: Reconciliation of Net Result from Transactions and Operating Result

	2019-20 \$000
Net operating result*	(2,032)
Capital purpose income	31,822
Specific income	N/A
COVID-19 State Supply Arrangements – Assets received free of charge or for nil consideration under the State Supply	566
State supply items consumed up to 30 June 2020	(566)
Assets provided free of charge	N/A
Assets received free of charge	53
Expenditure for capital purpose	(1,491)
Depreciation and amortisation	(33,259)
Impairment of non-financial assets	N/A
Finance costs (other)	(23,168)
Net result from transactions	(28,075)

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

STATEMENT OF PRIORITIES

PART A

STRATEGIC PRIORITIES – HEALTH 2040

In 2019-20 Bendigo Health has contributed to the achievement of the state government's commitments within Health 2040:
Advancing health, access and care by:

BETTER HEALTH

Goals

- A system geared to prevention as much as treatment
- Everyone understands their own health and risks
- Illness is detected and managed early
- Healthy neighbourhoods and communities encourage healthy lifestyles

Strategies

- Reduce Statewide Risks
- Build Healthy Neighbourhoods
- Help people to stay healthy
- Target health gaps

HEALTH SERVICE DELIVERABLE

Improve the health of our communities by implementing healthy eating and tobacco cessation strategies consistent with the new Victorian Health and Wellbeing Plan.

OUTCOME

Deliverable Achieved

Bendigo Health has implemented the Healthy 4U and the Genesis Healthy Lifestyle Programs. These direct referral initiatives open improved lifestyle pathways for consumers by supporting them in self-management of physical activity, healthy eating and smoking cessation.

During the reporting period, there were 259 participants in the Healthy4U Program, each attending three sessions on average.

The Genesis Healthy Lifestyle Program has engaged 40 pregnant women in the program over the past 12 months with the greatest number being from March 2020 where the program actively supported 27 women with lifestyle advice.

Support for smokers who have been admitted into hospital continues with the focus of supplying nicotine replacement therapy to patients who are unable to leave the building. Over 1,100 smokers were identified with 198 requesting advice on how to reduce or quit.

The City of Greater Bendigo assists Bendigo Health with public messaging around the hospital to promote no smoking, with an aim of keeping health workers safe from the adverse effects of passive smoking. This work complements the actions of Bendigo Health's Smoke Free Plan and these resources were shared with smaller health services in the region.





STATEMENT OF PRIORITIES

PART A *(continued)*

HEALTH SERVICE DELIVERABLE

Achieve the 2019-20 targets within the Bendigo Healthy 4U plan with a focus on striving to reach GOLD status in the Victorian Network of Smoke Free Health Services.

OUTCOME

Deliverable Ongoing

The work to gain accreditation in the Global Network for Smoke Free Health Services continues while we wait for the current COVID-19 restrictions to ease.

A Global Smoke Free in-house audit found Bendigo Health has 130 points towards GOLD status. Given the minimum requirement for GOLD is 126, our health service is well positioned to be successful when we proceed with an external audit.

HEALTH SERVICE DELIVERABLE

Focus on continuously improving our culture and wellness in our workforce by increasing opportunities for staff to engage in activities that improve their physical health.

OUTCOME

Deliverable Achieved

Bendigo Health engaged the services of 'Fitness Passport' in January 2020. This arrangement provides our staff and their families access to gyms and pools throughout the Loddon Mallee region. The launch was supported by internal promotion and organisational wide communications. During the initial sign up phase 359 staff registered. As the program is also available to the family/household members of staff a combined total of 732 individuals registered.

Over the course of the reporting period Bendigo Health, workforce engaged in numerous Health and Wellbeing activities, they included Worksafe Health & Safety month (October 2019), Socks 4 Docs, raising awareness for mental health of medical staff and Dry July.

“

This arrangement provides our staff and their families access to gyms and pools throughout the Loddon Mallee region... During the initial sign up phase 359 staff registered.

STATEMENT OF PRIORITIES

PART A *(continued)*



BETTER ACCESS

Goals

- Care is always being there when people need it
- Better access to care in the home and community
- People are connected to the full range of care and support they need
- Equal access to care

Strategies

- Plan and invest
- Unlock innovation
- Provide easier access
- Ensure fair access

HEALTH SERVICE DELIVERABLE

Increase access to health care for rural and regional communities by participating in the development of the Loddon Mallee Telehealth Plan.

OUTCOME

Deliverable Ongoing

The Loddon Mallee Telehealth Plan was replaced by a Loddon Mallee Virtual Care Strategic Plan. Development work paused during 2020 due to COVID-19.

The Loddon Mallee Virtual Care three-year plan will incorporate governance, sustainability, operating models, new technology enablers, patient experience, clinical outcomes and business challenges.

The strategy will have a strong vision statement, clear objectives and roadmap for regional partners. Bendigo Health remains confident the strategic work undertaken will allow for delivery of this Statement of Priority.

HEALTH SERVICE DELIVERABLE

Improve timely access to Specialist Clinics by standardising referral and triage systems, ensuring consistency and equity of access for consumers.

OUTCOME

Deliverable Ongoing

The implementation of new referral and access guidelines for Specialist Clinics was due in 2020 but have been postponed until further notice due to COVID-19.

There has been a staged release of referral triage criteria commencing in August 2019 with the release of specific referral criteria for Urology, Vascular and Ear Nose & Throat (ENT), followed in September by the release of Gastroenterology, Gynaecology and Neurology.

The release of further guidelines (inclusive of Endocrinology, Ophthalmology, Cardiology, Rheumatology and Obstetrics), has been slowed due to the COVID-19 response and is expected to continue when COVID-19 has been contained.

STATEMENT OF PRIORITIES

PART A *(continued)*



BETTER CARE

Goals

- Targeting zero avoidable harm
- Healthcare that focusses on outcomes
- Patients and carers are active partners in care
- Care fits together around people's needs

Strategies

- Put quality first
- Join up care
- Partner with patients
- Strengthen the workforce
- Embed evidence
- Ensure equal care

HEALTH SERVICE DELIVERABLE

Participate in the development of a regional volunteering strategy to increase volunteer numbers and the quality and safety of support they provide to patients and residents.

OUTCOME

Deliverable Ongoing

The first Loddon Mallee Health (LMH) Volunteer Project Advisory Committee Meeting was held in February 2020. Prior to COVID-19, strategy development was in early stages with preliminary research into the role of volunteers across the nine LMH services that form the partnership.

In March, a decision was made that the project would continue as LMH Volunteer Strategy: COVID-19 Response.

A volunteer engagement survey was completed and presented to the network CEOs. The aim was to determine whether our health services are providing appropriate care and service to its volunteers during COVID-19. A Benchmark on volunteer programs was carried out for the LMH partnership and has since been completed and presented to the network CEOs.

Bendigo Health regularly leads meetings with the LMH Volunteer Project, COVID-19 Response Committee to discuss the wellbeing and supports for volunteers and program coordinators. Liaison with key community stakeholders is underway to consider future sustainable volunteer re-engagement during and beyond the pandemic and is focused on patient and residential service roles and volunteer transport.

HEALTH SERVICE DELIVERABLE

Improve health outcomes and reduce avoidable harm for our patients through a range of care, quality and service improvements resulting in reductions in falls, pressure injuries, delirium and malnutrition rates.

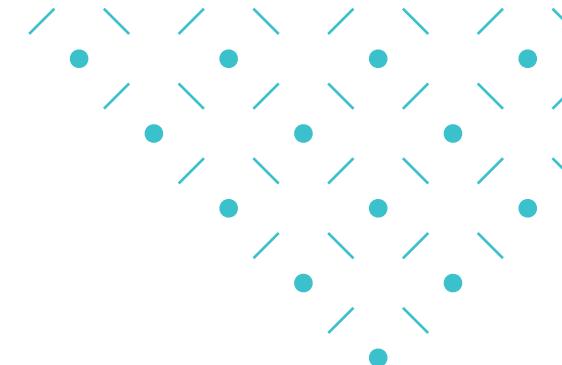
OUTCOME

Deliverable Ongoing

Bendigo Health's Quality core business activities are underpinned by the organisation's Excellent Care Framework. Six key themes of care – Safe, Personal, Integrated, Right, Improving, Together – is the SPIRIT in which we approach our work. SPIRIT is used in Quality huddles and discussions with departments is continuing about how this links with and reflects the care and treatment provided to patients, residents, carers and families. Due to the COVID-19 social distancing strategies, Quality Services staff have adopted a support model via email and telephone with less face to face contact in clinical departments.

The National Safety and Quality Health Service Standard (NSQHS) of the month program continues to support Bendigo Health to be every day – patient safety ready, and therefore supporting preparedness for accreditation.

An Executive Level Accreditation Committee was established earlier this year. Governing Committees review standard level gap analysis documents for the



STATEMENT OF PRIORITIES

PART A *(continued)*

self-assessment and identify any additional areas for targeted action. Managers were asked to nominate champions for each standard and an additional focus group meeting will be established to assist champions and wards to focus on these standards.

Ongoing review of Healthcare Round Table (HRT) data is occurring to ensure clinical indicators are being met and monitored. In accordance with the state-wide recommendation from the Victorian Agency for Health Information (VAHI), it is planned that this data be made available to our clinicians to develop an understanding of the data and influence service performance. This will include regular review and targeted education.

“

Bendigo Health’s Quality core business activities are underpinned by the organisation’s Excellent Care Framework. Six key themes of care – **Safe, Personal, Integrated, Right, Improving, Together** – is the **SPIRIT** in which we approach our work.

HEALTH SERVICE DELIVERABLE

Partner with patients and carers to provide better care by working within the Safer Care Victoria Partnering Health Care framework with a priority focus on Shared Decision Making and Effective Communication.

OUTCOME

Deliverable Ongoing

During the reporting period, a gap analysis was completed against the Partnering in Healthcare (PIC) framework and presented to the Consumer Participation & Patient Experience Committee.

In December 2019, a joint Quality Care Council & Community Advisory Council meeting was held where the PIC framework and revised Patient Story program were presented and discussed, both receiving very positive feedback.

The focus of the Partnering in Healthcare framework, designed to improve our patients’ experiences, is effective communication. This is a key priority for Bendigo Health and is supported by the rollout of the Studer Evidence Based Leadership framework, including the AIDET – Acknowledge, Introduce, Duration, Explanation, Time – communication formula.

Other Studer tactics such as Leader Rounding with patients and Patient Safety Rounding is a focus of a Project Manager, employed in December 2019. Training and implementation will begin in inpatient areas of Special Care Nursery,

Children’s Ward and Ward 5C, with preparatory work commencing in Ward 4A and Ward 4C. Our staff have been provided with a Bendigo Health training video to assist them with their learning.

The Shared Decision Making component (Domain 3) continues in designated hospital areas. Patient Services, Specialist Clinic have implemented a project, “Ask 3” to encourage patients to ask questions at their appointments. It is expected that this project will encourage communication and assist with informed and shared decision making.

HEALTH SERVICE DELIVERABLE

Enhance patient care by improving the safety and availability of patient information by integrating legacy systems with the Electronic Patient Record (ePR) at Bendigo Health.

OUTCOME

Deliverable Ongoing

The integration for the ePR is now on track, recently solving issues with radiology and pathology integration. All required integration for the ePR is now connected and testing is in final stages. This will ensure the messaging from providers and other systems is up to date in real time for clinical care.



STATEMENT OF PRIORITIES

PART A: SPECIFIC 2019-2020 PRIORITIES

STRATEGIES

Supporting the Mental Health System

Improve service access to mental health treatment to address the physical and mental health needs of consumers.

HEALTH SERVICE DELIVERABLE

Contribute to the development of a Regional Mental Health plan for the Loddon Mallee in collaboration with the Primary Health Network.

OUTCOME

Deliverable Ongoing

The Loddon Mallee Health Network (LMHN) agencies and the Murray Primary Health Network (PHN) are collaborating on the development of the Regional Mental Health and Suicide Prevention Plan.

Bendigo Health is directly participating in the plan preparation at the operational level.

The PHN has indicated they are very satisfied with the level of involvement of and contribution by Bendigo Health to the planning process.

LMHN has appointed Anne McEvoy CEO of Kyabram Health Service to lead the interaction between the LMHN and the PHN. The PHN was to deliver the Foundation Plan in June 2020 followed by a second phase involving comprehensive service planning. Development of both plans has been interrupted by COVID-19.

STRATEGIES

Addressing Occupational Violence

Foster an organisational wide occupational health and safety risk management approach, including identifying security risks and implementing controls, with a focus on prevention and improved reporting and consultation.

Implement the department's security training principles to address identified security risks.

HEALTH SERVICE DELIVERABLE

Improve the health and safety of health service staff and volunteers by implementing and evaluating site specific Occupational Violence action plans aligned with the Four Birds, One Stone Framework developed by the Department of Health and Human Services.

OUTCOME

Deliverable Ongoing

A comprehensive review of Bendigo Health's Occupational Violence and Safety Committee was undertaken during 2019-2020. A revised committee structure will be put in place to ensure stronger oversight and response to Occupational Violence and Aggression (OVA) matters.

Face-to-face OVA training was provided to high risk areas in January 2020 where existing protocols, roles and responsibilities were clarified. The provision of this training also included Bendigo Health's partners the Spotless Security Team.

A range of Occupational Violence and Aggression Modules are now live on Bendigo Health's online training platform.

STRATEGIES

Addressing Bullying and Harassment

Actively promote positive workplace behaviours, encourage reporting and action on all reports.

HEALTH SERVICE DELIVERABLE

Implement the Department's framework for promoting a positive workplace culture: preventing bullying, harassment and discrimination and workplace culture and bullying, harassment and discrimination training: guiding principles for Victorian health services.

OUTCOME

Deliverable Ongoing

The Department of Health and Human Services' 'Know Better. Be Better.' campaign was successfully implemented organisation wide in 2019. The final report was submitted as required. 'Know Better. Be Better' addressed bullying and harassment in healthcare and was supported by extensive internal promotion.

Complaints of bullying and harassment are reported and monitored at an executive level.

Overall instances of bullying and harassment are declining at Bendigo Health as reported via the People Matters Survey. Satisfaction levels regarding handling of complaints are also improving, indicating that the strategies being implemented are working.

STATEMENT OF PRIORITIES

PART A: SPECIFIC 2019-2020 PRIORITIES *(continued)*

HEALTH SERVICE DELIVERABLE

Ensure all staff complete Workplace Behaviours and Expectations Setting online training every two years.

OUTCOME

Deliverable Ongoing

All new staff at Bendigo Health complete a comprehensive corporate orientation program, which includes content on setting workplace behaviours and expectations. All new staff complete this training on commencement with the organisation.

Bendigo Health has recently implemented a new learning management system. We are now able to provide significantly improved reporting on training compliance. All staff are required to complete Workplace Behaviours training every two years.

“

Bendigo Health has recently implemented a new learning management system. We are now able to provide significantly improved reporting on training compliance.

STRATEGIES

Supporting Vulnerable Patients

Partner with patients to develop strategies that build capability within the organisation to address the health needs of communities and consumers at risk of poor access to healthcare.

HEALTH SERVICE DELIVERABLE

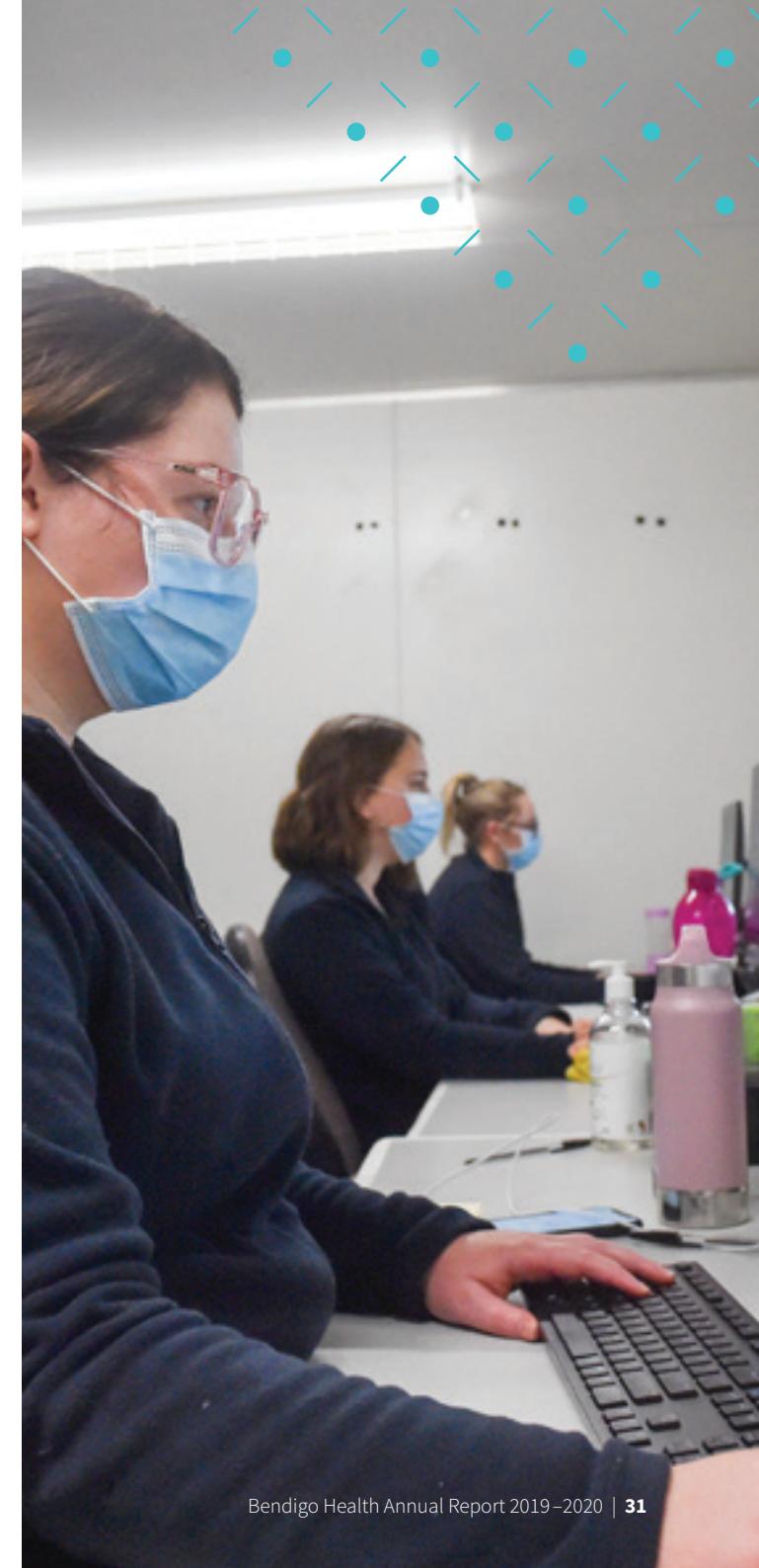
Provide a safe and accessible physical, social and emotional environment for all people who come to Bendigo Health by providing access to in-house interpreters for improved language/communication services for Karen speaking people.

OUTCOME

Deliverable achieved

Interpreting Services is now covering more bookings in-house than ever before. The demand for the service has jumped as the number of Karen people coming to Bendigo is also increasing. More local access to interpreters ensures a more friendly service whilst also being able to have an on-demand ability to meet people's needs.

The service has seen an increase of on average 34 hours of bookings per month, serviced by in house interpreters. Community feedback has been positive and staff also feel more supported and confident that our Karen community can access health information.





STATEMENT OF PRIORITIES

PART A: SPECIFIC 2019-2020 PRIORITIES *(continued)*

STRATEGIES

Supporting Aboriginal Cultural Safety

Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices across all parts of the organisation to recognise and respect Aboriginal culture and deliver services that meet the needs, expectations and rights of Aboriginal patients, their families, and Aboriginal staff.

HEALTH SERVICE DELIVERABLES

Participate in the development of a regional plan for improved Aboriginal cultural safety and implement consistent local strategies to improve health outcomes of Aboriginal and Torres Strait Islander people.

Implement local initiatives under the regional plan through our existing partnerships with the Loddon Mallee Aboriginal Reference Group (LMARG), Bendigo District Aboriginal Cooperative (BDAC) and our local community.

OUTCOME

Deliverable ongoing

Bendigo Health submitted its draft Reconciliation Action Plan (RAP) to Reconciliation Australia. A nationally registered, formalised RAP will provide a framework for Bendigo Health to build on the activities that enable improvements to the service and contribute to better

health and wellbeing outcomes for our Aboriginal and Torres Strait Islander community. This is an important step aimed to facilitate ‘Closing the Gap’ and working towards our vision for reconciliation while acknowledging there is still much to be done.

Feedback from Reconciliation Australia on the RAP was positive with activities that will enable us to progress to the next level immediately which is the Innovate Stage.

An online Aboriginal Cultural Safety training module has been purchased from the Department of Health and Human Services (DHHS) that will soon be available on our internal online training platform. In-house training has been developed and is part of the training calendar for staff once face-to-face training resumes.

Bendigo Health’s Aboriginal Hospital Liaison Officers are participating in a regional network which has been organised by DHHS. The network aims to facilitate increased stakeholder participation in decisions around service delivery, critical for self-determination among Aboriginal people.

Discharge practice now sees patients receiving a follow up call to gain feedback about their care and ensure connection to local support services. People who presented to the emergency department and left without being seen are also contacted to understand why they left and check in on their health status.

“

This is an important step aimed to facilitate ‘Closing the Gap’ and working towards our vision for reconciliation while acknowledging there is still much to be done.



STATEMENT OF PRIORITIES

PART A: SPECIFIC 2019-2020 PRIORITIES *(continued)*

STRATEGIES

Addressing Family Violence

Strengthen responses to family violence in line with the Multiagency Risk Assessment and Risk Management Framework (MARAM) to assist the government in understanding workforce capabilities by championing participation in the census of workforces that intersect with family violence.

HEALTH SERVICE DELIVERABLE

Improve our health service response to family violence by undertaking a census of our workforce capabilities and aligning health service activities to be consistent with the MARAM Framework.

OUTCOME

Deliverable Achieved

An audit of our workforce data to identify the number of staff who meet each level of responsibility according to the MARAM Framework has now been completed and submitted to the Family Violence Reform Committee.

As the regional sector lead organisation, our Strengthening Hospital Responses to Family Violence (SHRFV) team worked closely with the Royal Women's Hospital and Family Safety Victoria to revise the SHRFV training modules and align them with the MARAM framework.

Bendigo Health has continued to support regional and rural health services across Victoria with the SHRFV service model. We have completed a revision of the rural and regional specialist training module. Staff levels of responsibility under the MARAM Framework have been included in the revised SHRFV training content. We are now organising workshops to provide the revised training content to all rural and regional hospitals.

STRATEGIES

Implementing Disability Action Plans

Continue to build upon last year's action by ensuring implementation and embedding of a disability action plan which seeks to reduce barriers, promote inclusion and change attitudes and practices to improve the quality of care and employment opportunities for people with disability.

HEALTH SERVICE DELIVERABLES

Improve the quality of care and employment opportunities for people with a disability by finalising and commencing site specific Disability Action Plans.

Implement the Bendigo Health Access and Inclusion Plan (incorporating the Disability Plan) for organisational awareness, expertise, improvement, compassion and kindness around the physical, social and emotional barriers staff or consumers may have that inhibit access to the service or workplace.

OUTCOME

Deliverable ongoing

Bendigo Health's Access and Inclusion Plan incorporates the Disability Action Plan. It is a comprehensive four-year approach aimed at removing physical, emotional and social barriers to services and programs. It covers priority areas including accessibility of Bendigo Health's services and buildings, inclusion acceptance and recognition of the capabilities of people, and employment and human resources.

The Access and Inclusion Committee meets quarterly to enable actions that contribute to improved accessibility in all Bendigo Health sites and for governance of the Access and Inclusion Plan.

Staff are supported to provide information for patients and carers in a language and format that they understand with translated written and audio-visual materials available to consumers. An online health literacy module to educate our staff about using plain language to allow for informed and shared decision making with patients of all abilities is now available for staff.

A mandatory online 'Unconscious Bias' training program was introduced to create positive awareness, expertise, attitudes, skills and compassion for staff and volunteers to improve inclusion and access for members in our community who may face implicit biases in the service

STATEMENT OF PRIORITIES

PART A: SPECIFIC 2019-2020 PRIORITIES *(continued)*

STRATEGIES

Supporting Environmental Sustainability

Contribute to improving the environmental sustainability of the health system by identifying and implementing projects and/or processes to reduce carbon emissions.

- increased staff education on recycling practices, and
- working with procurement to identify eco-friendly alternative products.

Bendigo Health is the pilot site for a Kimguard recycling project and has implemented a recycling program. Kimguard is the sterile blue wrap enclosing medical instruments. The hospital has also started recycling soft plastics polystyrene.

In March 2020, new bins were supplied by DHHS and installed in theatre to aid staff in segregation of wastes within operating rooms. Previously this waste went to landfill. Based on preliminary figures, the amount reduced from landfill would be more than six tonnes each year.

HEALTH SERVICE DELIVERABLE

Improve our environmental sustainability by participating in the development of a hospital waste management strategy across the Loddon Mallee region.

OUTCOME

Deliverable ongoing

Regional waste strategies for the LMHN have been defined for development. An initial waste group report was to be tabled at a meeting in March 2020. This meeting was cancelled with activity suspended due to a need to divert priorities to preparedness for COVID-19.

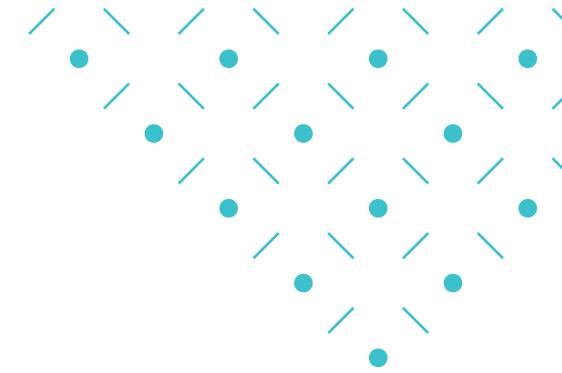
Priorities which will be a focus of the future strategy include:

- identifying and categorising existing contractors
- identifying waste streams being under utilised
- commencement and promotion of region wide Kimguard recycling, organic waste collection and soft plastics recycling



STATEMENT OF PRIORITIES

PART B: PERFORMANCE PRIORITIES



HIGH QUALITY AND SAFE CARE

Key performance indicator	Target	Outcome
Accreditation		
Compliance with the Aged Care Standards	Full compliance	Non-compliant*
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	87%
Percentage of healthcare workers immunised for influenza	84%	91%
Patient experience		
Victorian Healthcare Experience Survey	Full compliance	
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	92%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	92.2%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	93.7%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75%	80.6%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75%	78.8%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	83.9%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	84.9%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	84.6%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	87.7%
Healthcare associated infections		
Rate of patients with surgical site infection	No outliers	Met

* Bendigo Health was deemed non-compliant following an agency review in October 2019. Bendigo Health was deemed compliant again in January 2020.

STATEMENT OF PRIORITIES

PART B: PERFORMANCE PRIORITIES *(continued)*

Key performance indicator	Target	Outcome
Rate of patients with ICU central line associated blood stream infections (CLABSI)	Nil	0
Rate of patients with SAB per 10,000 occupied bed days	< 1	0.6
Adverse Events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	86%
Unplanned readmission hip replacement	Annual rate <2.5%	5.5%
Mental health		
Percentage of adult acute mental inpatients who are readmitted within 28 days of discharge	14%	15%
Rate of seclusion events relating to an adult acute mental health admission	<15/1,000	5
Rate of seclusion events relating to an aged acute mental health admission	<15/1,000	0
Percentage of child and adolescent patients with post-discharge follow-up within seven days	80%	79%
Percentage of adult acute mental health patients who have post-discharge follow-up within seven days	80%	90%
Percentage of aged acute mental health inpatients who have post-discharge follow-up within seven days	80%	88%
Maternity and newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	<1.4%	2.1%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	<28.6%	26.1%
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%	100%
Continuing care		
Functional independence gain from an episode of rehabilitation admission to discharge, relative to length of stay	>0.645	0.910



STATEMENT OF PRIORITIES

PART B: PERFORMANCE PRIORITIES *(continued)*

STRONG GOVERNANCE, LEADERSHIP AND CULTURE

Key performance indicator	Target	Outcome
Organisational culture		
People Matter Survey – Percentage of staff with an overall positive response to safety and culture questions	80%	90%
People Matter Survey – Percentage of staff with a positive response to the question, “I am encouraged by my colleagues to report any patient safety concerns I may have”	80%	96%
People Matter Survey – Percentage of staff with a positive response to the question, “Patient care errors are handled appropriately in my work area”	80%	93%
People Matter Survey – Percentage of staff with a positive response to the question, “My suggestions about patient safety would be acted upon if I expressed them to my manager”	80%	93%
People Matter Survey – Percentage of staff with a positive response to the question, “The culture in my work area makes it easy to learn from the errors of others”	80%	87%
People Matter Survey – Percentage of staff with a positive response to the question, “Management is driving us to be a safety-centred organisation”	80%	92%
People Matter Survey – Percentage of staff with a positive response to the question, “This health service does a good job of training new and existing staff”	80%	80%
People Matter Survey – Percentage of staff with a positive response to the question, “Trainees in my discipline are adequately supervised”	80%	86%
People Matter Survey – Percentage of staff with a positive response to the question, “I would recommend a friend or relative to be treated as a patient here”	80%	93%

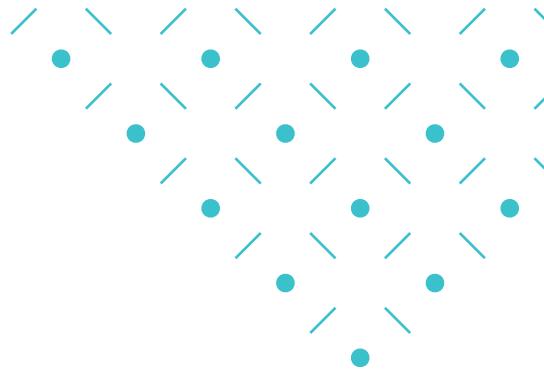


STATEMENT OF PRIORITIES

PART B: PERFORMANCE PRIORITIES *(continued)*

TIMELY ACCESS TO CARE

Key performance indicator	Target	Outcome
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	85%
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%	68%
Percentage of emergency patients with a length of stay less than four hours	81%	63%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
Elective surgery		
Percentage of urgency category 1 elective patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective patients admitted within clinically recommended time	94%	89.3%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	15.4%
Number of patients on the elective surgery waiting list	1300	1284
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	< 7/100	8.1
Number of patients admitted from elective surgery waiting list	5,050	4695
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	86.9%
Percentage of routine patients referred by a GP or external specialist who attended a first appointment within 365 days	90%	93.8%



STATEMENT OF PRIORITIES

PART B: PERFORMANCE PRIORITIES *(continued)*

EFFECTIVE FINANCIAL MANAGEMENT

Key performance indicator	Target	Outcome
Finance		
Operating result (\$m)	-1.8	-1.97
Operating result as a percentage of revenue	-0.4%	-0.4%
Average number of days to paying trade creditors	60 days	34
Average number of days to receiving patient fee debtors	60 days	35
Public and Private WIES ¹ activity performance to target	100%	99.58%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.81
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	18.9
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month.	14 days	-17.4
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ \$250,000	-\$3.34m

¹WIES is a Weighted Inlier Equivalent Separation

STATEMENT OF PRIORITIES

Part C: Activity and Funding

Funding type	2019-20 Activity Achievement
Acute Admitted	
Acute WIES	33,802
WIES DVA	433
WIES TAC	282
Acute Non-Admitted	
Home Enteral Nutrition	491
Home Renal Dialysis	353
Specialist Clinics	8,996
Subacute & Non-Acute Admitted	
Subacute WIES – Rehabilitation Public	924
Subacute WIES – Rehabilitation Private	228
Subacute WIES – GEM Public	683
Subacute WIES – GEM Private	97
Subacute WIES – Palliative Care Public	201
Subacute WIES – Palliative Care Private	58
Subacute WIES – DVA	64
Transition Care – Bed days	13,435
Transition Care – Home days	11,380

Funding type	2019-20 Activity Achievement
Subacute Non-Admitted	
Health Independence Program – Public	56,941
Aged care	
Residential Aged Care	75,097
HACC	10,575
Mental Health and Drug Services	
Mental Health Ambulatory	73,051
Mental Health Inpatient – Available bed days	21,914
Mental Health Inpatient – Secure Unit	6,216
Mental Health Residential	9,427
Mental Health Service System Capacity	1
Mental Health Subacute	10,232
Primary Health	
Community Health/ Primary Care Programs	8,212
Other	
Health Workforce	238





DISCLOSURE INDEX

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

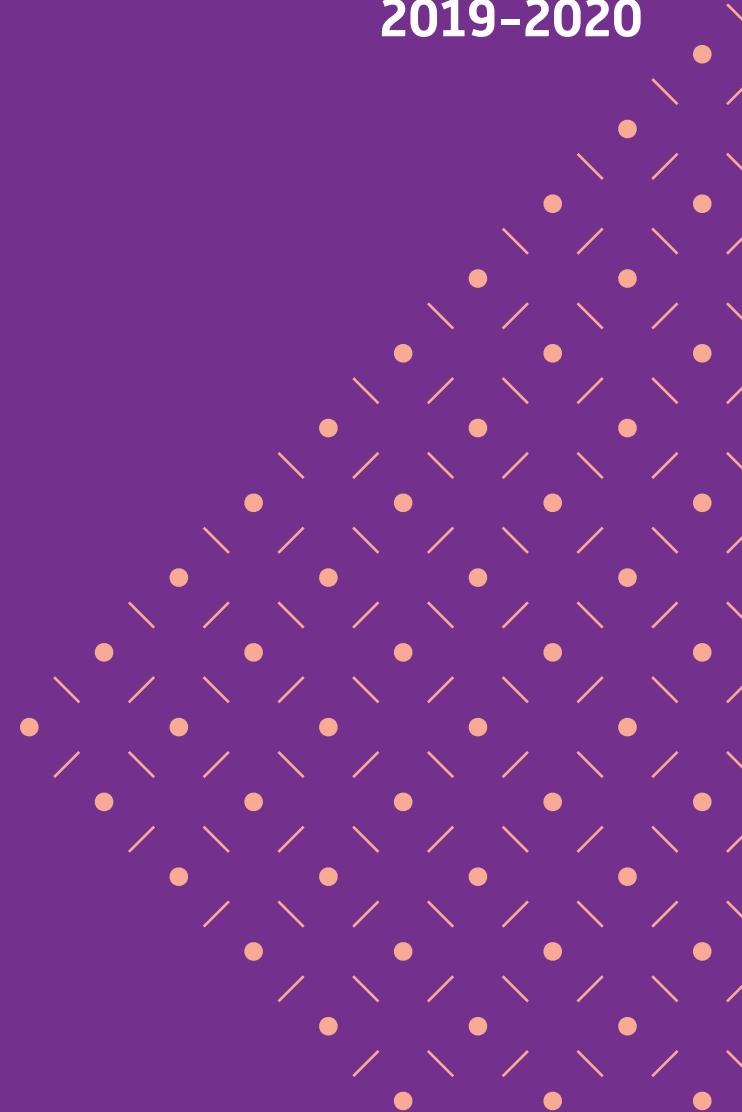
Legislation	Requirement	Page Reference	
	Ministerial Directions		
	Report of Operations		
	Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	17–18	
FRD 22H	Purpose, functions, powers and duties	18	
FRD 22H	Initiatives and key achievements	3–10	
FRD 22H	Nature and range of services provided	18	
	Management and structure		
FRD 22H	Organisational structure	15	
	Financial and other information		
FRD 10A	Disclosure index	41	
FRD 11A	Disclosure of ex gratia expenses	FR	
FRD 21C	Responsible person and executive officer disclosures	17–19	
FRD 22H	Application and operation of Protected Disclosure 2012	19	
FRD 22H	Application and operation of Carers Recognition Act 2012	19	
FRD 22H	Application and operation of Freedom of Information Act 1982	18	
	Legislation	Requirement	Page Reference
FRD 22H	Compliance with building and maintenance provisions of Building Act 1993	19	
FRD 22H	Details of consultancies over \$10,000	20	
FRD 22H	Details of consultancies under \$10,000	20	
FRD 22H	Employment and conduct principles	16	
FRD 22H	Information and Communication Technology Expenditure	21	
FRD 22H	Major changes or factors affecting performance	24	
FRD 22H	Occupational violence	21	
FRD 22H	Operational and budgetary objectives and performance against objectives	FR	
FRD 24C	Summary of the entity's environmental performance	22–23	
FRD 22H	Significant changes in financial position during the year	24	
FRD 22H	Statement on National Competition Policy	19	
FRD 22H	Subsequent events	FR	
FRD 22H	Summary of the financial results for the year	24	
FRD 22H	Additional information available on request	19	
FRD 22H	Workforce Data Disclosures including a statement on the application of employment and conduct principles	16	

DISCLOSURE INDEX *(continued)*

Legislation	Requirement	Page Reference
FRD 25C	Victorian Industry Participation Policy disclosures	19
FRD 29B	Workforce Data disclosures	16
FRD 103F	Non-Financial Physical Assets	FR
FRD 110A	Cash flow Statements	FR
FRD 112D	Defined Benefit Superannuation Obligations	FR
SD 5.2.3	Declaration in report of operations	17–19
SD 5.1.2.2	Financial Management Compliance Attestation	17
Other requirements under Standing Directions 5.2		
SD 5.2.2	Declaration in financial statements	FR
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	FR
SD 5.2.1(a)	Compliance with Ministerial Directions	FR
Legislation		
<i>Freedom of Information Act 1982</i>		18
<i>Protected Disclosure Act 2012</i>		19
<i>Carers Recognition Act 2012</i>		19
<i>Victorian Industry Participation Policy Act 2003</i>		19
<i>Building Act 1993</i>		19
<i>Financial Management Act 1994</i>		17
<i>Safe Patient Care Act 2015</i>		18



Bendigo Health Financial Report 2019-2020



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 2020• 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 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report	<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
14 September 2020

Travis Derricott
as delegate for the Auditor-General of Victoria

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 2020 and the financial position of Bendigo Health at 30 June 2020.

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

We authorise the attached financial statements for issue on 1 September 2020.

Bob Cameron

R G Cameron

Chair



P A Faulkner

Chief Executive Officer



S A Eldridge

Chief Financial Officer

Dated 1 September 2020

at Bendigo

Bendigo Health
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2020

	Note	2020 \$'000	2019 \$'000
Income from Transactions			
Operating Activities	2.1	542,799	513,949
Non-operating Activities	2.1	851	1,361
Total Income from Transactions		543,650	515,310
Expenses from Transactions			
Employee Expenses	3.1	(365,952)	(334,080)
Supplies & Consumables	3.1	(82,369)	(76,654)
Finance Costs	3.1	(23,203)	(23,741)
Depreciation	4.3	(33,259)	(42,690)
Public/Private Partnership Operating Expenses	3.1	(32,752)	(31,850)
Other Administrative Expenses	3.1	(13,735)	(17,763)
Other Operating Expenses	3.1	(20,455)	(18,696)
Total Expenses from Transactions		(571,725)	(545,474)
Net result from Transactions - Net Operating Balance		(28,075)	(30,164)
Other economic flows included in the net result			
Net Loss on Non-Financial Assets	3.2	(182)	(49,666)
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	(194)	(276)
Other Gain/(Loss) from Other Economic Flows	3.2	(1,345)	(4,592)
Share of Other Economic Flows from Joint Operation	3.2	98	33
Total other economic flows included in net result		(1,623)	(54,501)
Net result for the year		(29,698)	(84,665)
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in Property, Plant and Equipment Revaluation Surplus	0		(93,769)
Items that may be reclassified subsequently to net result			
Fair Value - Recognition of Hedging Instrument		(20,928)	(7,812)
Total Other Comprehensive Income		(20,928)	(101,581)
Comprehensive result for the year		(50,626)	(186,246)

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

**Bendigo Health
Balance Sheet
as at 30 June 2020**

	Note	2020 \$'000	2019 \$'000
Current Assets			
Cash and Cash Equivalents	6.2	80,276	64,426
Receivables	5.1	11,496	11,768
Investments and Other Financial Assets	4.1	69	84
Inventories	4.4	3,525	3,197
Other Assets		1,775	1,468
Total Current Assets		97,141	80,943
Non-Current Assets			
Receivables	5.1	21,075	16,995
Property, Plant & Equipment	4.2(a)	810,547	798,356
Total Non-Current Assets		831,622	815,351
TOTAL ASSETS		928,763	896,294
Current Liabilities			
Payables	5.2	34,929	26,504
Borrowings	6.1	18,233	4,230
Provisions	3.4	82,265	73,216
Other Liabilities	5.3	29,734	30,197
Total Current Liabilities		165,161	134,147
Non-Current Liabilities			
Borrowings	6.1	284,082	256,690
Provisions	3.4	13,503	10,437
Other Liabilities	5.3	28,740	7,812
Total Non-Current Liabilities		326,325	274,939
TOTAL LIABILITIES		491,486	409,086
NET ASSETS		437,277	487,208
EQUITY			
Property, Plant & Equipment Revaluation Surplus	4.2(f)	16,866	16,866
Cash Flow Hedging Reserve	SCE	(28,740)	(7,812)
Restricted Specific Purpose Surplus	SCE	4,982	4,292
Contributed Capital	SCE	100,735	100,040
Accumulated Surpluses	SCE	343,434	373,822
TOTAL EQUITY		437,277	487,208

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 2020

		Property, Plant & Equipment Revaluation Surplus	Cash Flow Hedging Reserve	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Surpluses	Total
	Note	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2018	4.2(f)	110,635	0	4,389	100,040	458,390	673,454
Net Result for the Year		0	0	0	0	(84,665)	(84,665)
Other comprehensive income for the year		(93,769)	0	0	0	0	(93,769)
Cash Flow Hedging Reserve		0	(7,812)	0	0	0	(7,812)
Transfer to/(from) accumulated surplus		0	0	(97)	0	97	0
Balance at 30 June 2019		16,866	(7,812)	4,292	100,040	373,822	487,208
Effect of adoption of AASB 15, 16 and 1058	8.11	0	0	0	0	0	0
Restated balance at 30 June 2019		16,866	(7,812)	4,292	100,040	373,822	487,208
Net Result for the Year		0	0	0	0	(29,698)	(29,698)
Other comprehensive income for the year		0	0	0	0	0	0
Capital Contribution		0	0	0	695	0	695
Cash Flow Hedging Reserve		0	(20,928)	0	0	0	(20,928)
Transfer to/(from) accumulated surplus		0	0	690	0	(690)	0
Balance at 30 June 2020		16,866	(28,740)	4,982	100,735	343,434	437,277

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

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

	Note	2020 \$'000	2019 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		428,409	376,233
Capital Grants from Government - State		3,393	10,421
Capital Grants from Government - Commonwealth		1,602	0
Patient and Resident Fees Received		28,870	29,492
Private Practice Fees Received		2,554	2,690
Donations and Bequests Received		1,304	332
GST Received from ATO		11,227	11,333
Recoupment from Private Practice for Use of Hospital Facilities		7	4
Interest and Investment Income Received		852	1,330
Receipt of share of Rural Health Alliance		335	0
Other Capital Receipts		308	371
Other Receipts		28,449	28,596
Total Receipts		507,310	460,802
Employee Expenses Paid		(343,124)	(310,193)
Non Salary Labour Costs		(18,167)	(20,482)
Payments for Suppliers & Consumables		(79,977)	(74,277)
Cash outflow for leases		(2,714)	(2,704)
Payment for share of Rural Health Alliance		0	(85)
Other Payments		(46,964)	(45,950)
Total Payments		(490,946)	(453,691)
NET CASH FLOWS FROM OPERATING ACTIVITIES	8.1	16,364	7,111
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Financial Assets		(12,465)	(11,321)
Proceeds from Disposal of Investments		0	20
Proceeds from Disposal of Non-Financial Assets		124	168
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(12,341)	(11,133)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributed Capital from Government		695	0
Repayment of Borrowings		(800)	(800)
Proceeds from Borrowings		12,389	0
Receipt of Accommodation Deposits		6,519	12,538
Repayment of Accommodation Deposits		(10,500)	(7,525)
Receipt/(Repayment) of Monies Held in Trust		3,524	1,562
NET CASH FLOWS FROM FINANCING ACTIVITIES		11,827	5,775
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		15,850	1,753
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		64,426	62,673
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.2	80,276	64,426

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

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Basis of presentation

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

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

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 1: Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for Bendigo Health for the period ending 30 June 2020. The report provides users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

(b) 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.

(c) Basis of accounting preparation and measurement

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

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

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

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

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

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

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

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

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

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment);

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet); and

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

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

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

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.

(d) Intersegment Transactions

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

(e) 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.

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

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).

(f) Equity

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (that is, contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of 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.

Specific Restricted Purpose Surplus

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).

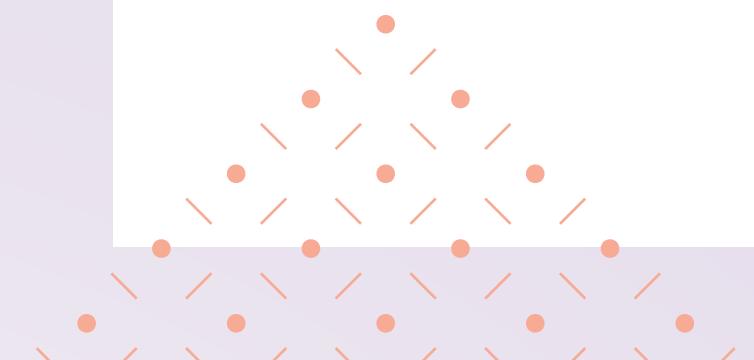
Amounts are subsequently reclassified to profit or loss as appropriate.

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

(g) Comparatives

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated at Notes 2.1, 3.1, 3.2, 3.3 and 7.1.



Bendigo Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2020

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 that funds the delivery of our services

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 2.1(a): Revenue and Income that funds the delivery of our services

	2020 \$'000	2019 \$'000
Government Grants (State) - Operating ¹	400,829	335,935
Government Grants (Commonwealth) - Operating	55,844	51,806
Government Grants (State) - Capital	29,448	68,673
Government Grants (Commonwealth) - Capital	1,602	0
Other Capital purpose income	0	69
Patient and Resident Fees	18,746	19,698
Private Practice Fees	2,671	2,529
Commercial Activities ²	15,839	12,254
Assets received free of charge or for nominal consideration	619	80
Other Revenue from Operating Activities (including non-capital donations)	17,201	22,905
Total Income from Operating Activities	542,799	513,949
Interest	851	1,361
Total Income from Non-Operating Activities	851	1,361
Total Income from Transactions	543,650	515,310

¹: Government Grant (State) – Operating includes funding of \$6.9m which was spent due to the impacts of COVID-19.

²: Commercial activities represent business activities which health services enter into to support their operations.

Impact of COVID-19 on revenue and income

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2020****Note 2.1: Revenue and Income that funds the delivery of our services (continued)****Accounting Policies****Government Grants**

Income from grants to redevelop the Golden Oaks Nursing Home is recognised when Bendigo Health satisfies its obligations under the transfer. This aligns with Bendigo Health's obligation to construct the asset. 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.

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

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Bendigo Health gains control of the asset. On initial recognition of the asset, Bendigo Health recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

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

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred in deferred grant revenue liability (see note 5.2). If the grant revenue was accounted for under the previous accounting standard AASB 1004 in 2019-20, the total grant revenue received would have been recognised in full.

Performance Obligations

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

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

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

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2020****Note 2.1: Revenue and Income that funds the delivery of our services (continued)****Previous Accounting Policy for 30 June 2019**

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

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). Bendigo Health recognises income when it has satisfied its performance obligations under the terms of the grant. For non-reciprocal grants, Bendigo Health recognises revenue when the grant is received. Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

Patient and Resident Fees

Patient and resident fees are recognised as revenue on an accrual basis.

Private Practice Fees

Private practice fees are recognised as revenue at the time invoices are raised, and include recoupments from private practice for the use of hospital facilities.

Revenue from Commercial Activities

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2020****Note 2.1(b): Fair Value of Assets received free of charge or for nominal consideration**

	2020 \$'000	2019 \$'000
Plant and equipment	53	80
Assets received free of charge under State supply arrangements	566	0
Total Fair Value of Assets received free of charge or for nominal consideration	619	80

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

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value in the transferring department or agency as a capital contribution transfer.

Voluntary Services

Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. Bendigo Health did not receive any volunteer services and does not depend on volunteers to deliver its services

Non-cash contributions from the Department of Health & Human Services

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

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular
- Public Private Partnership (PPP) lease and service payments are paid directly to the PPP consortium. Revenue and the matching expense are recognised in accordance with the nature and timing of the monthly or quarterly service payments made by the Department of Health and Human Services.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 2.1(c): Other Income

	2020 \$'000	2019 \$'000
Dividends received from investments	7	7
Other interest	844	1,354
Total Other Income	851	1,361

Other Income

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

Interest Revenue

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

Bendigo Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2020

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 Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds
- 3.4 Employee Benefits in the Balance Sheet
- 3.5 Superannuation

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 3.1: Expenses from Transactions

	2020 \$'000	2019 \$'000
Salaries and Wages	278,965	250,734
On-costs	66,049	59,843
Agency Expenses	10,947	12,644
Fee for Service Medical Officer Expenses	7,220	7,834
Workcover Premium	2,771	3,025
Total Employee Expenses	365,952	334,080
Drug Supplies	23,261	20,457
Medical and Surgical Supplies (including Prostheses)	21,767	21,374
Diagnostic and Radiology Supplies	4,732	3,742
Other Supplies and Consumables	32,609	31,081
Total Supplies and Consumables	82,369	76,654
Finance Costs	103	178
Finance Costs - PPP Arrangements	23,100	23,563
Total Finance Costs	23,203	23,741
Public Private Partnership Operating Expenses	32,752	31,850
Total PPP Operating Expenses	32,752	31,850
Other Administrative Expenses	13,735	17,763
Total Other Administrative Expenses	13,735	17,763
Fuel, Light, Power and Water	6,324	6,437
Repairs and Maintenance	1,233	1,330
Maintenance Contracts	5,745	5,372
Medical Indemnity Insurance	5,085	4,997
Expenses related to short term leases	268	204
Expenses related to leases of low value assets	243	253
Expenditure for Capital Purposes	1,557	103
Total Other Operating Expenses	20,455	18,696
	Total Operating Expenses	538,466
	502,784	
Depreciation (refer Note 4.3)	33,259	42,690
Total Other Non-Operating Expenses	33,259	42,690
	Total Non-Operating Expenses	33,259
	42,690	
Total Expenses from Transactions	571,725	545,474

Impact of COVID-19 on expenses

As indicated at Note 1, Bendigo Health's daily activities were impacted by the pandemic. This resulted in direct and indirect costs being incurred, such as the establishment of COVID-19 screening clinics and associated pathology costs, isolation wards, securing of additional PPE equipment and supplies and the adopting of social distancing protocols including enhanced security and access regimes.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 3.1: Expenses from Transactions (continued)

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).

The Department of Health and Human Services 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.

Operating lease payments

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

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

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

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 3.2: Other economic flows included in net result

	2020 \$'000	2019 \$'000
<u>Net loss on non-financial assets</u>		
Revaluation of property plant and equipment	0	(49,227)
Net loss on disposal of property plant and equipment	(182)	(439)
Total net gain/(loss) on non-financial assets	(182)	(49,666)
<u>Net gain/(loss) on financial instruments at fair value</u>		
Allowance for impairment losses of contractual receivables	(194)	(243)
Net gain/(loss) on financial instruments	0	(33)
Total net gain/(loss) on financial instruments at fair value	(194)	(276)
<u>Share of other economic flows from Joint Operations</u>		
Share of net profits/(losses) of joint entities, excluding dividends	98	33
Total Share of other economic flows from Joint Operations	98	33
<u>Other gains/(losses) from other economic flows</u>		
Net gain/(loss) arising from revaluation of long service liability	(1,345)	(4,592)
Total other gains/(losses) from other economic flows	(1,345)	(4,592)
Total other gains/(losses) from economic flows	(1,623)	(54,501)

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:

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.

Other gains/ (losses) from other economic flows

Other gains/ (losses) include the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors.

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2020****Note 3.3: Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds**

	Expense		Revenue	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Commercial Activities				
Business Services	217	181	1,684	1,636
Fundraising Activities	482	486	959	620
Other	1,171	1,466	1,423	330
Palliative Care	1,572	1,456	1,613	42
Pathology	3,926	3,547	315	343
Private Radiology	0	0	9,073	8,630
Radiology	13,565	12,953	260	221
Research Trials	362	280	512	432
Total	21,295	20,369	15,839	12,254

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 3.4: Employee Benefits in the Balance Sheet

	2020 \$'000	2019 \$'000
Current Provisions		
Employee Benefitsⁱ		
Long Service Leave		
- Unconditional and expected to be settled wholly within 12 months ⁱⁱ	4,436	4,220
- Unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	40,323	36,227
Annual Leave		
- Unconditional and expected to be settled wholly within 12 months ⁱⁱ	24,525	21,367
- Unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	4,179	3,594
Accrued Days Off		
- Unconditional and expected to be settled wholly within 12 months ⁱⁱ	712	654
- Unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	121	110
Employee Termination Benefits		
- Unconditional and expected to be settled wholly within 12 months ⁱⁱ	147	0
- Unconditional and expected to be settled wholly after 12 months ⁱⁱⁱ	0	0
Substitution Leave		
	0	49
Other		
	0	0
	74,443	66,221
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months ⁱⁱ	3,112	2,762
- Unconditional and expected to be settled after 12 months ⁱⁱⁱ	4,710	4,233
	7,822	6,995
Total Current Provisions	82,265	73,216
Non-Current Provisions		
Employee Benefitsⁱ		
Conditional Long Service Leave		
Provisions related to Employee Benefit On-Costs		
Employee Termination Benefits		
	12,213	9,436
	1,290	1,001
	0	0
Total Non-Current Provisions	13,503	10,437
Total Provisions	95,768	83,653

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

ⁱⁱ The amounts disclosed are nominal amounts.

ⁱⁱⁱ The amounts disclosed are discounted to present values.

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and Related On-Costs

	2020 \$'000	2019 \$'000
Unconditional Long Service Leave Entitlements	49,487	44,737
Annual Leave Entitlements	31,710	27,586
Accrued Days Off	921	844
Substitution Leave	0	49
Employee Termination Benefits	147	0
	13,503	10,437
Total Employee Benefits and Related On-Costs	95,768	83,653

(b) Movement in On-Costs Provision

Balance at start of year

Additional provisions recognised
 Unwinding of discount and effect of changes in the discount rate
 Reduction due to transfer out

Balance at end of year

	2020 \$'000	2019 \$'000
	7,996	6,872
	1,626	1,603
	(511)	(479)
	0	0
	9,111	7,996

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 3.4: Employee Benefits in the Balance Sheet

Employee Benefit Recognition

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

Provisions

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

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

Annual Leave and Accrued Days Off

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

Termination Benefits

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

On-Costs Related to Employee Expense

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2020****Note 3.5: Superannuation**

	Paid Contributions for the Year		Contribution Outstanding at Year End	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Defined Benefit Plans:ⁱ				
First State Super Pty Ltd	439	468	0	18
Government Superannuation Office	265	232	0	19
Defined contributions plans:				
First State Super Pty Ltd	13,375	12,510	0	733
HESTA Administration	7,886	6,533	0	432
Other	5,918	5,022	0	301
Total	27,883	24,765	0	1,503

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

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

Defined benefit superannuation plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by 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 Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

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

Bendigo Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2020

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 Depreciation

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2020****Note 4.1: Investments and Other Financial Assets**

	Operating Fund		Total	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
CURRENT				
Financial Assets at Fair Value through profit or loss				
Australian listed shares	69	84	69	84
Total Current	69	84	69	84
Represented by:				
Shares	69	84	69	84
Total Investments and Other Financial Assets	69	84	69	84

Investment Recognition

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

Investments are classified as amortised cost or Financial Assets at Fair Value through profit or loss.

Bendigo Health classifies its financial assets between current and non-current assets based on the Board of Management's intention at balance date with respect to the timing of disposal of each asset. Bendigo Health assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Bendigo Health's investments must comply with Standing Direction 3.7.2 - Treasury Management, including Central Banking System.

All financial assets, except for those measured at fair value through the Comprehensive Operating Statement are subject to annual review for impairment.

Derecognition of financial assets

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

- the rights to receive cash flows from the asset have expired; or
- Bendigo Health retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- 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 the Health Service's continuing involvement in the asset.

Impairment of financial assets

At the end of each reporting period, Bendigo Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through the Comprehensive Income Statement, are subject to annual review for impairment.

In order to determine an appropriate fair value as at 30 June 2020 for its portfolio of financial assets, Bendigo Health used the market value of investments held.

The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2020****Note 4.2: Property, Plant & Equipment****Initial Recognition**

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

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

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

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

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

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

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

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

Subsequent Measurement

Property, plant and equipment (PPE) as well as right-of-use assets under leases and service concession assets are subsequently measured at fair value less accumulated depreciation and impairment. Fair value is determined with regard to the asset's highest and best use (considering legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset) and is summarised on the following page by asset category.

Note 4.2: Property, Plant & Equipment**Right-of-use asset – Subsequent measurement**

Bendigo Health depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment, other than where the lease term is lower than the otherwise assigned useful life. The right-of-use assets are also subject to revaluation as required by FRD 103I [pending] however as at 30 June 2020 right-of-use assets have not been revalued. In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Revaluations of Non-Current Physical Assets

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

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

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment. Where a credit does not exist or the decrement exceeds the asset revaluation surplus, the balance of the decrement for that class will be recognised in the net result.

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

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

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

Fair value measurement

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

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2020****Note 4.2: Property, Plant & Equipment**

In addition, 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.

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

The estimates and underlying assumptions are reviewed on an ongoing basis

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

Unobservable inputs 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.

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

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

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

Note 4.2: Property, Plant & Equipment**Non-Specialised Land and Non-Specialised Buildings**

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

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

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 2019.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 4.2: Property, Plant & Equipment

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 the Health Service who set relevant depreciation rates during use to reflect the consumption of the vehicles. As a result, the fair value of vehicles does not differ materially from the carrying amount (depreciated cost).

Plant and Equipment

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

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

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 4.2: Property, Plant & Equipment

(a) Gross carrying amount and accumulated depreciation

	2020 \$'000	2019 \$'000
Land		
Land at Fair Value	25,214	25,214
Total Land	25,214	25,214
Buildings		
Buildings at Fair Value	110,027	109,310
Less Accumulated Depreciation	(3,788)	0
	Sub-total Buildings at Fair Value	106,239
Buildings - Right of Use	34,252	0
Less Accumulated Depreciation	(1,537)	0
	Sub-total Buildings Right of Use	32,715
Total Buildings	138,954	109,310
Landscaping and Grounds		
Landscaping and Grounds at Fair Value	2,699	2,699
Less Accumulated Depreciation	(80)	0
Total Landscaping & Grounds	2,619	2,699
Plant and Machinery		
Plant and Machinery at Fair Value	5,300	5,193
Less Accumulated Depreciation	(3,479)	(3,210)
Total Plant and Machinery	1,821	1,983
Medical Equipment		
Medical Equipment at Fair Value	48,260	50,119
Less Accumulated Depreciation	(29,141)	(27,371)
Total Medical Equipment	19,119	22,748
Computers and Communication Equipment		
Computers and Communication Equipment at Fair Value	28,738	27,960
Less Accumulated Depreciation	(22,080)	(18,568)
Total Computers and Communications Equipment	6,658	9,392
Furniture and Fittings		
Furniture and Fittings at Fair Value	782	764
Less Accumulated Depreciation	(542)	(506)
Total Furniture and Fittings	240	258
Motor Vehicles		
Motor Vehicles at Fair Value	5,201	5,566
Less Accumulated Depreciation	(2,422)	(2,244)
Total Motor Vehicles	2,779	3,322

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 4.2: Property, Plant & Equipment

(a) Gross carrying amount and accumulated depreciation (continued)

	2020 \$'000	2019 \$'000
Non-Medical Equipment		
Non-Medical Equipment at Fair Value	2,609	2,593
Less Accumulated Depreciation	(2,212)	(2,134)
Total Non-Medical Equipment	397	459
Right of Use - Plant and Equipment		
Right of Use - Plant and Equipment	69	0
Less Accumulated Depreciation	(53)	0
Total Right of Use - Plant and Equipment	16	0
Right of Use PPP Assets		
Leased Buildings at Fair Value	582,729	582,670
Less Accumulated Depreciation	(18,090)	0
564,639	582,670	
Leased Equipment at Fair Value	21,140	21,055
Less Accumulated Depreciation	(2,884)	(2,004)
18,256	19,051	
Work In Progress		
Work In Progress at Cost	29,835	21,250
Total Work In Progress	29,835	21,250
Total Property, Plant and Equipment	810,547	798,356

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 4.2: Property, Plant & Equipment (Continued)

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

	Land \$'000	Buildings \$'000	Right of Use Buildings \$'000	Landscaping and Grounds \$'000	Plant and Machinery \$'000	Medical Equipment \$'000	Computers and Communications Equipment \$'000	Furniture and Fittings \$'000	Motor Vehicles \$'000	Non-Medical Equipment \$'000	Right of Use Plant and Equipment \$'000	Right of Use PPP Assets \$'000	Work In Progress \$'000	Total \$'000
Balance at 30 June 2018	22,723	126,093	0	1,521	2,253	25,498	12,364	254	3,347	492	0	760,323	18,380	973,248
Additions	302	2,487	0	0	52	1,922	572	46	585	71	0	248	5,036	11,321
Disposals	0	0	0	0	0	(401)	(6)	0	(175)	(17)	0	0	0	(599)
Revaluation Increments / (Decrements)	2,189	(11,178)	0	1,220	0	0	0	0	0	0	0	(135,227)	0	(142,996)
Jointly controlled Non-Current Assets (refer Note 8.8)	0	0	0	0	0	0	(11)	0	0	0	0	0	0	(11)
Assets Received Free of Charge	0	0	0	0	0	80	0	0	0	0	0	0	0	80
Net Transfers between Classes	0	2,160	0	0	0	0	0	0	0	0	0	0	(2,160)	0
Work in Progress Expensed	0	0	0	0	0	0	9	0	0	0	0	0	(6)	3
Depreciation (refer note 4.3)	0	(10,252)	0	(42)	(322)	(4,351)	(3,536)	(42)	(435)	(87)	0	(23,623)	0	(42,690)
Balance at 30 June 2019	25,214	109,310	0	2,699	1,983	22,748	9,392	258	3,322	459	0	601,721	21,250	798,356
Recognition of right-of-use assets on initial application of AASB 16	0	0	34,252	0	0	0	0	0	0	0	69	0	0	34,321
Adjusted balance at 1 July 2019	25,214	109,310	34,252	2,699	1,983	22,748	9,392	258	3,322	459	69	601,721	21,250	832,677
Additions	0	658	0	0	79	778	920	20	26	24	0	144	8,951	11,600
Disposals	0	0	0	0	0	(182)	(2)	0	(120)	(2)	0	0	0	(306)
Revaluation Increments / (Decrements)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Jointly controlled Non-Current Assets (refer Note 8.8)	0	0	0	0	0	0	61	0	0	0	0	0	0	61
Assets Received Free of Charge	0	0	0	0	0	53	0	0	0	0	0	0	0	53
Net Transfers between Classes	0	59	0	0	28	0	0	0	0	0	0	0	(87)	0
Work in Progress Expensed	0	0	0	0	0	0	0	0	0	0	0	0	(279)	(279)
Depreciation (refer note 4.3)	0	(3,788)	(1,537)	(80)	(269)	(4,278)	(3,713)	(38)	(449)	(84)	(53)	(18,970)	0	(33,259)
Balance at 30 June 2020	25,214	106,239	32,715	2,619	1,821	19,119	6,658	240	2,779	397	16	582,895	29,835	810,547

A full revaluation of the Bendigo Health's land and buildings was performed by the Valuer-General of Victoria (VGV) in June 2019 in accordance with the requirements of Financial Reporting Direction (FRD) 103H Non-Financial Physical Assets. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The effective date of the valuation for both land and buildings was 30 June 2019.

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

The VGV indices, which are based on data to March 2020, indicate an average increase of 4.8% across all land parcels and a 2.5% increase in buildings.

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

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

The land and building balances are considered to be sensitive to market conditions. To trigger a managerial revaluation a decrease in the land indice of 14.8% and a decrease in the building indice of 12.5% would be required.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 4.2: Property, Plant & Equipment (Continued)

(c) Fair value measurement hierarchy for assets

	Fair value measurement at end of reporting period using:			
	Carrying amount \$'000	Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Balance at 30 June 2020				
Land at fair value				
Non-specialised land	6,914	0	6,914	0
Specialised land	18,300	0	0	18,300
Total of Land at fair value	25,214	0	6,914	18,300
Buildings at fair value				
Non-specialised buildings	3,684	0	3,684	0
Specialised buildings	102,555	0	0	102,555
Total of Buildings at fair value	106,239	0	3,684	102,555
Landscaping and Grounds at fair value				
Specialised Landscaping and Grounds	2,619	0	0	2,619
Total of Landscaping and Grounds at fair value	2,619	0	0	2,619
Plant and Machinery at fair value				
Plant and Machinery	1,821	0	0	1,821
Total of Plant and Machinery at fair value	1,821	0	0	1,821
Medical Equipment at fair value				
Medical Equipment	19,119	0	0	19,119
Total Medical Equipment at fair value	19,119	0	0	19,119
Computers and Communication Equipment at fair value				
Computers and Communication Equipment at fair value	6,658	0	0	6,658
Total Computers and Communication Equipment at fair value	6,658	0	0	6,658
Furniture and Fittings at fair value				
Furniture and Fittings	240	0	0	240
Total Furniture and Fittings at fair value	240	0	0	240
Motor Vehicles at fair value				
Motor Vehicles	2,779	0	0	2,779
Total Motor Vehicles at fair value	2,779	0	0	2,779

Non-Medical Equipment at fair value
Non-Medical Equipment
Total Non-Medical Equipment at fair value

397	0	0	397
397	0	0	397
582,895	0	0	582,895
582,895	0	0	582,895
747,981	0	10,598	737,383

⁽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 2020

Note 4.2: Property, Plant & Equipment (Continued)

(c) Fair value measurement hierarchy for assets

	Fair value measurement at end of reporting period using:			
	Carrying amount \$'000	Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
Balance at 30 June 2019				
Land at fair value				
Non-specialised land	6,914	0	6,914	0
Specialised land	18,300	0	0	18,300
Total of Land at fair value	25,214	0	6,914	18,300
Buildings at fair value				
Non-specialised buildings	3,684	0	3,684	0
Specialised buildings	105,626	0	0	105,626
Total of Buildings at fair value	109,310	0	3,684	105,626
Landscaping and Grounds at fair value				
Specialised Landscaping and Grounds	2,699	0	0	2,699
Total of Landscaping and Grounds at fair value	2,699	0	0	2,699
Plant and Machinery at fair value				
Plant and Machinery	1,983	0	0	1,983
Total of Plant and Machinery at fair value	1,983	0	0	1,983
Medical Equipment at fair value				
Medical Equipment	22,748	0	0	22,748
Total Medical Equipment at fair value	22,748	0	0	22,748
Computers and Communication Equipment at fair value				
Computers and Communication Equipment at fair value	9,392	0	0	9,392
Total Computers and Communication at fair value	9,392	0	0	9,392
Furniture and Fittings at fair value				
Furniture and Fittings	258	0	0	258
Total Furniture and Fittings at fair value	258	0	0	258
Motor Vehicles at fair value				
Motor Vehicles	3,322	0	0	3,322
Total Motor Vehicles at fair value	3,322	0	0	3,322
Non-Medical Equipment at fair value				
Non-Medical Equipment	459	0	0	459
Total Non-Medical Equipment at fair value	459	0	0	459
PPP Assets				
PPP Assets	601,721	0	0	601,721
Total PPP Assets at fair value	601,721	0	0	601,721
	777,106	0	10,598	766,508

⁽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 2020

Note 4.2: Property, Plant & Equipment (Continued)

(d) Reconciliation of Level 3 Fair Valueⁱ

	Land \$ '000	Buildings \$ '000	Right of Use 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	Right of Use Plant and Equipment \$ '000	PPP Assets \$ '000
Balance at 30 June 2018	14,266	121,908	0	1,521	2,253	25,498	12,364	254	3,347	492	0	760,323
Additions/(Disposals)	4,034	4,641	0	0	52	1,601	564	46	410	54	0	250
Gains or losses recognised in net result												
- Depreciation	0	(10,252)	0	(42)	(322)	(4,351)	(3,536)	(42)	(435)	(87)	0	(23,623)
- Revaluation	0	0	0	0	0	0	0	0	0	0	0	(49,227)
Items recognised in Other Comprehensive Income												
- Revaluation	0	(10,671)	0	1,220	0	0	0	0	0	0	0	(86,002)
Balance at 30 June 2019	18,300	105,626	0	2,699	1,983	22,748	9,392	258	3,322	459	0	601,721
Additions/(Disposals)	0	658	34,252	0	107	649	979	20	(94)	22	69	144
Gains or losses recognised in net result												
- Depreciation	0	(3,729)	(1,537)	(80)	(269)	(4,278)	(3,713)	(38)	(449)	(84)	(53)	(18,970)
- Revaluation	0	0	0	0	0	0	0	0	0	0	0	0
Items recognised in Other Comprehensive Income												
- Revaluation	0	0	0	0	0	0	0	0	0	0	0	0
Balance at 30 June 2020	18,300	102,555	32,715	2,619	1,821	19,119	6,658	240	2,779	397	16	582,895

ⁱ Classified in accordance with the fair value hierarchy, refer Note 4.2(c).

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 4.2: Property, Plant & Equipment (Continued)

(e) Fair value determination:

Asset Class	Valuation approach	Significant inputs (Level 3 only)
Specialised Land	<i>Market Approach</i>	Community Service Obligation (CSO) Adjustment (b)
Specialised Buildings	<i>Depreciated Replacement Cost</i>	Direct Cost per Square Metre Useful Life of Specialised Buildings
Non-Specialised Land and Non-Specialised Buildings	<i>Market Approach</i>	Not Applicable
Landscaping and Grounds	<i>Depreciated Replacement Cost</i>	Direct Replacement Cost Useful Life of Landscaping & Grounds
Plant and Machinery	<i>Depreciated Replacement Cost</i>	Cost Per Unit Useful Life of PPE
Medical Equipment	<i>Depreciated Replacement Cost</i>	Cost Per Unit Useful Life of Medical Equipment
Computers and Communication Equipment	<i>Depreciated Replacement Cost</i>	Cost Per Unit Useful Life of Computers & Communication Assets
Furniture and Fittings	<i>Depreciated Replacement Cost</i>	Cost Per Unit Useful Life of Furniture & Fittings
Motor Vehicles	<i>Depreciated Replacement Cost</i>	Cost Per Unit Useful Life of Motor Vehicles
Non-Medical Equipment	<i>Depreciated Replacement Cost</i>	Cost Per Unit Useful Life of Non-Medical Equipment
PPP Assets	<i>Depreciated Replacement Cost</i>	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 2020.

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2020****Note 4.2: Property, plant & equipment (continued)****(f) Revaluation Surplus****Property, Plant and Equipment Revaluation Surplus**

Balance at the beginning of the reporting period

Revaluation Increment/(Decrement)(refer Note 4.2(b))

- Land
- Landscaping and Grounds
- Buildings

Balance at the end of the reporting period*

	2020 \$'000	2019 \$'000
	16,866	110,635
- Land	0	2,189
- Landscaping and Grounds	0	1,221
- Buildings	0	(97,179)
Balance at the end of the reporting period*	16,866	16,866

*** Represented by:**

- Land
- Buildings
- Landscaping and Grounds

	15,112	15,112
- Land	0	0
- Landscaping and Grounds	1,754	1,754
Buildings	16,866	16,866

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 4.3: Depreciation

	2020 \$'000	2019 \$'000
Depreciation		
Buildings	3,788	10,252
Landscaping and Grounds	80	42
Plant and Machinery	269	322
Medical Equipment	4,278	4,351
Computers and Communication	3,713	3,536
Furniture and Fittings	38	42
Motor Vehicles	449	435
Non-Medical Equipment	84	87
Right of Use Assets		
- Right of Use Buildings	1,537	0
- Right of Use Plant and Equipment	53	0
Right of Use PPP Assets	18,970	23,623
Total Depreciation	33,259	42,690

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 (refer AASB 116 Property, Plant, and Equipment).

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

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	2020	2019
Buildings		
- Structure Shell Building Fabric	25 to 100 years	25 to 100 years
- Site Engineering Services and Central Plant	22 to 40 years	22 to 40 years
Central Plant		
- Fit Out	25 years	25 years
- Trunk Reticulated Building Systems	30 years	30 years
Landscaping and Grounds		
	40 years	40 years
Plant and Machinery		
Medical Equipment	4 to 20 years	4 to 20 years
Computers and Communication	3 to 20 years	3 to 20 years
Furniture and Fitting	3 to 10 years	3 to 10 years
Motor Vehicles	4 to 20 years	4 to 20 years
Non Medical Equipment	4 to 8 years	4 to 8 years
	2 to 20 years	2 to 20 years
Public private partnership (PPP) assets	2020	2019
Buildings	25 years	25 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 2020

Note 4.4: Inventories

	2020 \$'000	2019 \$'000
Inventories		
Pharmaceuticals - at cost	1,030	915
Medical and Surgical Lines - at cost	1,835	1,831
Other - at cost	660	451
Total Inventories	3,525	3,197

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.

Bendigo Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2020

Note 5: Other Assets and Liabilities

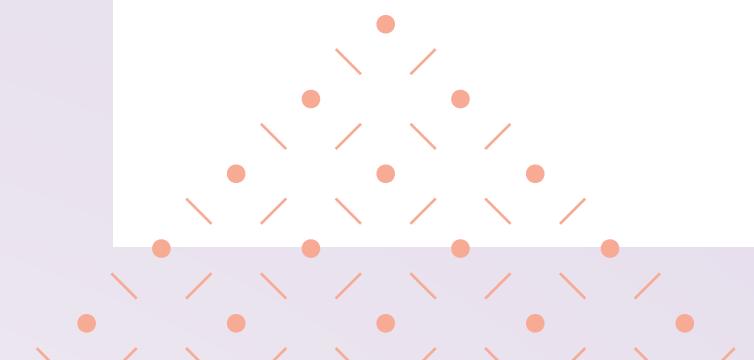
This section sets out those assets and liabilities that arose from Bendigo Health's operations.

Structure

5.1 Receivables

5.2 Payables

5.3 Other Liabilities



Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 5.1: Receivables

	Notes	2020 \$'000	2019 \$'000
CURRENT Contractual			
Inter Hospital Debtors		1,987	788
Trade Debtors		2,305	3,945
Patient Fees		2,702	2,781
Accrued Revenue - Other		3,622	3,554
Trade Debtors	7.1(c)	(51)	(247)
Patient Fees	7.1(c)	(240)	(194)
		Sub-total Contractual Receivables	10,325
		Sub-total Statutory Receivables	1,171
Total Current Receivables		1,171	1,141
NON CURRENT			
Statutory			
Long Service Leave - Department of Health and Human Services		21,075	16,995
		Sub-total Statutory Receivables	21,075
Total Non-Current Receivables		21,075	16,995
Total Receivables		32,571	28,763
Note 5.1(a) Movement in the allowance for impairment losses of contractual receivables			
Balance at beginning of year		2020 \$'000	2019 \$'000
Amounts written off during the year		(441)	(280)
Increase in allowance recognised in net result		299	0
Balance at end of year		(149)	(161)
		(291)	(441)

Receivables recognition

Receivables consist of:

- Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. 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 predominantly includes amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. 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 7.1 (c) Contractual receivables at amortised costs for Bendigo Health's contractual impairment losses.

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2020****Note 5.2: Payables**

	2020 \$'000	2019 \$'000
CURRENT		
Contractual		
Accrued Expenses	6,017	5,350
Accrued Salaries and Wages	8,454	6,197
Deferred Grant Revenue	4,724	0
Salary Packaging	79	98
Inter Hospital Creditors	255	373
Trade Creditors	9,196	13,535
	28,725	25,553
Statutory		
Unearned Income - DHHS	6,204	951
	6,204	951
Total Payables	34,929	26,504

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 Nett 60 days.

Maturity analysis of payables

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

Note 5.2(a): Deferred Capital Grant Revenue

Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year

Grant consideration for capital works received during the year

Grant revenue for capital works recognised consistent with the capital works undertaken during the year

Closing balance of deferred grant consideration received for capital works

2020 \$'000
0
35,693
(31,050)
4,643

Grant consideration was received from Golden Oaks Nursing Home. 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.

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 5.3: Other Liabilities

	2020 \$'000	2019 \$'000
CURRENT		
Monies Held in Trust*: Refundable Accommodation Deposits (RADs)	20,221	24,202
Monies Held in Trust*: Community Packages	4,659	3,265
Monies Held in Trust*: Local Loddon Leadership Group	1,594	290
Monies Held in Trust*: Loddon Mallee Leadership Group	650	68
Monies Held in Trust*: Loddon Mallee Regional Palliative Care Consortium	1,173	1,186
Monies Held in Trust*: Loddon Mallee Regional Palliative Care Consultancy	16	14
Monies Held in Trust*: Patient Monies Held in Trust	592	471
Monies Held in Trust*: Loddon Mallee Integrated Cancer Services	717	594
Other	112	107
TOTAL CURRENT	29,734	30,197
NON CURRENT		
Derivative Financial Instruments Payable	28,740	7,812
TOTAL NON CURRENT	28,740	7,812
Total Other Liabilities	58,474	38,009

* Total Monies Held in Trust

Represented by the following assets:

Cash Assets (refer to note 6.2)	26,895	30,090
RADS Permitted Uses - Residential Living Capital Works	2,727	0
Total	29,622	30,090

Accommodation Deposits (Refundable Accommodation Deposit)/Accommodation Bond Liabilities

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

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

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 0.3813% 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.

The group 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 4.2.

Bendigo Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2020

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 6.1: Borrowings

	2020 \$'000	2019 \$'000
Current		
DHHS Loan ¹	800	800
DHHS Advance ¹	12,389	0
Lease Liability - PPP ²	3,843	3,430
Lease Liability ²	1,201	0
Total Current Borrowings	18,233	4,230
Non-Current		
DHHS Loan ¹	1,590	2,331
Lease Liability - PPP ²	250,516	254,359
Lease Liability ²	31,976	0
Total Non Current Borrowings	284,082	256,690
Total Borrowings	302,315	260,920

(1) DHHS 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 and Human Services. Bendigo Health records on behalf of the Department of Health and Human Services according to the information provided.

(a) Maturity analysis of borrowings

Please refer to note 7.1(b) for the maturity analysis of borrowings.

(b) Defaults and breaches

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

(c) Lease liabilities

Repayments in relation to leases are payable as follows:

	Minimum future lease payments		Present value of minimum future lease payments	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Not longer than one year	2,248	0	1,201	0
Later than 1 year and not later than 5 years	8,642	0	4,824	0
Later than 5 years	36,222	0	27,152	0
Minimum lease payments	47,112	0	33,177	0
- Less future finance charges	(13,935)	0	0	0
Total	33,177	0	33,177	0
Included in the financial statements as				
Current borrowings - lease liabilities	0	0	1,201	0
Non-Current borrowings - lease liabilities	0	0	31,976	0
Total	0	0	33,177	0

The weighted average interest rate implicit in the finance lease is 3.27% (2019: N/A).

Leases

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

Bendigo Health's Leasing Activities

Bendigo Health has entered into leases related to property rental and medical equipment rental.

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

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

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

Separation of lease and non-lease components

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

Recognition and measurement of leases as a lessee (under AASB 16 from 1 July 2019)

Lease Liability – initial measurement

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

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

Lease Liability – subsequent measurement

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

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

Short-term leases and leases of low value assets

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

Below market/Peppercorn lease

Bendigo Health has entered into several peppercorn leases which are significantly below market terms and conditions. As determined by DHHS, these have not been included in Right-of-Use assets and liabilities.

Presentation of right-of-use assets and lease liabilities

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

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

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

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

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

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

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

The impact of initialling applying AASB15 Revenue from Contracts with Customers and AASB 1058 Income of not-for-profit entities to Bendigo Health's grant revenue is described in Note 8.11. Under application of the modified retrospective transition method chosen in applying AASB 15 and AASB 1058 for the first time, comparative information has not been restated to reflect the new requirements. The adoption of AASB 15 and AASB 1058 did have an impact on Other Comprehensive Income and the Statement of Cash flows for the financial year.

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

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

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

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

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 and Human Services.

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 and Human Services 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 and Human Services.

PPP Lease Liabilities	Minimum future lease payments		Present value of minimum future lease payments	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
Commissioned PPP related lease liabilities payable				
Not longer than one year	26,558	26,531	3,843	3,430
Later than 1 year and not later than 5 years	106,632	106,235	19,630	17,588
Later than 5 years	446,128	473,082	230,886	236,771
Minimum future lease payments	579,318	605,848	254,359	257,789
- Less future finance charges	(204,326)	(243,203)	0	0
- Floating Rate Component (FRC) adjustment (i)	(120,633)	(104,856)	0	0
Total	254,359	257,789	254,359	257,789
Included in the financial statements as				
Current borrowings - lease liabilities	0	0	3,843	3,430
Non-Current borrowings - lease liabilities	0	0	250,516	254,359
Total	0	0	254,359	257,789

(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 TCV.

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition, 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.

Note 6.2: Cash and Cash Equivalents

	2020 \$'000	2019 \$'000
Cash on hand (excluding Monies held in trust)	10	10
Cash at bank (excluding Monies held in trust)	51,669	32,961
Deposits at call (excluding Monies held in trust)	0	0
Cash on hand (Monies held in trust)	9	9
Cash at bank (Monies held in trust)	26,888	30,081
Deposits at call (Monies held in trust)	0	0
Cash for Joint Operation	1,700	1,365
Total Cash and Cash Equivalents	80,276	64,426
Represented and Held as:		
Cash on Hand	19	19
Cash at Bank	10,119	5,649
Cash at Bank - CBS	70,138	58,758
	80,276	64,426

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 2020

Note 6.3: Commitments for Expenditure

	2020 \$'000	2019 \$'000
Operating Expenditure Commitments		
Not later than one year	2,248	2,119
Later than 1 year and not later than 5 years	8,642	8,166
Later than 5 years	36,222	40,318
Total Operating Expenditure Commitments	47,112	50,603
Non-cancellable Short Term and low value lease commitments		
Not later than one year	250	239
Later than 1 year and not later than 5 years	500	750
Later than 5 years	0	0
Total Non-cancellable Lease Commitments	750	989
Public Private Partnership Commitments (commissioned)		
Not later than one year	34,935	33,269
Later than 1 year and not later than 5 years	157,924	147,923
Later than 5 years	965,359	998,887
Total Public Private Partnership Commitments	1,158,218	1,180,079
Total Commitments for Expenditure (inclusive of GST)	1,206,080	1,231,671
Less GST recoverable from the Australian Tax Office	(109,644)	(111,970)
Total Commitments for Expenditure (exclusive of GST)	1,096,436	1,119,701

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.

PPPs commitments (a)	2020		2019	
	Other Commitments	Total Commitments	Other Commitments	Total Commitments
	Present Value	Nominal Value	Present Value	Nominal Value
	\$'000	\$'000	\$'000	\$'000
Commissioned PPPs (b)(c)				
Bendigo Health (d)	551,396	1,158,218	541,334	1,180,079
Sub-total	551,396	1,158,218	541,334	1,180,079
Total commitments for PPPs	551,396	1,158,218	541,334	1,180,079

Notes:

- (a) The present values of the minimum lease payments for commissioned PPPs are recognised on the balance sheet (not disclosed as commitments).
- (b) The year on year reduction in the nominal amounts of the other commitments reflects the payments made.
- (c) The year on year reduction in the present values of other commitments reflects payments, offset by the impact of one fewer year used for discounting.
- (d) The table discloses only other operating and maintenance commitments for the New Bendigo Hospital project.

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.

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 and Human Services 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 construction costs of the project to Exemplar Health during the construction phase. The Department of Health and Human Services 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 2020

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

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. Such financial assets and financial liabilities do not meet the definition of financial instruments in *AASB 132 Financial Instruments: Presentation*.

(a) Financial Instruments : Categorisation

2020	Note	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
Contractual Financial Assets						
Cash and cash equivalents	6.2	80,276	0	0	0	80,276
Receivables						
- Trade Debtors	5.1	2,305	0	0	0	2,305
- Inter Hospital Debtors	5.1	1,987	0	0	0	1,987
- Other Receivables	5.1	6,033	0	0	0	6,033
Investments and Other Financial Assets						
- Shares in Other Entities	4.1	0	69	0	0	69
Total Financial Assets (i)		90,601	69	0	0	90,670
Financial Liabilities						
Payables	5.2	0	0	0	24,001	24,001
Borrowings	6.1	0	0	0	302,315	302,315
Other Financial Liabilities						
- Interest Rate Swap	5.3	0	0	28,740	0	28,740
- Other	5.3	0	0	0	29,734	29,734
Total Financial Liabilities (i)		0	0	28,740	356,050	384,790
2019	Note	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
Contractual Financial Assets						
Cash and cash equivalents	6.2	64,426	0	0	0	64,426
Receivables						
- Trade Debtors	5.1	3,345	0	0	0	3,345
- Inter Hospital Debtors	5.1	788	0	0	0	788
- Other Receivables	5.1	5,894	0	0	0	5,894
Investments and Other Financial Assets						
- Shares in Other Entities	4.1	0	84	0	0	84
Total Financial Assets (i)		75,053	84	0	0	75,137
Financial Liabilities						
Payables	5.2	0	0	0	25,553	25,553
Borrowings	6.1	0	0	0	260,920	260,920
Other Financial Liabilities						
- Interest Rate Swap	5.3	0	0	7,812	0	7,812
- Other	5.3	0	0	0	30,197	30,197
Total Financial Liabilities (i)		0	0	7,812	316,670	324,482

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

From 1 July 2018, Bendigo Health applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

Categories of financial assets under AASB 9 Financial Instruments

Financial assets at amortised cost

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

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

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

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

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

Impairment of financial assets: At the end of each reporting period, Bendigo Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

The allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. 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*.

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.

The group 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. The group 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, the group 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.

There was no ineffectiveness during 2020 in relation to the interest rate swap.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 7.1 (b): Maturity Analysis of Financial Liabilities as at 30 June

The tables below analyse the group's financial liabilities into relevant maturity groupings based on their contractual maturities for:

- all non-derivative financial liabilities, and
- net and gross settled derivative financial instruments for which the contractual maturities are essential for an understanding of the timing of the cash flows.

For interest rates applicable to each class of liability refer to individual notes to the financial statements.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

Maturity Analysis of Financial Liabilities as at 30 June

2020	Note	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates						
				Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1+ Years \$'000			
Financial Liabilities										
<i>At amortised cost</i>										
Payables	5.2	28,725	28,725	28,646	79	0	0			
Borrowings	6.1	302,315	302,315	0	1,185	15,847	285,283			
Other Financial Liabilities (i)										
- Accommodation Deposits	5.3	20,221	20,221	0	0	20,221	0			
- Other	5.3	9,513	9,513	9,513	0	0	0			
Total Financial Liabilities		360,774	360,774	38,159	1,264	36,068	285,283			
Derivatives										
Interest Rate Swaps		28,740	28,740	0	0	0	28,740			
Total Derivatives		28,740	28,740	0	0	0	28,740			
2019										
Financial Liabilities										
<i>At amortised cost</i>										
Payables	5.2	25,553	25,553	25,453	79	21	0			
Borrowings	6.1	260,920	260,920	0	763	3,467	256,690			
Other Financial Liabilities (i)										
- Accommodation Deposits	5.3	24,202	24,202	0	0	24,202	0			
- Other	5.3	5,995	5,995	5,995	0	0	0			
Total Financial Liabilities		316,670	316,670	31,448	842	27,690	256,690			
Derivatives										
Interest Rate Swaps		7,812	7,812	0	0	0	7,812			
Total Derivatives		7,812	7,812	0	0	0	7,812			

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

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 7.1 (c): Contractual receivables at amortised cost

2019	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	2,761	734	1,002	809	173	5,479
Loss allowance	28	7	50	81	87	253
Other Receivables	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected loss rate	60%					
Gross carrying amount of contractual receivables	314	-	-	-	-	314
Loss allowance	188	-	-	-	-	188
Total loss allowance	216	7	50	81	87	441
2020	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	3,713	883	1,273	920	179	6,968
Loss allowance	37	9	64	92	90	292
Other Receivables	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected loss rate	60%					
Gross carrying amount of contractual receivables	-	-	-	-	-	-
Loss allowance	-	-	-	-	-	-
Total loss allowance	37	9	64	92	90	292

Impairment of financial assets under AASB 9 Financial Instruments

Bendigo Health records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include the Bendigo Health's contractual receivables, statutory 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. While cash and cash equivalents are also subject to the impairment requirements of AASB 9, the identified impairment loss was immaterial.

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 disclosed above.

Reconciliation of the movement in the loss allowance for contractual receivables

	2020 \$'000	2019 \$'000
Balance at beginning of the year	(441)	(280)
Opening retained earnings adjustment on adoption of AASB 9	0	0
Opening Loss Allowance	(441)	(280)
Increase in provision recognised in the net result	149	(161)
Balance at end of the year	(292)	(441)

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

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

Statutory receivables

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.

Cash flow and fair value interest rate risk

The group's main interest rate risk arises from the long-term PPP lease liability which has a variable rate which exposes the group to cash flow interest rate risk. During the 2019 year, the group entered into an interest rate swap arrangement to effectively result in fixed interest as detailed in note 5.3.

An analysis by maturity is provided in Note 7.1(b).

Bendigo Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2020

Note 8: Other Disclosures

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

Structure

- 8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
- 8.2 Responsible Persons Disclosure
- 8.3 Remuneration of Executive Officers
- 8.4 Related Parties
- 8.5 Remuneration of Auditors
- 8.6 Ex-gratia Payments
- 8.7 Events Occurring after the Balance Sheet Date
- 8.8 Jointly Controlled Operations
- 8.9 Economic Dependency
- 8.10 AASBs Issued That are Not Yet Effective
- 8.11 Changes in accounting policy and revision of estimates
- 8.12 Glossary

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

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

	2020 \$'000	2019 \$'000
Net Result for the Year	(29,698)	(84,665)
Non-cash movements:		
Depreciation	33,259	42,690
Assets Received Free of Charge	(53)	(80)
Capital Expenditure transferred from WIP	279	0
PPP - Net Non-cash Payments Paid by DHHS	(3,401)	(3,643)
Allowance for impairment losses of contractual receivables	(150)	(161)
Movement in Value of Shares	15	183
Impairment Loss from Revaluation of Property, Plant & Equipment	0	49,227
Reduction in Interest Free Gain on Loan	59	0
Loss on JV Operations	43	0
Movements included in investing and financing activities:		
Net Loss from Sale of Plant and Equipment	182	439
Less cash inflow from investing and financing activities	(12,389)	0
Movements in assets and liabilities:		
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Trade and Other Receivables	(3,490)	(5,155)
(Increase)/Decrease in Prepayments and Other Assets	(306)	903
(Increase)/Decrease in Inventories	(327)	(133)
Increase/(Decrease) in Trade and Other Payables	20,227	(5,590)
Increase/(Decrease) in Borrowings	0	0
Increase/(Decrease) in Employee Benefits	12,114	12,935
Net Cash Inflow/(Outflow) From Operating Activities	16,364	7,111

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2020****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 Jenny Mikakos, Minister for Health and Minister for Ambulance Services	01/07/2019 - 30/06/2020
The Honourable Martin Foley, Minister for Mental Health	01/07/2019 - 30/06/2020
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	01/07/2019 - 30/06/2020
Governing Boards	
Mr B Cameron	Chair
Mr A Woods	Director
Ms M Beaumont	Director
Ms D Foggo	Director
Mr M McCartney	Director
Dr U Masood	Director
Dr E Piejko	Director
Ms K Angelopoulos	Director
Mrs J Green	Director
Accountable Officers	
Mr P Faulkner	Chief Executive
	01/07/2019 - 30/06/2020

Remuneration of Responsible Persons

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

Income Band	2020	2019
	No.	No.
\$0,000-\$9,999	0	1
\$20,000-\$29,999	8	7
\$50,000-\$59,999	0	1
\$60,000-\$69,999	1	0
\$390,000-\$399,999	0	1
\$420,000-\$429,999	1	0
Total Numbers	10	10
	2020	2019
	('\$000)	('\$000)
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$698	\$646

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 within the Department of Parliamentary Services' Financial Report.

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2020****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.

Remuneration of Executive Officers

	Total Remuneration	
	2020 (\$'000)	2019 (\$'000)
Short term employee benefits	2,105	1,981
Post-employment benefits	186	176
Other long-term benefits	53	50
Termination benefits	178	0
Total Remuneration	\$2,522	\$2,207
Total number of executives	8	8
Total Annualised Employee Equivalent¹	7	7

¹ 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 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 2020
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; and
- Jointly Controlled Operation - A member of the Loddon Mallee Rural Health Alliance; and
- All hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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 Department of Parliamentary Services' Financial Report.

Compensation - KMPs	2020 (\$'000)	2019 (\$'000)
Short-term Employee Benefits	632	585
Post-employment benefits	57	52
Other long-term benefits	9	9
Termination benefits	0	0
Totalⁱ	\$698	\$646

ⁱ 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 and Human Services of \$430m (2019: \$456m) and indirect contributions of \$0.3m (2019: \$0.2m).

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 a Victorian Public Financial Corporation.

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 Human Services and the Treasurer.

Transactions with KMPs and other related parties

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

Outside of normal citizen type transactions with 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 2020.

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	16	0	1 Board Member is a Director	Staff & Student Training
Coliban Region Water Corporation	776	1	1 Board Member is a Director	General Rates & Charges
Maldon Hospital	8	0	1 Board Member is a Director	Room hire
Monash University	194	0	1 Board Member is a Lecturer	Training & room hire
St Anthony Family Medical Practice	1	0	1 Board Member is a Shareholder	Program Delivery
Victorian Hospitals Industrial Association	58	0	The CEO is a Director	Membership fees

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 8.5: Remuneration of auditors

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

	2020 \$'000	2019 \$'000
	69	68
Total	69	68

Note 8.6: Ex-gratia Payments

Bendigo Health has made the following ex gratia expenses:

Forgiveness or waiver of debt

Compensation for economic loss

Total ex-gratia expenses

	2020 \$'000	2019 \$'000
	21	17
	310	228
Total	331	245

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

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

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2020****Note 8.8: Jointly Controlled Operations**

Name of entity	Principal Activity	Ownership Interest	
		2020	2019
Loddon Mallee Rural Health Alliance	Information Technology	20.76%	20.76%

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:

	2020 \$'000	2019 \$'000
CURRENT ASSETS		
Cash and Cash Equivalents	1,700	1,365
Receivables	89	118
Other	483	257
Total Current Assets	2,272	1,740
NON CURRENT ASSETS		
Property, Plant and Equipment	177	116
Total Non Current Assets	177	116
Total Assets	2,449	1,856
CURRENT LIABILITIES		
Payables	876	319
Deferred Grant Revenue	81	0
Total Current Liabilities	957	319
Total Liabilities	957	319
Net Assets	1,492	1,537

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

	2020 \$'000	2019 \$'000
REVENUES		
Operating Activities	1,955	1,508
Capital Purpose Income	134	214
Total Revenue	2,089	1,722
EXPENSES		
Other Expenses from Continuing Operations	2,097	1,493
Expenditure using Capital Purpose Income	35	196
Total Expenses	2,132	1,689
Net Result	(43)	33

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 2020

Note 8.9: Economic dependency

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

Note 8.10: AASBs issued that are not yet effective

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

Appendix 1 lists all the standards and interpretations that have been issued by the AASB but were not yet effective at 30 June 2020. They become effective for the first financial statements for reporting periods commencing after the stated operative dates. Bendigo Health has not and does not intend to adopt these standards early.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2020

Note 8.11: Changes in accounting policy and revision of estimates

Changes in accounting policy

Leases

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

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

Previously, Bendigo Health determined at contract inception whether an arrangement is or contains a lease under AASB 117 and Interpretation 4 – 'Determining whether an arrangement contains a Lease'. Under AASB 16, Bendigo Health assesses whether a contract is or contains a lease based on the definition of a lease as explained in note 6.1.

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

Leases classified as operating leases under AASB 117

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

On adoption of AASB 16, Bendigo Health recognised lease liabilities in relation to leases which had previously been classified as operating leases under the principles of AASB 117 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using Bendigo Health's incremental borrowing rate as of 1 July 2019. On transition, right-of-use assets are measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 30 June 2019.

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

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

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

Leases as a Lessor

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

Impacts on financial statements

On transition to AASB 16, Bendigo Health recognised \$33,504,376 of right-of-use assets and \$33,504,376 of lease liabilities.

Income of Not-for-Profit Entities

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

Comparative information has not been restated.

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

The adoption of AASB 1058 did not have an impact on Other comprehensive income and the Statement of Cash flows for the financial year.

Transition impact on financial statements.

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

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

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

Balance sheet	Notes	Before new accounting standards Opening 1 July 2019	Impact of new accounting standards - AASB 16, 15 & 1058	After new accounting standards Opening 1 July 2019
Property, Plant and Equipment		798,356	33,504	831,860
Total non-financial assets	4.2	798,356	-	798,356
Total Assets		896,533	33,504	930,037
Payables and Contract Liabilities	5.2	26,743	-	26,743
Borrowings	6.1	260,920	33,504	294,424
Total Liabilities		409,325	33,504	442,829
Accumulated surplus/(deficit)	SCE	373,822	-	373,822
Physical Revaluation Surplus		16,866	-	16,866
Other items in equity		96,520	-	96,520
Total Equity		487,208	-	487,208

Bendigo Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2020

Note 8.12: Glossary of terms and style conventions

Actuarial gains or losses on superannuation defined benefit plans

Actuarial gains or losses are changes in the present value of the superannuation defined benefit liability resulting from:

- experience adjustments (the effects of differences between the previous actuarial assumptions and what has actually occurred); and
- the effects of changes in actuarial assumptions.

Comprehensive result

The net result of all items of income and expense recognised for the period. It is the aggregate of operating result and other comprehensive income.

Commitments

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources.

Current grants

Amounts payable or receivable for current purposes for which no economic benefits of equal value are receivable or payable in return.

Depreciation

Depreciation is an expense that arises from the consumption through wear or time of a produced physical or intangible asset. This expense reduces the 'net result for the year'.

Effective interest method

The effective interest method is used to calculate the amortised cost of a financial asset or liability and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument, or, where appropriate, a shorter period.

Employee benefits expenses

Employee benefits expenses include all costs related to employment including wages and salaries, fringe benefits tax, leave entitlements, redundancy payments, defined benefits superannuation plans, and defined contribution superannuation plans.

Ex gratia expenses

Ex-gratia expenses mean the voluntary payment of money or other non-monetary benefit (e.g. a write off) that is not made either to acquire goods, services or other benefits for the entity or to meet a legal liability, or to settle or resolve a possible legal liability, or claim against the entity.

Financial asset

A financial asset is any asset that is:

- cash;
- an equity instrument of another entity;
- a contractual or statutory right:
 - to receive cash or another financial asset from another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially favorable to the entity; or
- a contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to receive a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments.

Financial instrument

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets or liabilities that are not contractual (such as statutory receivables or payables that arise as a result of statutory requirements imposed by governments) are not financial instruments.

Financial liability

A financial liability is any liability that is:

- A contractual obligation:
 - to deliver cash or another financial asset to another entity; or
 - to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavorable to the entity; or
- A contract that will or may be settled in the entity's own equity instruments and is:
 - a non-derivative for which the entity is or may be obliged to deliver a variable number of the entity's own equity instruments; or
 - a derivative that will or may be settled other than by the exchange of a fixed amount of cash or another financial asset for a fixed number of the entity's own equity instruments. For this purpose the entity's own equity instruments do not include instruments that are themselves contracts for the future receipt or delivery of the entity's own equity instruments.

Financial statements

A complete set of financial statements comprises:

- Balance sheet as at the end of the period;
- Comprehensive operating statement for the period;
- A statement of changes in equity for the period;
- Cash flow statement for the period;
- Notes, comprising a summary of significant accounting policies and other explanatory information;
- Comparative information in respect of the preceding period as specified in paragraph 38 of AASB 101 Presentation of Financial Statements; and
- A statement of financial position at the beginning of the preceding period when an entity applies an accounting policy retrospectively or makes a retrospective restatement of items in its financial statements, or when it reclassifies items in its financial statements in accordance with paragraphs 41 of AASB 101.

Grants and other transfers

Transactions in which one unit provides goods, services, assets (or extinguishes a liability) or labour to another unit without receiving approximately equal value in return. Grants can either be operating or capital in nature.

While grants to governments may result in the provision of some goods or services to the transferor, they do not give the transferor a claim to receive directly benefits of approximately equal value. For this reason, grants are referred to by the AASB as involuntary transfers and are termed non-reciprocal transfers. Receipt and sacrifice of approximately equal value may occur, but only by coincidence. For example, governments are not obliged to provide commensurate benefits, in the form of goods or services, to particular taxpayers in return for their taxes. Grants can be paid as general purpose grants which refer to grants that are not subject to conditions regarding their use. Alternatively, they may be paid as specific purpose grants which are paid for a particular purpose and/or have conditions attached regarding their use.

General government sector

The general government sector comprises all government departments, offices and other bodies engaged in providing services free of charge or at prices significantly below their cost of production. General government services include those which are mainly non-market in nature, those which are largely for collective consumption by the community and those which involve the transfer or redistribution of income. These services are financed mainly through taxes, or other compulsory levies and user charges.

Interest expense

Costs incurred in connection with the borrowing of funds includes interest on bank overdrafts and short-term and long-term liabilities, amortisation of discounts or premiums relating to liabilities, interest component of finance leases repayments, and the increase in financial liabilities and non-employee provisions due to the unwinding of discounts to reflect the passage of time.

Interest income

Interest income includes unwinding over time of discounts on financial assets and interest received on bank term deposits and other investments.

Joint Arrangements

A joint arrangement is an arrangement of which two or more parties have joint control. A joint arrangement has the following characteristics:

- The parties are bound by a contractual arrangement.
- The contractual arrangement gives two or more of those parties joint control of the arrangement

A joint arrangement is either a joint operation or a joint venture.

Liabilities

Liabilities refers to interest-bearing liabilities mainly raised from public liabilities raised through the Treasury Corporation of Victoria, finance leases and other interest-bearing arrangements. Liabilities also include non-interest-bearing advances from government that are acquired for policy purposes.

Net acquisition of non-financial assets (from transactions)

Purchases (and other acquisitions) of non-financial assets less sales (or disposals) of non-financial assets less depreciation plus changes in inventories and other movements in non-financial assets. It includes only those increases or decreases in non-financial assets resulting from transactions and therefore excludes write-offs, impairment write-downs and revaluations.

Net result

Net result is a measure of financial performance of the operations for the period. It is the net result of items of income, gains and expenses (including losses) recognised for the period, excluding those that are classified as 'other comprehensive income'.

Net result from transactions/net operating balance Net result from transactions or net operating balance is a key fiscal aggregate and is income from transactions minus expenses from transactions. It is a summary measure of the ongoing sustainability of operations. It excludes gains and losses resulting from changes in price levels and other changes in the volume of assets.

Net worth

Assets less liabilities, which is an economic measure of wealth.

Non-financial assets

Non-financial assets are all assets that are not 'financial assets'. It includes inventories, land, buildings, infrastructure, road networks, land under roads, plant and equipment, investment properties, cultural and heritage assets, intangible and biological assets.

Non-profit institution

A legal or social entity that is created for the purpose of producing or distributing goods and services but is not permitted to be a source of income, profit or other financial gain for the units that establish, control or finance it.

Payables

Includes short and long term trade debt and accounts payable, grants, taxes and interest payable.

Receivables

Includes amounts owing from government through appropriation receivable, short and long term trade credit and accounts receivable, accrued investment income, grants, taxes and interest receivable.

Sales of goods and services

Refers to income from the direct provision of goods and services and includes fees and charges for services rendered, sales of goods and services, fees from regulatory services and work done as an agent for private enterprises. It also includes rental income under operating leases and on produced assets such as buildings and entertainment, but excludes rent income from the use of non-produced assets such as land. User charges includes sale of goods and services income.

Supplies and services

Supplies and services generally represent cost of goods sold and the day-to-day running costs, including maintenance costs, incurred in the normal operations of Bendigo Health.

Supplies and services 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 the inventories are distributed.

Transactions

Revised Transactions are those economic flows that are considered to arise as a result of policy decisions, usually an interaction between two entities by mutual agreement. They also include flows in an entity such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset.

Taxation is regarded as mutually agreed interactions between the government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

Bendigo Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2020

Appendix 1

Issued but not yet effective Australian accounting and reporting pronouncements

Standard/ Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 17 <i>Insurance Contracts</i>	<p>The new Australian standard seeks to eliminate inconsistencies and weaknesses in existing practices by providing a single principle based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.</p> <p>This standard currently does not apply to the not-for-profit public sector entities.</p>	1 January 2021	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2018-7 <i>Amendments to Australian Accounting Standards – Definition of Material</i>	<p>This Standard principally amends AASB 101 <i>Presentation of Financial Statements</i> and AASB 108 <i>Accounting Policies, Changes in Accounting Estimates and Errors</i>. The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material.</p>	1 January 2020	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	<p>This Standard amends AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.</p>	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

Bendigo Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2020

Appendix 1 (Continued)

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

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

¹ To be applied by For-Profit private sector entities. Application by other For-Profit entities is optional.



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