



Bendigo Health Annual Report 2020-2021



OUR VISION



Excellent Care. Every Person. Every Time.

OUR VALUES



CARING

We care for our community



PASSIONATE

We are passionate about doing our best

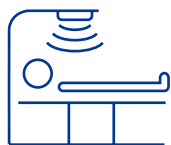


TRUSTWORTHY

We are open, honest and respectful



OUR CARE AT A GLANCE



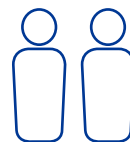
118,695

Service events provided by our Specialist Clinics



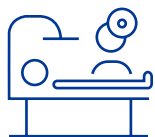
60,839

People came to our Emergency Department for treatment



51,388

People admitted to our hospital



15,459

Operations performed



18,687

Ambulance arrivals handled by our Emergency Department



1,405

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



67,374

COVID-19 Tests



1,753

Babies delivered



4,590*

Staff employed



766

Bed service



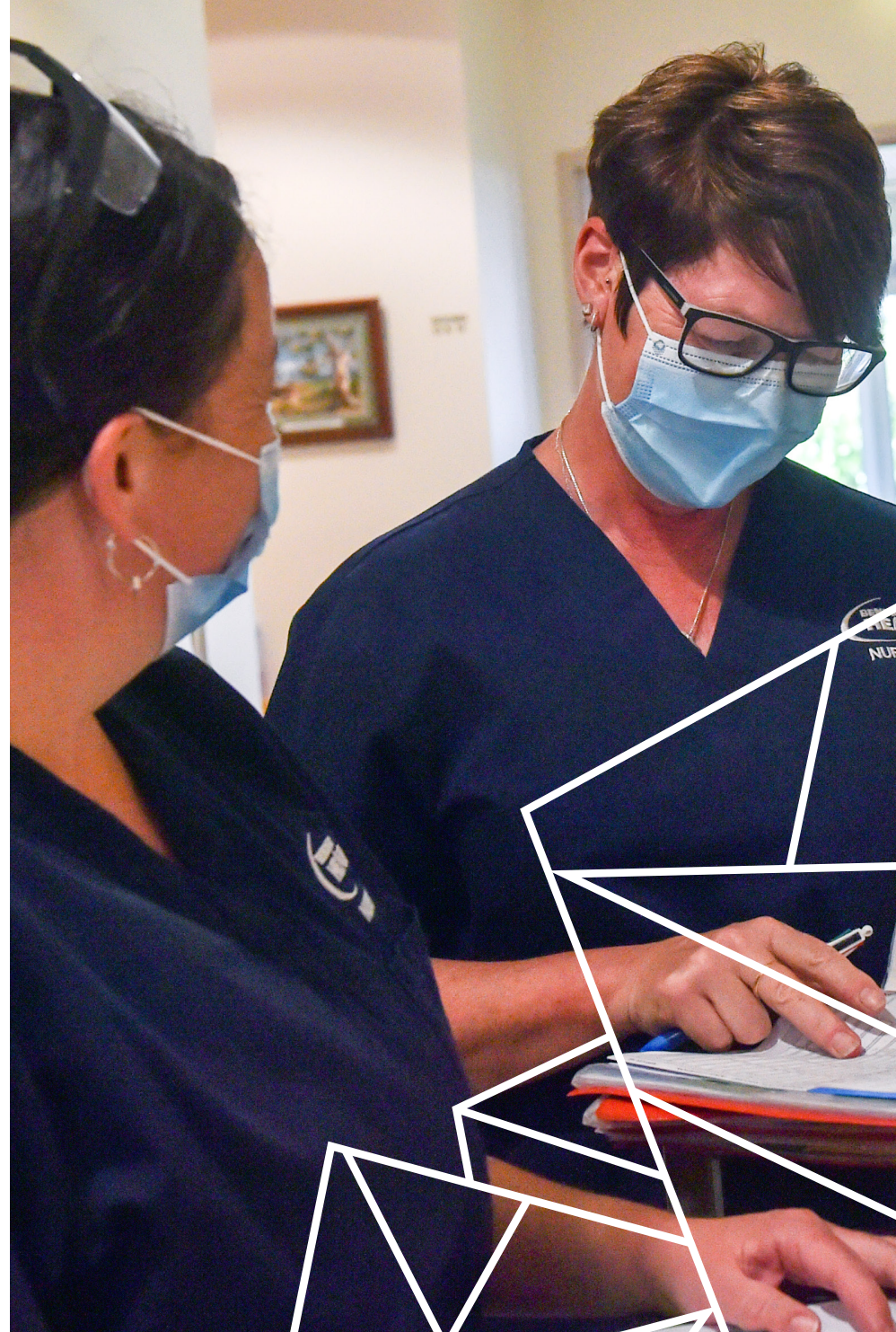
33,857

COVID-19 Vaccinations

*Head count includes all contracted staff with an active employment agreement as at 30 June 2021

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CHAIR REPORT

When we entered this year we did not know it would be dominated by responding to the COVID pandemic for the entire 12 months. This meant our organisation experienced the most significant change since our move to the new hospital in 2017.

As a Board we faced unique challenges of monitoring a health service that had to rapidly upscale staffing and spend money on items outside the agreed budget including FTE, equipment and even rent for the new Vaccination Hub, which the State Government supported us to do.

Staff throughout the service faced rapid change and many were redeployed into new roles. They responded to outbreaks locally and in Melbourne.

Our health service switched to a new system of recording patient data in the midst of a global pandemic, established a local Public Health Unit to respond to COVID outbreaks in the region and created a vaccination program to cover the vast expanse of the Loddon Mallee.

This, combined with continued growth in demand for our business-as-usual services, has challenged our health service and our people.

Despite these challenges, Bendigo Health was still able to exceed our acute health service targets, which is a great credit to our dedicated staff.

Building upgrades gain momentum

The Board want the Loddon Mallee community and our staff to have the very best facilities. We are delighted with the level of investment in our infrastructure and have many developments underway or on the horizon.

This year our residential care facilities received a further financial boost. Our two nursing homes at the Gibson Street Complex will be upgraded with \$1.8 million in refurbishments and Golden Oaks nursing home received a further \$4.35 million to complete the renovation project at that facility.



CHAIR REPORT (CONTINUED)

We are grateful for the State Government's continued support in our residential care facilities, with more than \$10 million allocated in recent years. These upgrades will modernise our facilities and improve the quality of life of our residents.

The state government also announced our Youth Prevention and Recovery Centre will be refurbished. In October 2020 it was announced Bendigo Health would run a new Early Parenting Centre for the region, in partnership with Tweddle Child and Family Health Service.

Work continues on finding a suitable site for the centre, which will provide sleep, settling and feeding advice for new parents.

A new cancer wellness facility for Bendigo was unveiled this year. The Gobbe Wellness Centre, a dream of our cancer team shared by a former patient Alan Gobbe and his wife Helen, became a reality in March.

The centre will offer complementary therapies for patients and their families going through cancer, with services such as a sleeping pod, reflexology, massage and a library.

The centre is funded through donations and is another reminder of how generous our community is.

A five-year transformation

Five years ago we were months away from moving into the new hospital. At the time we hoped the new facility would allow us to expand our service and increase full and part time staff by 1000 over the coming decade.

Half way through the decade, the change to our health service and staffing profile has been remarkable.

During five years, 1400 additional full and part-time staff have been employed by Bendigo Health and our partner contractor Spotless as a result of the increase in medical and health activity.

The helipad has brought more acutely unwell patients to us than ever before. We've become a 24/7 heart hospital and the Bendigo Cancer Centre is providing more specialist services for people in our region, closer to home.

In the coming year we will begin the redevelopment of the old hospital, transforming it into the Bendigo Health Day Rehabilitation Centre. This will bring to life the hospital precinct for the future.

CHAIR REPORT (CONTINUED)

We are no longer just a large regional hospital - we have transformed into a large hospital in a regional setting.

We thank the Victorian Government for their support and generous assistance to achieve our shared vision for Bendigo and beyond.

Looking to the future

The Board are looking to the next Strategic Plan which will build on the work begun in the current plan, particularly in the area of regional collaboration.

We have spoken to a range of stakeholders, we have surveyed staff and the community to inform this plan and some strong themes have emerged including:

- Emphasis on research
- Innovating and adapting to the post COVID world
- Staff wellbeing
- Strengthening mental health services
- Capitalising on the new first class services at the Bendigo Health day rehabilitation centre.

Some of this work has begun and as a health service next year we will be working on the priorities assigned and agreed with us as part of the Health Service Partnerships (HSPs). The HSPs are Government assigned priorities that are expected to be tackled in collaboration with the other public health services in our region.

As the lead member of the Partnership, Bendigo Health has a great responsibility to help deliver regional results across all the priorities. They are; Better Care at Home, Emergency and Elective Surgery Access, Responding to reforms in Mental Health, Aged Care and Pandemic response.

Adam Woods left our board at the end of his term in June 2021 after giving over 9 years of outstanding service. We wish Adam the very best in the future.

The Board thanks the staff, volunteers and Executive for their dedication and commitment which our community has responded to so well. We are proud of you all.



Bob Cameron.

**Bob Cameron,
Board Chair**

CEO REPORT

Public Health a priority

Being the CEO of Victoria's largest regional health service during a pandemic has been a privilege. I have never been more proud of the Bendigo Health staff, volunteers and supporters. The pandemic has disrupted every aspect of our services including fundraising and volunteering.

My approach from the beginning of this pandemic was to lead a strong public health response, to always take a safety first approach to get ahead of the virus, and to ensure we did the right things quickly, not the easy things.

In August 2020, Bendigo Health established a Public Health Unit for the Loddon Mallee region. The unit, tasked with COVID-19 testing, contact tracing and clinical monitoring of COVID patients. It swung into action during Victoria's second wave, helping contain major outbreaks at Hazeldene's Chickens, Don KR Smallgoods and a number of schools in Bendigo and the District.

The local Public Health Unit has been a great asset for the community. During COVID-19 outbreaks, the Unit provided leadership and health advice from trusted clinical staff. It was wonderful to see people in isolation responded well to and followed directions from their local trusted voice.

The Unit provided an important oversight between our inpatient COVID response, our home based care and our testing response.

More recently, the Public Health Unit has administered the Vaccination Program for public health services throughout the Loddon Mallee.

Bendigo Health, Castlemaine Health, Echuca Regional Health, Sunraysia Community Health Services, Kyneton Health and Swan Hill District Hospital all contributed to almost 50,000 vaccinations by the end of June, with more than 33,000 doses administered at the high-volume vaccination clinic in Mollison Street.

The collaboration helped provide first dose vaccinations to more than 2,000 Public Sector Aged Care Residents by Easter and to deliver the vaccine to remote areas of our region this is another example of the strong and healthy relationships that exist between health services in the Loddon Mallee.

Bendigo Health's commitment to the broader public health of our community was on show this year when we supported a number of patients following the closure of a private cancer service in Bendigo. Safer Care Victoria engaged Bendigo Health, in partnership with Peter MacCallum Cancer Centre, to advise and assist in the review of the care provided to a number of patients.

This involved setting up a dedicated hotline and outpatient clinics. Dermatologists, Plastic and General Surgeons, Radiation Oncologists, specialist General Practitioners and nursing staff ran the clinics, which will transition into an ongoing dermatology/skin clinic located at Bendigo Health.

CEO REPORT (CONTINUED)

Moving away from paper records

In November 2020 we took a big step in our digital transformation as we went live with our Electronic Patient Record (ePR). It was not an easy decision to proceed with such a transformational change project during the pandemic but the executive team believed the benefits in patient safety made it worth forging ahead and our staff rose to the challenge.

Go Live was an exciting milestone for a project planned for many years. We have been working with InterSystems, who provide our TrakCare program, to build a product specific for use at Bendigo Health.

In the months leading up to Go Live, more than 2500 staff were trained in the ePR – a combination of face-to-face and online training components. The ePR allows clinicians to improve patient safety and reduce medication errors and patients will benefit by having an up to date electronic record of their care available to their treating team at any time.

Staff drive service improvements

Individually and collectively, our staff have excelled this year.

Some of the highlights and service improvements are listed below.

- Doctor Katie Blunt was named Junior Doctor of the Year by the Postgraduate Medical Council of Victoria.
- Palliative Care Nurse Practitioner Anita Wild was named Australian College of Nurse Practitioners Mentor of the Year.
- Critical Care nurse Molly Kelly received the highest academic mark for the La Trobe University Masters of Nursing (Intensive Care) course in Victoria.
- Bendigo Health's bed screen and curtain recycling project won Health category of the Premier's Sustainability Awards 2020.
- Nurse practitioner-led palliative care clinic opened in Rochester.
- Cardiac cath lab became a 24/7 service.
- Paediatric cardiology clinic began, in partnership with the Royal Children's Hospital.

Supporting our workforce

During the past year our staff had to deal with uncertainty and emotional stress due to the pandemic. Many staff were asked to work from home for extended periods due to government restrictions on public health facilities and those who worked in acute settings were faced with constant pandemic-related change. To support our workforce, a staff health and wellbeing support program was set up, which included a staff hotline that provided emotional, practical and information support. In May 2021 a working group was established to create a structured and planned Flexible Working Model for Bendigo Health that will meet the needs of our organisation and our staff into the future.

CEO REPORT (CONTINUED)

The pandemic has impacted all staff, many of whom took the time to participate in the Loddon Mallee Healthcare worker COVID-19 study – a research project designed to understand the impact of COVID-19 on healthcare workers in the region.

The data collected in the study will be used to provide recommendations on how to better support the health workforce during times of disruption now and in the future. This is the largest study of its kind in Australia and we are very proud to be leading this important work at Bendigo Health, in collaboration with other health services across the Loddon Mallee, Latrobe University and Copenhagen University. We look forward to the results of this uniquely regional study to implement its findings.

It has been an incredible year and we are so grateful to everyone who worked so hard to keep our community safe. Thank you to everyone who has contributed to Bendigo Health this year.

To our volunteers, it was lovely to welcome some of you back to our health service this year, we look forward to resuming a more extensive in-person relationship next year.

To my Executive Team, your tireless effort over so many months in supporting and driving the many changes that have been required is remarkable and I am both proud and grateful for your support.

To our staff, your commitment to Excellent Care. Every Person. Every Time has shone through this year, thank you for your continued distinction.



A handwritten signature in dark ink, appearing to read 'Peter Faulkner', written in a cursive style.

Peter Faulkner
Chief Executive Officer

BOARD OF DIRECTORS

The Hon. Bob Cameron LL.B (Melb) FAICD – Board Chair

Mr Cameron was long serving Victorian Minister from 1999 until 2010 and Bendigo West MP from 1996-2010. Bob has a history of serving and working with community organizations including being a former Board member of the Anne Caudle Centre. He is a lawyer by occupation. Mr Cameron was appointed Chair of Bendigo Health Board of Directors from 1 July 2015 and is Chair of the Governance and Remuneration committees and is a member of the Finance, Audit, Medical Advisory, Visiting and Bendigo Hospital Project Steering Committees.

Term of appointment expires 30/6/2024.

Mr Adam Woods, CA BApSci

Mr Woods is Head of Business Systems Development at Bendigo and Adelaide Bank Ltd with responsibility for implementation and management of critical Finance, Treasury and Human Resource systems. Within Bendigo Health, he is Chair of the Major Projects Committee, Finance Committee and a member of the Audit and Visiting Committees.

Term of appointment expired 30/6/2021.

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). 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.

Term of appointment expires 30/6/2023.

Mr Michael McCartney, Director – Crockford McCartney Pty Ltd

For close to twenty years Michael was a principal in the accounting and financial planning practice of Strategem Financial Group based in Bendigo. He headed the Investment Services division of that business. During his time in professional practice he was also involved in a number of start-up initiatives including the reactivation of the Bendigo Stock Exchange (now part of the National Stock Exchange group) and formation of a local chapter of the Financial Planning Association. From 2005 to 2007 he was actively involved in the formulation and writing of the business case to secure funding for the Central Victoria Solar City, a Commonwealth Government initiative. When he left professional practice with a view towards semi-retirement, he project managed the funding negotiations with government and rollout of the Solar City project, based in Castlemaine.

Term of appointment expires 30/6/2022.

BOARD OF DIRECTORS (CONTINUED)

Dr Umair Masood

Partner at Neal Street Medical Clinic

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

Term of appointment expires 30/6/2022.

Dr Ewa Piejko

Dr Ewa Piejko is a General Practitioner at Strathfieldsaye Primary Health in Bendigo. She is also the medical advisor for the Central Victorian region of MurrayPHN and Clinical Director for St Anthony's Family Medical Practice. Dr 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 Piejko has been involved with local community organisations. Within Bendigo Health, Dr Piejko is chair of the Community Advisory Committee and a member of the Quality Care Council and Primary Care and Population Health committee.

Term of appointment expires 30/6/2024.

Katerina Angelopoulos

Katerina 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.

Term of appointment expires 30 June 2022.

Julie Green

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

Term of appointment expires 30 June 2022.

BOARD OF DIRECTORS (CONTINUED)

Board Sub-Committee Membership

FINANCE

Michael McCartney (Chair)
Bob Cameron
Adam Woods
Julie Green

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
Dr Ewa Piejko
Katerina Angelopoulos

VISITING

All Directors

MEDICAL ADVISORY

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

COMMUNITY ADVISORY

Katerina Angelopoulos (Chair)
Dr Ewa Piejko

PRIMARY CARE AND POPULATION HEALTH ADVISORY

Dr Ewa Piejko (Chair)
Marilyn Beaumont
Katerina Angelopoulos

PEOPLE AND CULTURE

Dr Umair Masood (Chair)
All Directors

GOVERNANCE AND REMUNERATION

Bob Cameron (Chair)
All Directors

Executive Directors

Peter Faulkner

Chief Executive Officer (CEO)

Robyn Lindsay

Executive Director Clinical Operations

Diana Badcock

Chief Medical Officer (CMO)
Executive Director Clinical Governance

David Rosaia

Executive Director Quality and Patient Information
Chief Nursing and Midwifery Officer

Liz Hamilton

Executive Director Integrated Care Services

Andrea Noonan

Executive Director People and Culture

Bruce Winzar

Executive Director Innovation and Digital Services/Regional CIO – Bendigo Health

Shaun Eldridge

Executive Director Finance and Resources

ORGANISATIONAL STRUCTURE

BOARD OF DIRECTORS

Executive Assistant
Corporate Counsel

Chief Executive Officer
Peter Faulkner

Public Affairs
• Fundraising & Foundation
Governance & Strategy

CLINICAL OPERATIONS

Executive Director
Robyn Lindsay

INTEGRATED CARE SERVICES

Executive Director & Chief
Allied Health Officer
Sally Harris (A)

CLINICAL GOVERNANCE

Executive Director &
Chief Medical Officer
Diana Badcock

QUALITY & PATIENT INFORMATION

Executive Director & Chief
Nursing Midwifery Officer
David Rosaia

FINANCE & RESOURCES

Executive Director & Chief
Financial Officer
Shaun Eldridge

INNOVATION & DIGITAL SERVICES

Executive Director & Chief
Information Officer
Bruce Winzar

PEOPLE & CULTURE

Executive Director
Andrea Noonan

Medical Services

- Ward 4A & Ward 5A (Medical)
- Ward 4B (Ortho)
- Ward 5B & 6B (Surgical)
- Ward 4C & 5C (Rehab & Geri Med)
- Ward 6A & 6C (Respiratory)
- Patient Access and Demand After hours Management
- General Medicine
- Geriatric Medicine
- Rehabilitation Medicine
- Infectious Diseases

Surgical Services

- Theatre
- Anaesthetics & Recovery
- DOSA & Endoscopy
- CSD
- Patient Services
- Cath Lab
- Orthopaedics
- General Surgery
- Anaesthetics
- Plastic Surgery
- Ophthalmology
- ENT
- Urology

Acute Ambulatory and Critical Care

- Emergency Department
- Short Stay Observational Unit
- Intensive Care Unit
- Specialist Clinics
- Cardiology & EEG
- Renal
- Medical Imaging
- Discharge Lounge
- Emergency Medicine
- Intensive Care
- Radiology

Women and Children

- Women's Ward & Birthing Suite
- Children's Ward
- Special Care Nursery
- Women's Health Clinics
- Obstetrics & Gynaecology
- Paediatrics

Cancer Services

- Cancer Services
 - Oncology & Radiotherapy
- Cancer Clinics
- Cancer Research
- Loddon Mallee Integrated Cancer Services
- Medical Oncology
- Radiation Oncology

Mental Health

- Psychiatry Adult
- Psychiatry Older Persons
- Psychiatry Extended Care
- Psychiatry Parent Infant
- ECAT Triage and PARC
- Community Care Units
- Residential Rehabilitation (Dual Diagnosis)
- Professional Development Unit
- Psychiatry Medical
- Community Mental Health
 - Older Persons Community Mental Health
 - Bendigo Adult Community & Primary Mental Health
 - Echuca Community Mental Health
 - Swan Hill Community Mental Health
 - Rural South Community Mental Health
 - Child & Adolescent Mental Health
 - Youth Community Mental Health & YPARC

Allied Health

- Nutrition and Dietetics
- Occupational Therapy
- Physiotherapy & Exercise Physiology
- Podiatry
- Social Work
- Speech Pathology & Audiology

Community Services

- Aged Care Assessment Services
- Community Allied Health Services
- Community Care Services
- Carer Support Services
- Community Nursing Services
- Referral Centre

Community Dental Services

Geriatrics, Rehab & Pal Care

- Geriatric Medicine
- Palliative Care Medicine
- Rehabilitation Medicine

Continuing Care

- Outpatient Rehabilitation
- Transition Care Program & Residential In-reach
- HARP PAC Community Health & Diabetes Education / HITH
- Palliative Care Consortium
- Specialist Palliative Care
 - Community Palliative Care
 - Palliative Care & Evaluation Unit
 - Pallcare@home

Aboriginal Services, Diversity and Health Promotion

- Aboriginal Services
- Health Promotion
- Interpreter Services
- Pastoral Care

Volunteer Services

Public Health Unit

Clinical Research Governance

Medico Legal Services

Mortuary

Includes

- GP Liaison
- Pathology Contract
- Standards of Practice
- Medical Education Policy
- Clinical Ethics
- Clinical Governance

- PPP Relationship Manager

Quality & Risk

Health Information Services

Pharmacy

Infection Prevention & Control

Residential Services

- Gibson Street Group
 - Gibson Street Complex (Joan Pinder & Stella Anderson)
 - Simpkin House
- Golden Oaks Complex
 - Golden Oaks
 - Carshalton House

Includes

- Nursing & Midwifery
- Standards of Practice
- Clinical Ethic

Finance

Performance Planning & Budgeting

- Decision Support
- Performance Reporting Unit

Materials Management

- Supply & Loading Dock
- Linen Exchange
- Mail Services

Procurement Services

Facilities Management

- Insurance, Fleet & Security
- Facilities Management
- Capital Works & Projects
- Compliance & Environment including Accommodation Services

Information Technology Services

Architecture & Applications

ePR

Chief Clinical Information Officers

Clinical Analytics Unit

Innovation & Research

- Research, Projects & Consultancy
- Innovation
- Library

Includes

- Regional Support & Advice

Occupational Health & Safety

Workforce Planning & Resourcing

Organisational Development

Clinical Learning & Development

Payroll Services

Medical Workforce Support

People & Culture Advisors

WORKFORCE DATA

Hospitals Labour Category	JUNE Current Month FTE*		JUNE YTD FTE**	
	2020	2021	2020	2021
Nursing	1419.90	1513.70	1370.55	1464.88
Administration and Clerical	485.89	535.40	467.72	510.95
Medical Support	212.18	242.77	205.54	226.00
Hotel and Allied Services	68.98	72.56	71.59	73.23
Medical Officers	61.05	62.15	58.76	62.35
Hospital Medical Officers	192.23	204.80	187.80	202.63
Sessional Clinicians	36.38	40.41	32.41	37.58
Ancillary Staff (Allied Health)	320.34	333.19	319.46	332.61
Total	2796.90	3005.07	2713.83	2910.23

Application of Employment and Conduct Principles

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

Note: There were 4,590 staff employed, head count includes all contracted staff with an active employment agreement as at 30 June 2021.

ATTESTATIONS AND DECLARATIONS

Reporting period from 1 July 2020 to 30 June 2021.

This report is prepared for the Honourable Jenny Mikakos, the Minister for Health and Ambulance Services from July 1 2020 to September 26 2020 and the Honourable Martin Foley, the Minister for Health and Ambulance Services from September 26 2020 to June 30 2021. From 01 July 2020 to 29 September 2021 the Honourable Martin Foley, Minister for Mental Health, from 29 September 2020 to 30 June 2021 the Honourable James Merlino, Minister for Mental Health 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 2021.

Bob Cameron

Bob Cameron, Board Chair
7 July 2021

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

Bob Cameron, Board Chair
7 July 2021

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

Bob Cameron, Board Chair
7 July 2021

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 member 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

Bob Cameron, Board Chair
7 July 2021

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

Bob Cameron, Board Chair
7 July 2021

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 & childrens, medical imaging, pathology, rehabilitation, community services, residential aged care, mental health care services, community dental, hospice/palliative care, cancer services, cardiology and renal dialysis.

It is an expanding regional health service facilitated by a helipad, allowing for rapid transfer of patients both in and out of the health service incorporating the Loddon Mallee, an area the quarter of the size of Victoria. There are a number of campuses, including Bendigo Hospital, based in Bendigo with services extended to many regional setting including areas such as Mildura, Echuca, Swan Hill, 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	2020-21
Total	490
Access granted in full	298
Access granted in part	103
Access denied in full	17
Applications withdrawn	7
No information available	8
Not proceeded with	4
Released outside the FOI Act	1
Not yet finalised	52

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.

Carers Recognition Act 2012

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

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

Building and Maintenance

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

Public Interest Disclosure Act 2012

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

STATUTORY COMPLIANCE (CONTINUED)

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.

Local Jobs First Act 2003

In August 2018, the Victorian Parliament reformed the Victorian Industry Participation Policy Act 2003 into the Local Jobs First Act 2003 and the FRD was revised to FRD 25D (April 2019). There were two contracts in 2020-21 to which the Victorian Industry Participation Policy Act (2003) applied.

Gender Equality Act 2020

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

In April 2021 Bendigo Health appointed a project

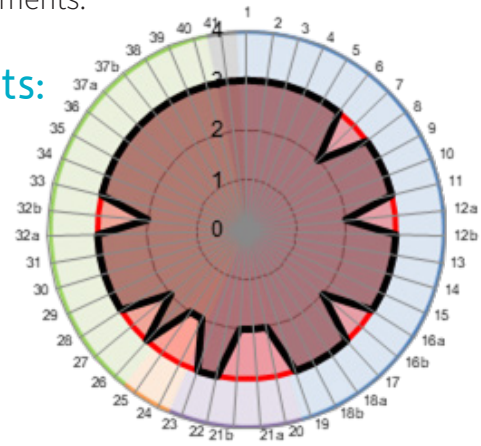
officer to undertake an initial assessment of the work required to ensure compliance with provisions of the Act through the first phase of implementation and also meets future obligations. The work completed to date ensures Bendigo Health are on track to comply with reporting requirements including the Workplace Data Audit, the requirement to develop a Gender Equality Action Plan and report against progress at the specified intervals. The leadership team of Bendigo Health are currently undertaking a consultation process around the ongoing obligations and reporting of Gender Impact Assessments, due to the broad scope of this requirement. The work required is on track with no areas of concern identified in meeting obligations.

Asset Management Accountability Framework (AMAF) maturity assessment

The following sections summarise Bendigo Health assessment of maturity against the requirements of the Asset Management Accountability Framework (AMAF). The AMAF is a non-prescriptive, devolved accountability model of asset management that requires compliance with 41 mandatory requirements. These requirements can be found on the DTF website (<https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework>). The Bendigo Health target maturity rating is ‘competence’, meaning systems

and processes fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.

Results:



Legend	
Status	Scale
Not applicable	N/A
Innocence	0
Awareness	1
Developing	2
Competence	3
Optimising	4
Unassessed	U/A
Target	
Internal Audit Assessment	

STATUTORY COMPLIANCE (CONTINUED)

Additional Information

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

- Declarations of pecuniary interests have been duly completed by all relevant officers;
- Details of shares held by senior officers as nominee or held beneficially;
- Details of publications produced by the entity about itself, including annual Aboriginal cultural safety reports and plans, and how these can be obtained;
- Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- Details of any major external reviews carried out on the Health Service;
- Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of

operations or in a document that contains the financial statements and report of operations;

- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- A general statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;
- A list of major committees sponsored by the Health Service, including any Aboriginal advisory or governance committees, the purposes of each committee and the extent to which those purposes have been achieved;
- 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 2020-21, there were 11 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2020-21 in relation to these consultancies is \$50,088.40 (excl. GST).

Details of Consultancies (over \$10,000)

In 2020-21, there were 2 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2020-21 in relation to these consultancies is \$29,929.13 (excl. GST).

CONSULTANT	PURPOSE OF CONSULTANCY	Start Date	End Date	Expenditure		Purpose of Consultancy
				2020-21 Excl. GST	Future	
Healthconsult Pty Ltd	Digital health maturity assessment for Bendigo Health.	July-19	January-21	10	0	Digital health maturity assessment for Bendigo Health.
Impact Collaborative Pty Ltd	Development of a cancer model of care for Mildura region.	June-21	June-22	20	60	Development of a cancer model of care for Mildura region.

STATUTORY COMPLIANCE (CONTINUED)

Information and Communication Technology (ICT) Expenditure

The total ICT expenditure during 2020-21 is \$63.65 million (excluding GST) with the details shown below:

	BAU [\$ Million]	Non-BAU [Million]	Total [\$Million]
Total ICT Expenditure	36.86	26.79	63.65

	Operating [\$ Million]	Capital [Million]	Total [\$Million]
Total ICT Expenditure	13.56	50.09	63.65

Occupational Violence

Occupational Health and Safety Data

Occupational Health and Safety Statistics	2020-21	2019-20	2018-19
The number of reported hazards/ incidents for the year per 100 FTE	38.80	43.23	40.70
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	1.40	0.89	1.11
The average cost per WorkCover claim for the year ('000)	\$61,356	\$111,184	\$37,054

Occupational Health and Safety

Table 4: Occupational Violence Statistics

Occupational violence statistics	2020-21
Workcover accepted claims with an occupational violence cause per 100 FTE	3
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	1.07
Number of occupational violence incidents reported	501
Number of occupational violence incidents reported per 100 FTE	16.67
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	32%

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

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

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

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2020-21.

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.

STATUTORY COMPLIANCE (CONTINUED)

Environmental Performance

VHBA EDMS Report			
Public environment report - Bendigo Health Care Group Organisation Hierarchy - 2020/2021			
GREENHOUSE GAS EMISSIONS			
Total greenhouse gas emissions (tonnes CO2e)	2018/19	2019/20	2020/21
Scope 1	10,516	9,347	9,363
Scope 2	21,971	21,899	20,644
Total	32,487	31,246	30,008
Normalised greenhouse gas emissions	2018/19	2019/20	2020/21
Emissions per unit of floor space (kgCO2e/m2)	277.48	268.48	257.84
Emissions per unit of Separations (kgCO2e/Separations)	631.45	617.28	583.95
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	135.78	129.99	122.53
STATIONARY ENERGY			
Total stationary energy purchased by energy type (GJ)	2018/19	2019/20	2020/21
Electricity	73,922	77,290	75,837
Natural Gas	204,073	181,388	181,704
Total	277,995	258,678	257,541
Normalised stationary energy consumption	2018/19	2019/20	2020/21
Energy per unit of floor space (GJ/m2)	2.37	2.22	2.21
Energy per unit of Separations (GJ/Separations)	5.40	5.11	5.01
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	1.16	1.08	1.05
WATER			
Total water consumption by type (kL)	2018/19	2019/20	2020/21
Potable Water	131,218	149,635	276,647
Total	131,218	149,635	276,647

STATUTORY COMPLIANCE (CONTINUED)

Environmental Performance

Normalised water consumption (Potable + Class A)	2018/19	2019/20	2020/21
Water per unit of floor space (kL/m2)	1.12	1.29	2.38
Water per unit of Separations (kL/Separations)	2.55	2.96	5.38
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.55	0.62	1.13
WASTE AND RECYCLING			
Waste	2018/19	2019/20	2020/21
Total waste generated (kg clinical waste+kg general waste+kg recycling waste)	974,705	973,956	954,522
Total waste to landfill generated (kg clinical waste+kg general waste)	899,336	890,772	860,100
Total waste to landfill per patient treated ((kg clinical waste+kg general waste)/PPT)	2.58	2.50	2.20
Recycling rate % (kg recycling / (kg general waste+kg recycling))	8.80	9.72	11.52
Normalisers (for information only)	2018/19	2019/20	2020/21
Area M2	117,079	116,379	116,379
Aged Care OBD	85,586	84,494	82,643
ED Departures	57,249	65,117	94,579
FTE	2,546	2,446	2,837
LOS	153,677	155,875	162,250
OBD	239,263	240,369	244,893
PPT	347,960	356,104	390,859
Separations	51,448	50,618	51,387

STATUTORY COMPLIANCE (CONTINUED)

Operational and Financial Performance

Bendigo Health budgeted for an operating result of break-even (as per Statement of Priorities). However the operating result was \$313,000 for the 2020-21 financial year, slightly ahead of budget.

Table 6: Financial Information

	2021 \$000	2020 \$000	2019 \$000	2018 \$000	2017 \$000
OPERATING RESULT*	313	(2,032)	(334)	2,066	2,663
Total revenue	618,824	543,650	515,310	479,277	970,901
Total expenses	634,725	571,725	545,474	511,061	440,726
Net result from transactions	(15,901)	(28,075)	(30,164)	(31,784)	530,175
Total other economic flows	7,202	(1,623)	(54,501)	493	96
Net results	(8,699)	(29,698)	(84,665)	(31,291)	530,271
Total assets	932,317	928,763	896,294	1,064,928	1,059,320
Total liabilities	477,374	491,486	409,086	391,474	358,058
Net assets/total equity	454,943	437,277	487,208	673,454	701,262

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

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

Table 7: Reconciliation between the Net Result from transactions and Operating result

	2021
Net operating result	313
Capital purpose income	46,790
Specific income	N/A
COVID 19 State Supply Arrangements	
- Assets received free of charge or for nil consideration under the State Supply	2,976
State supply items consumed up to 30 June 2020	(2,976)
Assets provided free of charge	N/A
Assets received free of charge	1,435
Expenditure for capital purpose	(3,650)
Depreciation and amortisation	(38,056)
Impairment of non-financial assets	0
Finance costs (other)	(22,732)
	0
Net result from transactions	(15,901)

STATEMENT OF PRIORITIES

Part A

How the health service maintains their COVID-19 readiness and response (including any arrangements in relation to hotel quarantine management)?

Bendigo Health's hospital response to the pandemic changed during the latter part of the year as the health service responded to the declining risk of COVID-19 in the community. The respiratory ward in the hospital – used for COVID positive, suspected COVID patients and those with respiratory illness – closed in May. Patients with respiratory symptoms can now be appropriately isolated in single rooms in existing hospital wards.

The Respiratory Emergency Department was also deactivated in June but the Emergency Department (ED) retained the capability to appropriately isolate, rapid test and stream suspected COVID patients.

Bendigo Health has the infrastructure and capability to reinstate developed COVID models of care across the hospital should there be an influx of COVID patients in the community.

COVID-19 testing remains an important part of our COVID response, with more than 40,000 COVID-19 tests conducted this year.

In June 2021 our Screening Clinic located to McLaren Street, on the same site as the COVID-19 Vaccination Clinic. Consolidating the COVID clinics to the one site enhanced our COVID response and provided a central point of reference for the community. The Loddon Mallee Rapid Response Testing Team has been deployed across the state throughout the year in response to outbreaks and exposure sites. In March 2020 Bendigo Health opened a Vaccination Clinic in the Old Emergency Department on Stewart Street before in May moving to a larger site in Mollison Street, Bendigo.

The new COVID Vaccination Clinic, capable of vaccinating thousands of people each day, inoculated approximately 23,000 people from May 24 to June 30 2021.

As the vaccination hub for the region, Bendigo Health supported Castlemaine Health, Echuca Regional Health, Sunraysia Community Health Services, Swan Hill District Hospital in delivering the COVID-19 Vaccine to their communities.

Bendigo Health also conducted a number of outreach COVID-19 Vaccination Clinics during the year, from large meat processing facilities to our multicultural communities' places of worship.

How the health service engages with their community, especially with those who are most vulnerable including Aboriginal communities, and those whose treatment has been delayed due to COVID-19.

During the pandemic, Bendigo Health recruited a disability liaison officer to engage with people with a disability to improve their access to the COVID-19 vaccination. This role will expand to include liaison with the health service more broadly, especially if they don't have a carer to assist them.

Our Aboriginal Health Liaison Officers (AHLO's) have continued to provide cultural support to inpatients during the pandemic and to people undergoing a COVID test. Bendigo Health's contact tracing team included an AHLO, available for any First Nations people.

An online Cultural Safety and Awareness staff training program has been developed and will be launched early next financial year. This contains four modules, with localised content and information on how to 'ask the question' to correctly ask and identify Aboriginal and Torres Strait Islander patients that enter the hospital. Face-to-face sessions will resume next financial year provided this can be achieved in a COVID safe manner.

STATEMENT OF PRIORITIES

A cultural safety survey is in development to assist with gathering patients experiences and track clinical or cultural safety issues. This survey will be an important tool to target particular departments/staff for Cultural Safety training.

A full-time Koori Mental Health Liaison Officer commenced in August to support Aboriginal patients accessing in-patient mental health services. This new resource will be integrated across ED.

We continue to monitor the number of Aboriginal patients who leave ED without completing treatment or that discharge against medical advice. Our team has been calling patients that leave ED without treatment and ask a series of questions that would assist with determining their reason for leaving. This data was also reported to the Aboriginal Advisory Committee on a bi-monthly basis.

For our multicultural community, interpreters are on staff within the contact tracing team to enable both language and cultural support for positive cases and close contacts who need to isolate. Beyond the Public Health Unit, we also have casual in-house interpreters to accommodate an increase in linguistically diverse people receiving our care.

Bendigo Health has a close relationship with Bendigo Community Health who run a refugee settlement program and with Loddon Campaspe Multicultural Services. This allows for communication around issues concerning the multicultural community that may impact on their health. It also enables us to consider improve our understanding of patient needs.

How the health service develops and fosters local partnerships including with Aboriginal community controlled health organisations (ACCHOs), Traditional Owners, Registered Aboriginal Parties and local Aboriginal communities more broadly.

Bendigo Health has a partnership agreement with the three main ACCHOs in our region, relating to both service provision and collaboration. We refer daily into their programs to support Aboriginal patients. This partnership extends to our Aboriginal Advisory Committee whose membership includes a local ACCHO member.

Bendigo Health is on the Bendigo Reconciliation Committee, Aboriginal COVID Response Committee and the Loddon Mallee Aboriginal Reference Group made up of health service CEOs.

In 2019 Bendigo Health, in partnership with Dja Dja Wurrung Traditional Owners, hosted a Baby Welcome to Country which will be repeated twice a year, once COVID-19 restrictions are eased. We also host annual NAIDOC and Reconciliation week events (impacted by COVID-19 in 2020-2021).

Our Reconciliation Action Plan is at Innovate level which in draft form, is close to being finalised. 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.

How the health service will respond Royal Commission for Mental Health

Bendigo Health has been an active contributor to Department of Health and Human Services forums on the new Mental Health Act and is reviewing the recommendations of the Royal Commission to understand how this will alter our current services.

Changes will take place in stages and will include the redevelopment of our Youth Prevention and Recovery Care (YPARC), gender separation considerations, amendment to age criteria for programs and expansion of HOPE program (Hospital Outreach Post Suicidal Engagement Program).

STATEMENT OF PRIORITIES

PART B: PERFORMANCE PRIORITIES

High quality and safe care

Key performance measure	Target	Outcome
Infection Prevention and Control		
Compliance with Hand Hygiene Australia program	83%	85.3%
Percentage of healthcare workers immunised for influenza	90%	99%
Patient experience		
Victorian Healthcare Experience Survey		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses	95%	N/A
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care	75%	N/A
Healthcare associated infections		
Rate of patients with surgical site infection	No outliers	No outliers
Rate of patients with ICU central line associated blood stream infections (CLABSI)	Nil	0
Rate of patients with SAB per 10,000 occupied bed days	<1	0.3
Mental Health*		
Percentage of adult acute mental inpatients who are readmitted within 28 days of discharge	14%	17%
Rate of seclusion events relating to a child and adolescent acute mental health admission	<10/1,000	N/A
Rate of seclusion events relating to an adult acute mental health admission	<10/1,000	7
Rate of seclusion events relating to an aged acute mental health admission	<5/1,000	0
Percentage of child and adolescent patients with post-discharge follow-up within seven days	80%	88%
Percentage of adult acute mental health patients who have post-discharge follow-up within seven days	80%	63%
Percentage of aged acute mental health inpatients who have post-discharge follow-up within seven days	80%	86%
Maternity and newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	<1.4%	1.5%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	<28.6%	17.9%
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	0.901

*Data entry impacted by industrial action

STATEMENT OF PRIORITIES

PART B: PERFORMANCE PRIORITIES

Timely access to care		
Key performance measure	Target	Outcome
Emergency Care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	80%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	64%
Percentage of emergency patients with a length of stay 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%	80.9%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement for prior year	28.9%
Number of patients on the elective surgery waiting list as at 30 June 2021	1710	1815
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	<7/100	7.9
Number of patients admitted from elective surgery waiting list	4,715	4,761
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	85.5%
Percentage of routine patients referred by a GP or external specialist who attended a first appointment within 365 days	90%	92.6%
Effective financial management		
Key performance measure	Target	Outcome
Operating results (\$m)	0	0.3
Average number of days to pay trade creditors	60 days	33 days
Average number of days to receive patient fee debtors	60 days	41 days
Public and Private WIES activity performance to target	100%	100.20%
Adjusted current asset ratio	0.7% or 3% improvement from health service base target	0.9
Actual number of days available cash, measured on the last day of each month	14 days	29.2
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variance <\$250,000	33,700

STATEMENT OF PRIORITIES

PART C

Funding type	2020-21 Activity Achievement
Acute Admitted	
Acute WIES	34,009
WIES DVA	362
WIES TAC	317
Acute Non-Admitted	
Home Enteral Nutrition	563
Home Renal Dialysis	40
Specialist Clinics	118,721
Subacute & Non-Acute Admitted	
Subacute WIES - Rehabilitation Public	923
Subacute WIES - Rehabilitation Private	248
Subacute WIES - GEM Public	708
Subacute WIES - GEM Private	91
Subacute WIES - Palliative Care Public	205
Subacute WIES - Palliative Care Private	47
Subacute WIES - DVA	53

Transition Care - Bed days	10,692
Transition Care - Home days	12,354
Subacute Non-Admitted	
Health independence Program - Public	53,035
Aged Care	
Residential Aged Care	75,777
HACC	7,470
Mental Health and Drug Services	
Mental Health - Ambulatory	54,015
Mental Health Inpatient - Available bed days	21,915
Mental Health Inpatient - Secure Unit	7,305
Mental Health Residential	9,356
Mental Health Service System Capacity	1
Mental Health Subacute	10,958
Primary Health	
Community Health/Primary Care Programs	6,387
Other	
Health Workforce	138

DISCLOSURE INDEX

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

Legislation Requirement		Page Reference
Ministerial Directions		
Report of Operations		
Charter and purpose		
FRD 22I	Manner of establishment and the relevant Ministers	17
FRD 22I	Purpose, functions, powers and duties	17
FRD 22I	Initiatives and key achievements	5-10
FRD 22I	Nature and range of services provided	17
Management structure		
FRD 22I	Organisational structure	14
Financial and other information		
FRD 10A	Disclosure index	30
FRD 11A	Disclosure of ex gratia expenses	FR
FRD 21C	Responsible person and executive officer disclosures	16
FRD 22I	Application and operation of Protected Disclosure Act 2021	17
FRD 22I	Application and operation of Carers Recognition Act 2021	17
FRD 22I	Application and operation of Freedom of Information Act 1982	17
FRD 22I	Compliance with building and maintenance provisions of Building Act 1993	17
FRD 22I	Details of consultancies over \$10,000	20
FRD 22I	Details of consultancies under \$10,000	20
FRD 22I	Employment and conduct principles	15
FRD 22I	Information and Communication Technology Expenditure	21
FRD 22I	Major changes or factors affecting performance	24
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Legislation Requirement		Page Reference
FRD 22I	Operational and budgetary objectives and performance against objectives	FR
FRD 24C	Summary of the entity's environmental performance	22-23
FRD 22I	Significant changes in financial position during the year	24
FRD 22I	Statement on National Competition	18
FRD 22I	Subsequent events	FR
FRD 22I	Summary of the financial position during the year	24
FRD 22I	Additional information available on request	19
FRD 22I	Workforce Data Disclosure including a statement on the application of employment and conduct principles	15
FRD 25C	Victorian Industry Participation Policy disclosures	18
FRD 29B	Workforce Data disclosure	15
FRD 103F	Non-Financial Physical Assets	FR
FRD 110A	Cash flow statements	FR
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SD 5.2.2	Declaration in financial statements	24
SD 5.2.2(a)	Compliance with Australian accounting standards and other authoritative pronouncements	FR
SD 5.2.2(a)	Compliance with Ministerial Directions	FR
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DISCLOSURE INDEX (CONTINUED)

Legislation Requirement	Page Reference
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Building Act 1993	17
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Safe Patient Care Act 2015	17



Bendigo Health Financial Report 2020-2021



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 2021 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's, 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 2021 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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

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



MELBOURNE
20 September 2021

Dominika Ryan
as delegate for the Auditor-General of Victoria

BENDIGO HEALTH

ABN 26 875 445 912

FINANCIAL STATEMENTS FOR THE YEAR ENDED

30 JUNE 2021

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 2021 and the financial position of Bendigo Health at 30 June 2021.

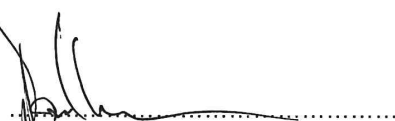
At the time of signing, we are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

We authorise the attached financial statements for issue on 7 September 2021.



R G Cameron

Chair



P A Faulkner

Chief Executive Officer



S A Eldridge

Chief Financial Officer

Dated 7 September 2021
at Bendigo

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

	Note	2021 \$'000	2020 \$'000
Revenue and Income from Transactions			
Operating Activities	2.1	618,521	542,799
Non-operating Activities	2.1	303	851
Total Revenue and Income from Transactions		618,824	543,650
Expenses from Transactions			
Employee Expenses	3.1	(408,987)	(365,952)
Supplies & Consumables	3.1	(91,340)	(82,369)
Finance Costs	3.1	(22,773)	(23,203)
Depreciation and Amortisation	4.4	(38,056)	(33,259)
Public/Private Partnership Operating Expenses	3.1	(33,568)	(32,752)
Other Administrative Expenses	3.1	(17,423)	(13,735)
Other Operating Expenses	3.1	(22,578)	(20,455)
Total Expenses from Transactions		(634,725)	(571,725)
Net result from Transactions - Net Operating Balance		(15,901)	(28,075)
Other economic flows included in the net result			
Net Loss on Non-Financial Assets	3.2	147	(182)
Net Gain/(Loss) on Financial Instruments at Fair Value	3.2	(390)	(194)
Other Gain/(Loss) from Other Economic Flows	3.2	7,662	(1,345)
Share of Other Economic Flows from Joint Operation	3.2	(217)	98
Total other economic flows included in net result		7,202	(1,623)
Net result for the year		(8,699)	(29,698)
Other Comprehensive Income			
Items that will not be reclassified to net result			
Changes in Property, Plant and Equipment Revaluation Surplus	SCE	5,475	0
Items that may be reclassified subsequently to net result			
Fair Value - Recognition of Hedging Instrument	SCE	20,890	(20,928)
Total Other Comprehensive Income		26,365	(20,928)
Comprehensive result for the year		17,666	(50,626)

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

**Bendigo Health
Balance Sheet
as at 30 June 2021**

	Note	2021 \$'000	2020 \$'000
Current Assets			
Cash and Cash Equivalents	6.2	100,550	80,276
Receivables	5.1	13,573	11,496
Investments and Other Financial Assets	4.1	75	69
Inventories	4.5	3,462	3,525
Other Assets		2,323	1,775
Total Current Assets		119,983	97,141
Non-Current Assets			
Receivables	5.1	23,410	21,075
Property, Plant & Equipment	4.2(a)	764,128	810,547
Intangible Assets	4.3	24,796	0
Total Non-Current Assets		812,334	831,622
TOTAL ASSETS		932,317	928,763
Current Liabilities			
Payables	5.2	53,307	34,929
Borrowings	6.1	6,587	18,233
Provisions	3.3	84,985	82,265
Other Liabilities	5.3	32,127	29,734
Total Current Liabilities		177,006	165,161
Non-Current Liabilities			
Borrowings	6.1	279,119	284,082
Provisions	3.3	13,285	13,503
Other Liabilities	5.3	7,964	28,740
Total Non-Current Liabilities		300,368	326,325
TOTAL LIABILITIES		477,374	491,486
NET ASSETS		454,943	437,277
EQUITY			
Property, Plant & Equipment Revaluation Surplus	4.2(f)	22,341	16,866
Cash Flow Hedging Reserve	SCE	(7,850)	(28,740)
Restricted Specific Purpose Surplus	SCE	5,356	4,982
Contributed Capital	SCE	100,735	100,735
Accumulated Surpluses	SCE	334,361	343,434
TOTAL EQUITY		454,943	437,277

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 2021

	Property, Plant & Equipment Revaluation Surplus	Cash Flow Hedging Reserve	Restricted Specific Purpose Surplus	Contributed Capital	Accumulated Surpluses	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
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	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
Net Result for the Year	0	0	0	0	(8,699)	(8,699)
Other comprehensive income for the year	5,475	0	0	0	0	5,475
Capital Contribution	0	0	0	0	0	0
Cash Flow Hedging Reserve	0	20,890	0	0	0	20,890
Transfer to/(from) accumulated surplus	0	0	374	0	(374)	0
Balance at 30 June 2021	22,341	(7,850)	5,356	100,735	334,361	454,943

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

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

	Note	2021 \$'000	2020 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		467,439	428,409
Capital Grants from Government - State		17,166	3,393
Capital Grants from Government - Commonwealth		0	1,602
Patient and Resident Fees Received		27,753	28,870
Private Practice Fees Received		3,557	2,554
Donations and Bequests Received		3,724	1,304
GST Received from Australian Tax Office		10,599	11,227
Recoupment from Private Practice for Use of Hospital Facilities		3	7
Interest and Investment Income Received		304	852
Receipt of share of Rural Health Alliance		0	335
Other Capital Receipts		829	308
Other Receipts		26,792	28,449
Total Receipts		558,166	507,310
Employee Expenses Paid		(391,282)	(343,124)
Non Salary Labour Costs		(22,425)	(18,167)
Payments for Suppliers & Consumables		(85,458)	(79,977)
Cash outflow for leases		(3,214)	(2,714)
Payment for share of Rural Health Alliance		(533)	0
Other Payments		(26,430)	(46,964)
Total Payments		(529,342)	(490,946)
NET CASH FLOWS FROM OPERATING ACTIVITIES	8.1	28,824	16,364
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Financial Assets		(10,714)	(12,465)
Proceeds from Disposal of Investments		0	0
Proceeds from Disposal of Non-Financial Assets		147	124
NET CASH FLOWS USED IN INVESTING ACTIVITIES		(10,567)	(12,341)
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributed Capital from Government		0	695
Repayment of Borrowings		(800)	(800)
Proceeds from Borrowings		412	12,389
Receipt of Accommodation Deposits		9,559	6,519
Repayment of Accommodation Deposits		(6,674)	(10,500)
Receipt/(Repayment) of Monies Held in Trust		(480)	3,524
NET CASH FLOWS FROM FINANCING ACTIVITIES		2,017	11,827
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		20,274	15,850
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		80,276	64,426
CASH AND CASH EQUIVALENTS AT END OF YEAR	6.2	100,550	80,276

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 2021

Note 1: Basis of preparation

These financial statements represent the audited general purpose financial statements for Bendigo Health for the period ending 30 June 2021. The report provides users with information about the Health Services' stewardship of resources entrusted to it.

This section explains the basis of preparing the financial statements and identifies the key accounting estimates and judgements.

Note 1.1 Basis of preparation of the financial statements

These financial statements are general purpose financial statements which have been prepared in accordance with the Financial Management Act 1994 and applicable 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 (DTF), and relevant Standing Directions (SDs) authorised by the Assistant Treasurer.

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

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

The financial statements, except for 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.

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2021

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.

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

The annual financial statements were authorised for issue by the Board of Bendigo Health on 7 September 2021.

Note 1.2 Impact of COVID-19 pandemic

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

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

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

As restrictions eased towards the end of the financial year Bendigo Health has revised some measures where appropriate including increased elective surgery throughput within Bendigo Health and regional partners, and consolidation of Public Health Unit and Vaccination hubs into dedicated facilities.

Further information on the impacts of the pandemic are disclosed at:

- Note 2: Funding delivery of our services

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2021

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

Note 1.3 Abbreviations and terminology used in the financial statements

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

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

Note 1.4 Jointly Controlled Operation

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

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

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

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

Note 1.5 Key accounting estimates and judgements

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Management make estimates and judgements when preparing the financial statements.

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

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

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

Note 1.6 Accounting standards issued but not yet effective

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

Standard	Adoption Date	Impact
AASB 17: <i>Insurance Contracts</i>	Reporting periods on or after 1 January 2023	Adoption of this standard is not expected to have a material impact.
AASB 2020-1: <i>Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-3: <i>Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments</i>	Reporting periods on or after 1 January 2022.	Adoption of this standard is not expected to have a material impact.
AASB 2020-8: <i>Amendments to Australian Accounting Standards – Interest Rate Benchmark Reform – Phase 2</i>	Reporting periods on or after 1 January 2021.	Adoption of this standard is not expected to have a material impact.

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

Note 1.7 Goods and Services Tax (GST)

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

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2021

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

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

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

Note 1.8 Intersegment Transactions

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

Note 1.9 Reporting entity

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

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

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

Bendigo Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2021

Note: 2 Funding Delivery of Our Services

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

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

Structure

2.1 Revenue and income from transactions

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

2.3 Non-Operating Income

Telling the COVID-19 story

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

Funding was provided by the Department of Health to compensate for reductions in certain activities and to cover certain direct and indirect COVID-19 related costs.

Funding provided included:

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

All additional COVID-19 related services have been fully funded by State and Commonwealth funding, resulting in no material effect on the overall financial statements.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2021****Note 2.1: Revenue and Income from transactions**

	2021 \$'000	2020 \$'000
Operating Activities		
Revenue from contracts with customers		
Government Grants (State) - Operating	311,781	300,190
Government Grants (Commonwealth) - Operating	56,901	55,844
Patient and Resident Fees	18,512	18,746
Private Practice Fees	3,329	2,671
Commercial Activities ¹	15,800	15,839
Total revenue from contracts with customers	406,323	393,290
Other sources of income		
Government Grants (State) - Operating	142,360	100,639
Government Grants (State) - Capital	42,755	29,448
Government Grants (Commonwealth) - Capital	1,899	1,602
Assets received free of charge or for nominal consideration	4,411	619
Other Revenue from Operating Activities (including non-capital donations)	20,773	17,201
Total other sources of income	212,198	149,509
Total Revenue and Income from Operating Activities	618,521	542,799
Non-operating activities		
Other sources of income		
Interest	303	851
Total other sources of income	303	851
Total Income from Non-Operating Activities	303	851
Total Revenue and Income from Transactions	618,824	543,650

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

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 2.1: Revenue and Income from transactions (continued)

How we recognise revenue and income from transactions

Government Operating Grants

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

When both these conditions are satisfied, the health service:

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

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

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

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

Government grant	Performance obligation
Activity Based Funding (ABF) paid as Weighted Inlier Equivalent Separation (WIES) casemix	<p>The performance obligations for ABF are the number and mix of patients admitted to hospital (defined as 'casemix') in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the WIES activity when an episode of care for an admitted patient is completed.</p> <p>WIES activity is a cost weight that is adjusted for time spent in hospital, and represents a relative measure of resource use for each episode of care in a diagnosis related group.</p>
SubAcute Weighted Inlier Equivalent Separation (SubAcute WIES)	<p>The performance obligations for SubAcute WIES are the number and mix of patients admitted to hospital requiring rehabilitation, treatment to improve functioning associated with medical conditions related to ageing, or improving quality of life for patients facing life threatening or life limiting illness. Patient activity is in accordance with the levels of activity agreed to, with the Department of Health in the annual Statement of Priorities.</p> <p>Revenue is recognised at a point in time, which is when a patient is discharged, in accordance with the SubAcute WIES activity when an episode of care for an admitted patient is completed.</p> <p>SubAcute WIES activity is a cost weight that is adjusted for care type and represents a relative measure of resource use for each episode of care or phase of care. The funding model classifies activity according to the Australian National Subacute and Non-Acute Patient (AN-SNAP).</p>
Acute specialist Clinics (Weighted Ambulatory service events)	<p>The performance obligation for Acute Specialist Clinics are the number of service events defined as an interaction between one or more healthcare providers with non-admitted patients. A weighting based on the type of clinician and nature of the service provided determines funding levels for each service event. Revenue is recognised in accordance with Weighted Ambulatory Service Events at agreed activity levels per the annual Statement of Priorities, and on completion of the service event.</p>

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 2.1: Revenue and Income from transactions (continued)

Capital Grants

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

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

Patient and Resident Fees

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

Private Practice Fees

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

Revenue from Commercial Activities

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

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2021

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

	2021 \$'000	2020 \$'000
Plant and equipment	1,440	53
Personal Protective Equipment	2,971	566
Total Fair Value of Assets received free of charge or for nominal consideration	4,411	619

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

Donations and bequests

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

Personal Protective Equipment

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

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

Contributions

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

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

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

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

Voluntary Services

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

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 2.3: Non-Operating Income

	2021	2020
	\$'000	\$'000
Dividends received from investments	6	7
Other interest	297	844
Total Non-Operating Income	303	851

How we recognise Non-Operating Income

Dividend Income

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

Interest Income

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

Bendigo Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2021

Note 3: The Cost of Delivering our Services

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

Structure

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

Telling the COVID-19 story

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

Additional costs were incurred to:

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

All additional costs incurred to deliver COVID-19 related services have been fully funded by State and Commonwealth funding, resulting in no material effect on the overall financial statements.

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring and classifying employee benefit liabilities	<p>Bendigo Health applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Bendigo Health does not have an unconditional right to defer payment beyond 12 months. Annual leave, accrued days off and long service leave entitlements (for staff who have exceeded the minimum vesting period) fall into this category.</p> <p>Employee benefit liabilities are classified as a non-current liability if Bendigo Health has a conditional right to defer payment beyond 12 months. Long service leave entitlements (for staff who have not yet exceeded the minimum vesting period) fall into this category.</p> <p>The health service also applies judgement to determine when it expects its employee entitlements to be paid. With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value. All other entitlements are measured at their nominal value.</p>

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 3.1: Expenses from Transactions

	2021 \$'000	2020 \$'000
Salaries and Wages	312,265	278,965
On-costs	71,521	66,049
Agency Expenses	15,056	10,947
Fee for Service Medical Officer Expenses	7,367	7,220
Workcover Premium	2,778	2,771
Total Employee Expenses	408,987	365,952
Drug Supplies	23,637	23,261
Medical and Surgical Supplies (including Prostheses)	23,518	21,767
Diagnostic and Radiology Supplies	11,096	4,732
Other Supplies and Consumables	33,089	32,609
Total Supplies and Consumables	91,340	82,369
Finance Costs	58	103
Finance Costs - PPP Arrangements	22,715	23,100
Total Finance Costs	22,773	23,203
Public Private Partnership Operating Expenses	33,568	32,752
Total PPP Operating Expenses	33,568	32,752
Other Administrative Expenses	17,423	13,735
Total Other Administrative Expenses	17,423	13,735
Fuel, Light, Power and Water	6,013	6,324
Repairs and Maintenance	3,939	1,233
Maintenance Contracts	5,717	5,745
Medical Indemnity Insurance	5,321	5,085
Expenses related to short term leases	203	268
Expenses related to leases of low value assets	318	243
Expenditure for Capital Purposes	1,067	1,557
Total Other Operating Expenses	22,578	20,455
Total Operating Expenses	596,669	538,466
Depreciation and Amortisation (refer Note 4.4)	38,056	33,259
Total Other Non-Operating Expenses	38,056	33,259
Total Non-Operating Expenses	38,056	33,259
Total Expenses from Transactions	634,725	571,725

Note 3.1: Expenses from Transactions (continued)

How we recognise expenses from transactions

Expense recognition

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

Employee expenses

Employee expenses include:

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

Supplies and consumables

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

Finance Costs

Finance costs include:

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

Other operating expenses

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

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

The Department of Health 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.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 3.2: Other economic flows included in net result

	2021	2020
	\$'000	\$'000
<u>Net loss on non-financial assets</u>		
Net loss on disposal of property plant and equipment	147	(182)
Total net gain/(loss) on non-financial assets	147	(182)
<u>Net gain/(loss) on financial instruments at fair value</u>		
Allowance for impairment losses of contractual receivables	(276)	(194)
Net gain/(loss) on financial instruments	(114)	0
Total net gain/(loss) on financial instruments at fair value	(390)	(194)
<u>Share of other economic flows from Joint Operations</u>		
Share of net profits/(losses) of joint entities, excluding dividends	(217)	98
Total Share of other economic flows from Joint Operations	(217)	98
<u>Other gains/(losses) from other economic flows</u>		
Net gain/(loss) arising from revaluation of long service liability	7,662	(1,345)
Total other gains/(losses) from other economic flows	7,662	(1,345)
Total other gains/(losses) from economic flows	7,202	(1,623)

How we recognise other economic flows

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

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

Net loss on non-financial assets

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

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

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

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

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 3.3: Employee Benefits in the Balance Sheet

Current Provisions

Employee Benefitsⁱ

Long Service Leave

- Unconditional and expected to be settled wholly within 12 monthsⁱⁱ

- Unconditional and expected to be settled wholly after 12 monthsⁱⁱⁱ

Annual Leave

- Unconditional and expected to be settled wholly within 12 monthsⁱⁱ

- Unconditional and expected to be settled wholly after 12 monthsⁱⁱⁱ

Accrued Days Off

- Unconditional and expected to be settled wholly within 12 monthsⁱⁱ

- Unconditional and expected to be settled wholly after 12 monthsⁱⁱⁱ

Employee Termination Benefits

- Unconditional and expected to be settled wholly within 12 monthsⁱⁱ

- Unconditional and expected to be settled wholly after 12 monthsⁱⁱⁱ

Substitution Leave

Other

Provisions related to Employee Benefit On-Costs

- Unconditional and expected to be settled within 12 monthsⁱⁱ

- Unconditional and expected to be settled after 12 monthsⁱⁱⁱ

Total Current Provisions

Non-Current Provisions

Employee Benefitsⁱ

Conditional Long Service Leave

Provisions related to Employee Benefit On-Costs

Employee Termination Benefits

Total Non-Current Provisions

Total Provisions

	2021 \$'000	2020 \$'000
	4,793	4,436
	38,517	40,323
	27,749	24,525
	4,682	4,179
	762	712
	127	121
	0	147
	0	0
	0	0
	0	0
	76,630	74,443
	3,617	3,112
	4,738	4,710
	8,355	7,822
	84,985	82,265
	11,974	12,213
	1,311	1,290
	0	0
	13,285	13,503
	98,270	95,768

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.

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2021****Note 3.3: Employee Benefits in the Balance Sheet (continued)****How we recognise employee benefits****Employee Benefit Recognition**

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

Provisions

Provisions are recognised when 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.

(a) Employee Benefits and Related On-Costs**Current Employee Benefits and Related On-Costs**

Unconditional Long Service Leave Entitlements

Annual Leave Entitlements

Accrued Days Off

Substitution Leave

Employee Termination Benefits

Non-Current Employee Benefits and Related On-Costs

Conditional Long Service Leave Entitlements

Total Employee Benefits and Related On-Costs

	2021	2020
	\$'000	\$'000
Unconditional Long Service Leave Entitlements	48,050	49,487
Annual Leave Entitlements	35,953	31,710
Accrued Days Off	982	921
Substitution Leave	0	0
Employee Termination Benefits	0	147
	13,285	13,503
Total Employee Benefits and Related On-Costs	98,270	95,768

Carrying amounts at start of year

Additional provisions recognised

Amounts incurred during the year

Carrying amounts at end of year

	2021	2020
	\$'000	\$'000
Carrying amounts at start of year	95,768	83,653
Additional provisions recognised	35,672	43,329
Amounts incurred during the year	(33,170)	(31,214)
Carrying amounts at end of year	98,270	95,768

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2021****Note 3.4: Superannuation**

	Paid Contributions for the Year		Contribution Outstanding at Year End	
	2021	2020	2021	2020
	\$'000	\$'000	\$'000	\$'000
Defined Benefit Plans:ⁱ				
First State Super Pty Ltd	388	439	0	0
Government Superannuation Office	231	265	0	0
Defined contributions plans:				
First State Super Pty Ltd	14,024	13,375	0	0
HESTA Administration	8,829	7,886	0	0
Other	7,066	5,918	0	0
Total	30,538	27,883	0	0

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

How we recognise superannuation

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

The DTF discloses the State's defined benefits liabilities in its disclosure for administered items. However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Bendigo Health.

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

Defined contribution superannuation plans

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

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

Bendigo Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2021

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 Intangible Assets

4.4 Depreciation

4.5 Inventories

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

Key judgements and estimates	Description
Measuring fair value of property, plant and equipment and investment properties	<p>Bendigo Health obtains independent valuations for its non-current assets at least once every five years.</p> <p>If an independent valuation has not been undertaken at balance date, the health service estimates possible changes in fair value since the date of the last independent valuation with reference to Valuer-General of Victoria indices.</p> <p>Managerial adjustments are recorded if the assessment concludes a material change in fair value has occurred. Where exceptionally large movements are identified, an interim independent valuation is undertaken.</p>
Estimating useful life and residual value of property, plant and equipment	<p>Bendigo Health assigns an estimated useful life to each item of property, plant and equipment, whilst also estimating the residual value of the asset, if any, at the end of the useful life. This is used to calculate depreciation of the asset.</p> <p>The health service reviews the useful life, residual value and depreciation rates of all assets at the end of each financial year and where necessary, records a change in accounting estimate.</p>

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 4.1: Investments and Other Financial Assets

CURRENT

Financial Assets at Fair Value through profit or loss

Australian listed shares

Total Current

Represented by:

Shares

Total Investments and Other Financial Assets

Operating Fund		Total	
2021	2020	2021	2020
\$'000	\$'000	\$'000	\$'000
75	69	75	69
75	69	75	69
75	69	75	69
75	69	75	69

How we recognise investments and other financial assets

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

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

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

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2021****Note 4.2: Property, Plant & Equipment****(a) Gross carrying amount and accumulated depreciation**

	2021 \$'000	2020 \$'000
Land		
Land at Fair Value	30,689	25,214
Total Land	30,689	25,214
Buildings		
Buildings at Fair Value	114,939	110,027
Less Accumulated Depreciation	(9,842)	(3,788)
Sub-total Buildings at Fair Value	105,097	106,239
Buildings - Right of Use	34,930	34,252
Less Accumulated Depreciation	(3,322)	(1,537)
Sub-total Buildings Right of Use	31,608	32,715
Total Buildings	136,705	138,954
Landscaping and Grounds		
Landscaping and Grounds at Fair Value	2,723	2,699
Less Accumulated Depreciation	(161)	(80)
Total Landscaping & Grounds	2,562	2,619
Plant and Machinery		
Plant and Machinery at Fair Value	5,398	5,300
Less Accumulated Depreciation	(3,731)	(3,479)
Total Plant and Machinery	1,667	1,821
Medical Equipment		
Medical Equipment at Fair Value	50,807	48,260
Less Accumulated Depreciation	(32,530)	(29,141)
Total Medical Equipment	18,277	19,119
Computers and Communication Equipment		
Computers and Communication Equipment at Fair Value	29,331	28,738
Less Accumulated Depreciation	(25,254)	(22,080)
Total Computers and Communications Equipment	4,077	6,658
Furniture and Fittings		
Furniture and Fittings at Fair Value	812	782
Less Accumulated Depreciation	(570)	(542)
Total Furniture and Fittings	242	240
Motor Vehicles		
Motor Vehicles at Fair Value	5,122	5,201
Less Accumulated Depreciation	(2,775)	(2,422)
Total Motor Vehicles	2,347	2,779

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2021****Note 4.2: Property, Plant & Equipment (continued)****(a) Gross carrying amount and accumulated depreciation (continued)**

	2021	2020
	\$'000	\$'000
Non-Medical Equipment		
Non-Medical Equipment at Fair Value	2,677	2,609
Less Accumulated Depreciation	(2,292)	(2,212)
Total Non-Medical Equipment	385	397
Right of Use - Plant and Equipment		
Right of Use - Plant and Equipment	1,293	69
Less Accumulated Depreciation	(329)	(53)
Total Right of Use - Plant and Equipment	964	16
Leased Assets Contracted under VicFleet Motor Vehicles		
Motor Vehicles at Fair Value	142	0
Less Accumulated Depreciation	(13)	0
Total Leased Assets Contracted under VicFleet	129	0
Right of Use PPP Assets		
Leased Buildings at Fair Value	582,813	582,729
Less Accumulated Depreciation	(36,186)	(18,090)
	546,627	564,639
Leased Equipment at Fair Value	21,799	21,140
Less Accumulated Depreciation	(3,846)	(2,884)
	17,953	18,256
Work In Progress		
Work In Progress at Cost	1,504	29,835
Total Work In Progress	1,504	29,835
Total Property, Plant and Equipment	764,128	810,547

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021
Note 4.2: Property, Plant & Equipment (Continued)
(b) Reconciliations of the carrying amounts of each class of asset.

	Land	Buildings	Right of Use Buildings	Landscaping and Grounds	Plant and Machinery	Medical Equipment	Computers and Communications Equipment	Furniture and Fittings	Motor Vehicles	Non-Medical Equipment	Right of Use Plant and Equipment	Right of Use PPP Assets	Leased Assets	Work In Progress	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 30 June 2019	25,214	109,310	34,252	2,699	1,983	22,748	9,392	258	3,322	459	69	601,721	0	21,250	832,677
Additions	0	658	0	0	79	778	920	20	26	24	0	144	0	8,951	11,600
Disposals	0	0	0	0	0	(182)	(2)	0	(120)	(2)	0	0	0	0	(306)
Revaluation Increments / (Decrements)	0	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	0	61
Assets Received Free of Charge	0	0	0	0	0	53	0	0	0	0	0	0	0	0	53
Net Transfers between Classes	0	59	0	0	28	0	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	0	(279)	(279)
Depreciation (refer note 4.4)	0	(3,788)	(1,537)	(80)	(269)	(4,278)	(3,713)	(38)	(449)	(84)	(53)	(18,970)	0	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	0	29,835	810,547
Additions	0	280	678	23	161	2,466	1,105	34	4	69	1,224	744	142	2,595	9,525
Disposals	0	0	0	0	0	(46)	(2)	0	(57)	0	0	0	0	0	(105)
Revaluation Increments / (Decrements)	5,475	0	0	0	0	0	0	0	0	0	0	0	0	0	5,475
Jointly controlled Non-Current Assets (refer Note 8.8)	0	0	0	0	0	0	(2)	0	0	0	0	0	0	0	(2)
Assets Received Free of Charge	0	0	0	0	0	1,278	0	0	0	0	0	0	0	0	1,278
Net Transfers between Classes	0	4,632	0	0	(62)	62	0	0	0	0	0	0	0	(4,632)	0
Work in Progress Transferred to Intangible Assets (refer Note 4.3)	0	0	0	0	0	0	0	0	0	0	0	0	0	(26,294)	(26,294)
Depreciation (refer note 4.4)	0	(6,054)	(1,785)	(80)	(253)	(4,602)	(3,682)	(32)	(379)	(81)	(276)	(19,059)	(13)	0	(36,296)
Balance at 30 June 2021	30,689	105,097	31,608	2,562	1,667	18,277	4,077	242	2,347	385	964	564,580	129	1,504	764,128

A full revaluation of the Bendigo Health's land and buildings was performed by the Valuer-General of Victoria (VGV) in June 2019. 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. A managerial assessment was undertaken as at 30 June 2021 which resulted in a managerial revaluation of Land of 21.71% (refer note 4.2 (b)).

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

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

How we recognise property, plant and equipment

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

Initial Recognition

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

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

Subsequent Measurement

Items of Property, plant and equipment (PPE) (excluding right-of-use assets) 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). Further information regarding fair value measurement is disclosed below.

Revaluation

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

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

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

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

- increase in fair value of land of 21.71% (\$5,475,087)

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2021

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

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

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

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

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

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

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

Impairment

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

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

How we recognise right-of-use assets

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

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

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

Class of right-of-use asset	Lease term
Leased buildings	22 to 58 years
Leased plant, equipment, furniture, fittings and vehicles	3 to 25 years

Presentation of right-of-use assets

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

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

Initial recognition

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

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

- any lease payments made at or before the commencement date
- any initial direct costs incurred and
- an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on

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

Subsequent measurement

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

Impairment

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

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021
Note 4.2: Property, Plant & Equipment (Continued)

(c) Fair value measurement hierarchy for assets

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

Non-Medical Equipment at fair value

Non-Medical Equipment

Total Non-Medical Equipment at fair value**PPP Assets**

PPP Assets

Total PPP Assets at fair value

385	0	0	385
385	0	0	385
564,580	0	0	564,580
564,580	0	0	564,580
729,923	0	11,863	718,060

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

There have been no transfers between levels during the period.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021
Note 4.2: Property, Plant & Equipment (Continued)

(c) Fair value measurement hierarchy for assets

		Fair value measurement at end of reporting period using:		
Balance at 30 June 2020	Carrying amount \$'000	Level 1 ⁽ⁱ⁾ \$'000	Level 2 ⁽ⁱ⁾ \$'000	Level 3 ⁽ⁱ⁾ \$'000
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	2,562	0	0	2,562
Total of Landscaping and Grounds at fair value	2,562	0	0	2,562
Plant and Machinery at fair value				
Plant and Machinery	1,821	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	18,277	0	0	18,277
Total Medical Equipment at fair value	18,277	0	0	18,277
Computers and Communication Equipment at fair value				
Computers and Communication Equipment at fair value	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	397	0	0	397
Total Non-Medical Equipment at fair value	397	0	0	397
PPP Assets				
PPP Assets	582,895	0	0	582,895
Total PPP Assets at fair value	582,895	0	0	582,895
	747,082	0	10,598	736,484

⁽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 2021

Note 4.2: Property, Plant & Equipment (Continued)

(d) Reconciliation of Level 3 Fair Value Measurementⁱ

	Land \$ '000	Buildings \$ '000	Landscaping and Grounds \$ '000	Plant and Machinery \$ '000	Medical Equipment \$ '000	Computers and Communication Equipment \$ '000	Furniture and Fittings \$ '000	Motor Vehicles \$ '000	Non Medical Equipment \$ '000	PPP Assets \$ '000
Balance at 30 June 2019	18,300	105,626	2,699	1,983	22,748	9,392	258	3,322	459	601,721
Additions/(Disposals)	0	658	0	107	649	979	20	(94)	22	144
Gains or losses recognised in net result										
- Depreciation	0	(3,729)	(80)	(269)	(4,278)	(3,713)	(38)	(449)	(84)	(18,970)
- Revaluation	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
Balance at 30 June 2020	18,300	102,555	2,619	1,821	19,119	6,658	240	2,779	397	582,895
Additions/(Disposals)	0	4,912	23	161	2,420	1,101	34	(53)	69	744
Assets Received Free of Charge	0	0	0	0	1,278	0	0	0	0	0
Net Transfers between Classes	0	0	0	(62)	62	0	0	0	0	0
Gains or losses recognised in net result										
- Depreciation	0	(5,870)	(80)	(253)	(4,602)	(3,682)	(32)	(379)	(81)	(19,059)
- Revaluation	0	0	0	0	0	0	0	0	0	0
Items recognised in Other Comprehensive Income										
- Revaluation	4,026	0	0	0	0	0	0	0	0	0
Balance at 30 June 2021	22,326	101,597	2,562	1,667	18,277	4,077	242	2,347	385	564,580

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 2021

Note 4.2: Property, Plant & Equipment (Continued)

(e) Fair value determination:

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

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

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

There were no changes in valuation techniques throughout the period to 30 June 2021.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 4.2: Property, Plant & Equipment (Continued)

How we measure fair value

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

For the purpose of fair value disclosures, 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.

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.

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.

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 4.2: Property, Plant & Equipment (Continued)

Specialised Land and Specialised Buildings

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

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

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

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

For Bendigo Health, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

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

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 2021.

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 2021****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**** Represented by:**

- Land

- Buildings

- Landscaping and Grounds

2021	2020
\$'000	\$'000
16,866	16,866
5,475	0
0	0
0	0
22,341	16,866
20,587	15,112
0	0
1,754	1,754
22,341	16,866

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 4.3: Intangible Assets

Note 4.3(a): Intangible Assets - Gross carrying amount and accumulated amortisation

	2021	2020
	\$'000	\$'000
Intangible produced assets - software	26,556	0
Less accumulated amortisation	(1,760)	0
Total intangible produced assets - software	24,796	0

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

	Note	Software \$'000	Total \$'000
Balance at 1 July 2019		-	-
Additions		-	-
Disposals		-	-
Revaluation increments/(decrements)		-	-
Net transfers between classes		-	-
Depreciation	4.4	-	-
Balance at 30 June 2020	4.3 (a)	-	-
Additions		26,556	26,556
Disposals		-	-
Revaluation increments/(decrements)		-	-
Net Transfers between classes		-	-
Depreciation	4.4	(1,760)	(1,760)
Balance at 30 June 2021	4.3 (a)	24,796	24,796

How we recognise intangible assets

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

Initial recognition

Purchased intangible assets are initially recognised at cost.

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

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

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

Subsequent measurement

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

Impairment

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 4.4: Depreciation

	2021	2020
	\$'000	\$'000
Depreciation		
Buildings	6,054	3,788
Landscaping and Grounds	80	80
Plant and Machinery	253	269
Medical Equipment	4,602	4,278
Computers and Communication	3,682	3,713
Furniture and Fittings	32	38
Motor Vehicles	379	449
Non-Medical Equipment	81	84
Right of Use Assets		
- Right of Use Buildings	1,785	1,537
- Right of Use Plant and Equipment	276	53
- Right of Use Motor Vehicles	13	0
Right of Use PPP Assets	19,059	18,970
Total Depreciation	36,296	33,259
Amortisation		
Software	1,760	0
Total amortisation	1,760	0
Total depreciation and amortisation	38,056	33,259

How we recognise Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life (refer AASB 116 Property, Plant, and Equipment).

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

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	2021	2020
Buildings		
- Structure Shell Building Fabric	2 to 58 years	25 to 100 years
- Site Engineering Services and Central Plant	2 to 52 years	22 to 40 years
Central Plant		
- Fit Out	25 years	25 years
- Trunk Reticulated Building Systems	30 years	30 years
Landscaping and Grounds	24 to 80 years	40 years
Plant and Machinery	4 to 20 years	4 to 20 years
Medical Equipment	3 to 20 years	3 to 20 years
Computers and Communication	1 to 20 years	3 to 10 years
Furniture and Fitting	4 to 20 years	4 to 20 years
Motor Vehicles	4 to 8 years	4 to 8 years
Software	10 years	N/A
Non Medical Equipment	2 to 20 years	2 to 20 years
Public private partnership (PPP) assets	2021	2020
Buildings	22 to 58 years	23 to 59 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 2021****Note 4.5: Inventories****Inventories**

Pharmaceuticals - at cost
Medical and Surgical Lines - at cost
Other - at cost

Total Inventories

2021	2020
\$'000	\$'000
1,156	1,030
1,836	1,835
470	660
3,462	3,525

How we recognise Inventories

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

Bendigo Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2021

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 and contract assets

5.2 Payables and contract liabilities

5.3 Other Liabilities

Telling the COVID-19 story

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

Key judgements and estimates

This section contains the following key judgements and estimates:

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021
Note 5.1: Receivables and contract assets

	Notes	2021 \$'000	2020 \$'000
CURRENT RECEIVABLES AND CONTRACT ASSETS			
Contractual			
Inter Hospital Debtors		1,140	1,987
Trade Debtors		2,714	2,305
Patient Fees		3,688	2,702
Accrued Revenue - Other		5,044	3,622
Trade Debtors	7.2(a)	(54)	(51)
Patient Fees	7.2(a)	(367)	(240)
Sub-total Contractual Receivables		12,165	10,325
Statutory			
GST Receivable		1,408	1,171
Sub-total Statutory Receivables		1,408	1,171
Total Current Receivables and contract assets		13,573	11,496
NON CURRENT			
Contractual			
Long Service Leave - Department of Health and Human Services		23,410	21,075
Sub-total Contractual Receivables		23,410	21,075
Total Non-Current Receivables and contract assets		23,410	21,075
Total Receivables and contract assets		36,983	32,571
<i>(i) Financial assets classified as receivables and contract assets (Note 7.1(a))</i>			
Total receivables and contract assets		36,983	32,571
GST receivable		(1,408)	(1,171)
Total financial assets		35,575	31,400
Note 5.1(a) Movement in the allowance for impairment losses of contractual receivables			
		2021 \$'000	2020 \$'000
Balance at beginning of year		(291)	(441)
Amounts written off during the year		146	299
Increase in allowance recognised in net result		(276)	(149)
Balance at end of year		(421)	(291)

How we recognise receivables

Receivables consist of:

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

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

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

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

Impairment losses of contractual receivables

Refer to Note 7.2 (a) 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 2021****Note 5.2: Payables and contract liabilities****CURRENT PAYABLES AND CONTRACT LIABILITIES****Contractual**

Accrued Expenses	8,349	6,017
Accrued Salaries and Wages	14,130	8,454
Unearned Income - DH	10,961	6,204
Deferred Grant Revenue	5,218	4,724
Salary Packaging	53	79
Inter Hospital Creditors	250	255
Trade Creditors	14,346	9,196

53,307 34,929**Total Payables and Contract Liabilities****53,307 34,929***(i) Financial liabilities classified as payables and contract liabilities (Note 7.1(a))*

Total payables and contract liabilities	53,307	34,929
Deferred grant income	(5,218)	(4,724)
Department of Health	(10,961)	(6,204)

Total financial liabilities**37,128 24,001****How we recognise payables and contract liabilities**

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 7.2(b) for the maturity analysis of payables.

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2021****Note 5.2(a): Deferred Capital Grant Revenue**

	2021	2020
	\$'000	\$'000
Opening balance of deferred grant income	4,643	0
Grant consideration for capital works received during the year	45,229	35,693
Deferred grant revenue recognised as revenue due to completion of capital works	(44,654)	(31,050)
Closing balance of deferred grant income	5,218	4,643

How we recognise deferred capital grant revenue

Grant consideration was received from State and Commonwealth Government Agencies. It includes the capital grants for the construction and refurbishment of both the Golden Oaks Nursing Home and Gibson Street Residential Aged Care facilities. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Bendigo Health satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done. (see note 2.1) As a result, Bendigo Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Bendigo Health expects to recognise all of the remaining deferred capital grant revenue for capital works by 30 June 2022.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 5.3: Other Liabilities

Current Monies Held In Trust

Monies Held in Trust*: Refundable Accommodation Deposits (RADs)	22,737	20,221
Monies Held in Trust*: Community Packages	5,561	4,659
Monies Held in Trust*: Local Loddon Leadership Group	429	1,594
Monies Held in Trust*: Loddon Mallee Leadership Group	452	650
Monies Held in Trust*: Loddon Mallee Regional Palliative Care Consortium	1,208	1,173
Monies Held in Trust*: Loddon Mallee Regional Palliative Care Consultancy	66	16
Monies Held in Trust*: Patient Monies Held in Trust	478	592
Monies Held in Trust*: Loddon Mallee Integrated Cancer Services	1,098	717

Total Current Monies Held In Trust

Other Liabilities

Total Current Other Liabilities

Non Current Monies Held In Trust

Derivative Financial Instruments Payable

Total Non Current Monies Held In Trust

Total Other Liabilities

	2021 \$'000	2020 \$'000
	22,737	20,221
	5,561	4,659
	429	1,594
	452	650
	1,208	1,173
	66	16
	478	592
	1,098	717
	32,029	29,622
	98	112
	32,127	29,734
	7,964	28,740
	7,964	28,740
	40,091	58,474
	32,029	26,895
	0	2,727
	32,029	29,622

*** Total Monies Held in Trust**

Represented by the following assets:

Cash Assets (refer to note 6.2)

RADS Permitted Uses - Residential Living Capital Works

Total

How we recognise other liabilities

Accommodation Deposits (Refundable Accommodation Deposit)/Accommodation Bond Liabilities

RADs/accommodation bonds are non-interest-bearing deposits made by some aged care residents to 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 2021

Note 6: How We Finance our Operations

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

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

Structure

6.1 Borrowings

6.2 Cash and Cash Equivalents

6.3 Commitments for Expenditure

Telling the COVID-19 story

Our finance and borrowing arrangements were not materially impacted by the COVID-19 coronavirus pandemic because the Bendigo Health response was funded by Government.

Key judgements and estimates

This section contains the following key judgements and estimates:

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

- The health service considers historical lease durations and the costs and business disruption to replace such leased assets.

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 6.1: Borrowings

Current Borrowings

DH Loan ¹
DH Advance ¹
Lease Liability - PPP ²
Lease Liability ²
Total Current Borrowings

Non-Current Borrowings

DH Loan ¹
Lease Liability - PPP ²
Lease Liability ²
Total Non Current Borrowings

Total Borrowings

2021	2020
\$'000	\$'000
800	800
-	12,389
4,190	3,843
1,597	1,201
6,587	18,233
800	1,590
246,326	250,516
31,993	31,976
279,119	284,082
285,706	302,315

(1) DH unsecured loan which bears no interest.

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

How we recognise borrowings

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

Initial recognition

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

Subsequent measurement

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

Maturity analysis

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

Defaults and breaches

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

Note 6.1(a) Lease liabilities

Bendigo Health's lease liabilities are summarised below:

Total undiscounted lease liabilities
Less unexpired finance expenses
Net lease liabilities

2021	2020
\$'000	\$'000
46,688	47,112
(13,098)	(13,935)
33,590	33,177

Repayments in relation to leases are payable as follows:

Not longer than one year
Later than 1 year and not later than 5 years
Later than 5 years
Minimum lease payments
- Less future finance charges
Total

2021	2020
\$'000	\$'000
2,641	2,248
9,407	8,642
34,640	36,222
46,688	47,112
(13,098)	(13,935)
33,590	33,177
1,597	1,201
31,993	31,976
33,590	33,177

Included in the financial statements as

Current borrowings - lease liabilities
Non-Current borrowings - lease liabilities
Total

How we recognise lease liabilities

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

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

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

Bendigo Health's lease arrangements consist of the following:

Type of asset leased	Lease term
Leased buildings	2 to 58 years
Leased plant, equipment, furniture, fittings and vehicles	3 to 25 years

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

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

Separation of lease and non-lease components

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

Initial measurement

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

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

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

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

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

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

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

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

During the current financial year, the financial effect of revising lease terms to reflect the effect of exercising extension and termination options was an increase in recognised lease liabilities and right-of-use assets of \$31,208.

Subsequent measurement

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

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

Note 6.1(b) PPP Lease Liabilities

Bendigo Health's PPP lease liabilities are summarised below:

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

2021 \$'000	2020 \$'000
552,760	579,318
(302,244)	(324,959)
250,516	254,359

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

Commissioned PPP related lease liabilities payable

Not longer than one year
Later than 1 year and not later than 5 years
Later than 5 years
Minimum future lease payments
- Less future finance charges
- Floating Rate Component (FRC) adjustment (i)

Total

2021 \$'000	2020 \$'000
26,548	26,558
107,026	106,632
419,186	446,128
552,760	579,318
(212,494)	(204,326)
(89,750)	(120,633)
250,516	254,359

Included in the financial statements as

Current borrowings - lease liabilities
Non-Current borrowings - lease liabilities

Total

4,190	3,843
246,326	250,516
250,516	254,359

(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 TCF.

How we recognise commissioned public private partnerships (PPP)

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

Note 6.2: Cash and Cash Equivalents

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

Total Cash and Cash Equivalents

2021 \$'000	2020 \$'000
10	10
67,335	51,669
9	9
32,029	26,888
1,167	1,700
100,550	80,276

Represented and Held as:

Cash on Hand
Cash at Bank
Cash at Bank - CBS

19	19
6,332	10,119
94,199	70,138
100,550	80,276

How we recognise cash and cash equivalents

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

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

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 6.3: Commitments for Expenditure

	2021 \$'000	2020 \$'000
Operating Expenditure Commitments		
Not later than one year	2,878	2,473
Later than 1 year and not later than 5 years	10,226	9,506
Later than 5 years	38,104	39,844
Total Operating Expenditure Commitments	51,208	51,823
Non-cancellable Short Term and low value lease commitments		
Not later than one year	298	275
Later than 1 year and not later than 5 years	298	550
Later than 5 years	0	0
Total Non-cancellable Lease Commitments	596	825
Public Private Partnership Commitments (commissioned)		
Not later than one year	39,206	38,429
Later than 1 year and not later than 5 years	188,569	173,716
Later than 5 years	990,943	1,061,895
Total Public Private Partnership Commitments	1,218,718	1,274,040
Total Commitments for Expenditure (inclusive of GST)	1,270,522	1,326,688
Less GST recoverable from the Australian Tax Office	(115,502)	(120,608)
Total Commitments for Expenditure (exclusive of GST)	1,155,020	1,206,080

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

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

How we disclose our commitments

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

Expenditure Commitments

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

Bendigo Health has entered into commercial leases on certain medical equipment, computer equipment and property where it is not in the interest of the Health Service to purchase these assets. These leases have an average life of between 1 and 20 years with renewal terms included in the contracts. Renewals are at the option of Bendigo Health. There are no restrictions placed upon the lessee by entering into these leases.

Short term and low value leases

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

Service concession arrangements

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

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

Pursuant to the requirements of the Operating Deed signed by the State and Bendigo Health in 2017, the Department of Health 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 constructions 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 2021

Note 7: Risks, Contingencies & Valuation Uncertainties

Bendigo Health is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements. This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for Bendigo Health is related mainly to fair value determination.

Structure

7.1 Financial Instruments

7.2 Financial risk management objectives and policies

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 7.1: Financial Instruments

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

(a) Financial Instruments : Categorisation

		Financial Assets at Amortised Cost \$'000	Financial Assets at Fair Value Through Profit & Loss \$'000	Financial Liabilities at Fair Value Used for Hedging \$'000	Financial Liabilities at Amortised Cost \$'000	Total \$'000
2021	Note					
Contractual Financial Assets						
Cash and cash equivalents	6.2	100,550	0	0	0	100,550
Receivables and Contract Assets	5.1	35,575	0	0	0	35,575
Investments and Other Financial Assets						
- Shares in Other Entities	4.1	0	75	0	0	75
Total Financial Assets ⁽ⁱ⁾		136,125	75	0	0	136,200
Financial Liabilities						
Payables	5.2	0	0		37,128	37,128
Borrowings	6.1	0	0	0	285,706	285,706
Other Financial Liabilities						
- Interest Rate Swap	5.3	0	0	7,964	0	7,964
- Other	5.3	0	0	0	32,127	32,127
Total Financial Liabilities ⁽ⁱ⁾		0	0	7,964	354,961	362,925
2020						
Contractual Financial Assets						
Cash and cash equivalents	6.2	80,276	0	0	0	80,276
Receivables and Contract Assets	5.1	31,400	0	0	0	31,400
Investments and Other Financial Assets						
- Shares in Other Entities	4.1	0	69	0	0	69
Total Financial Assets (i)		111,676	69	0	0	111,745
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

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

How we categorise financial instruments

Categories of financial assets

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

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

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

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

Financial assets at amortised cost

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

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

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

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

Derecognition of financial assets:

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

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

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

Derecognition of financial liabilities:

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

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

Reclassification of financial instruments

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

A financial liability reclassification is not permitted.

Hedging instruments – interest rate swap

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

Hedge ineffectiveness

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

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.

The ineffectiveness during 2021 in relation to the interest rate swap was \$114,000.

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 7.2: Financial risk management objectives and policies

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

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

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

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

Note 7.2 (a): Credit risk

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

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

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

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

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

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

There has been no material change to Bendigo Health's credit risk profile in 2020-21.

Impairment of financial assets under AASB 9

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

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

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

Contractual receivables at amortised cost

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

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

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
2021	Current	Less than 1 month	1-3 months	3 months -1 year	1-5 years	Total
Trade Debtors	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected loss rate	1%	1%	5%	10%	50%	
Gross carrying amount of contractual receivables	3,808	715	1,138	1,352	367	7,380
Loss allowance	38	7	57	135	184	421
Other Receivables	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Expected loss rate	60%					
Gross carrying amount of contractual receivables	-	-	-	-	-	-
Loss allowance	-	-	-	-	-	-
Total loss allowance	38	7	57	135	184	421

Statutory receivables

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

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

Bendigo Health

Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 7.2 (b): Liquidity risk

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

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

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

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

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

	Note	Carrying Amount \$'000	Nominal Amount \$'000	Maturity Dates			
				Less than 1 Month \$'000	1-3 Months	3 months - 1 Year \$'000	1+ Years \$'000
2021							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	53,307	53,307	53,228	79	0	0
Borrowings	6.1	285,706	285,706	0	1,366	5,221	279,119
Other Financial Liabilities (i)							
- Accommodation Deposits	5.3	22,737	22,737	0	0	22,737	0
- Other	5.3	9,390	9,390	9,390	0	0	0
Total Financial Liabilities		371,140	371,140	62,618	1,445	27,958	279,119
Derivatives							
Interest Rate Swaps		7,964	7,964	0	0	0	7,964
Total Derivatives		7,964	7,964	0	0	0	7,964
2020							
Financial Liabilities							
<i>At amortised cost</i>							
Payables	5.2	34,929	34,929	34,850	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

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

Note 7.2 (c): Market risk

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

Sensitivity disclosure analysis and assumptions

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

- a change in interest rates of 1% up or down and

Interest rate risk

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

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

Foreign currency risk

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

Bendigo Health has minimal exposure to foreign currency risk.

Equity risk

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

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

	-15%		15%
	Carrying Amount \$'000	Net Result \$'000	Net Result \$'000
2021			
Contractual financial assets			
Investments and other financial assets	75	-11	11
Total impact		-11	11
2020			
Contractual financial assets			
Investments and other financial assets	69	-10	10
Total impact		-10	10

Bendigo Health
Notes to the Financial Statements
For the Financial Year Ended 30 June 2021

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 Equity

Telling the COVID-19 story

Our other disclosures were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2021****Note 8.1: Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities**

	2021	2020
	\$'000	\$'000
Net Result for the Year	(8,699)	(29,698)
Non-cash movements:		
Depreciation	38,056	33,259
Assets Received Free of Charge	(1,440)	(53)
Capital Expenditure transferred from WIP	928	279
PPP - Net Non-cash Payments Paid by DHHS	(3,755)	(3,401)
Allowance for impairment losses of contractual receivables	126	(150)
Movement in Value of Shares	6	15
Reduction in Interest Free Gain on Loan	10	59
Other economic flows - Swap Interest Revenue	(114)	0
Loss on JV Operations	(268)	43
Movements included in investing and financing activities:		
Net Loss from Sale of Plant and Equipment	(147)	182
Less cash inflow from investing and financing activities	412	(12,389)
Movements in assets and liabilities:		
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Trade and Other Receivables	(4,045)	(3,490)
(Increase)/Decrease in Prepayments and Other Assets	(683)	(306)
(Increase)/Decrease in Inventories	63	(327)
Increase/(Decrease) in Trade and Other Payables	5,872	20,227
Increase/(Decrease) in Borrowings	0	0
Increase/(Decrease) in Employee Benefits	2,502	12,114
Net Cash Inflow/(Outflow) From Operating Activities	28,824	16,364

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 8.2: Responsible Persons Disclosures

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

		Period
Responsible Ministers:		
The Honourable Martin Foley:		
Minister for Mental Health		01/07/2020 - 29/09/2020
Minister for Health		26/09/2020 - 30/06/2021
Minister for Ambulance Services		26/09/2020 - 30/06/2021
Minister for the Coordination of Health and Human Services: COVID-19		26/09/2020 - 09/11/2020
The Honourable Jenny Mikakos		
Minister for Health		01/07/2020 - 26/09/2020
Minister for Ambulance Services		01/07/2020 - 26/09/2020
Minister for the Coordination of Health and Human Services: COVID-19		01/07/2020 - 26/09/2020
The Honourable Luke Donnellan:		
Minister for Child Protection		01/07/2020 - 30/06/2021
Minister for Disability, Ageing and Carers		01/07/2020 - 30/06/2021
The Honourable James Merlino:		
Minister for Mental Health		29/09/2020 - 30/06/2021
Governing Boards		
Mr B Cameron	Chair	01/07/2020 - 30/06/2021
Mr A Woods	Director	01/07/2020 - 30/06/2021
Ms M Beaumont	Director	01/07/2020 - 30/06/2021
Ms D Foggo	Director	01/07/2020 - 07/07/2020
Mr M McCartney	Director	01/07/2020 - 30/06/2021
Dr U Masood	Director	01/07/2020 - 30/06/2021
Dr E Piejko	Director	01/07/2020 - 30/06/2021
Ms K Angelopoulos	Director	01/07/2020 - 30/06/2021
Mrs J Green	Director	01/07/2020 - 30/06/2021
Accountable Officers		
Mr P Faulkner	Chief Executive	01/07/2020 - 30/06/2021

Remuneration of Responsible Persons

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

	2021	2020
Income Band	No.	No.
\$0-\$9,999	1	0
\$20,000-\$29,999	7	8
\$50,000-\$59,999	1	0
\$60,000-\$69,999	0	1
\$420,000-\$429,999	1	1
Total Numbers	10	10
	2021	2020
	(\$'000)	(\$'000)
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	\$676	\$698

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 2021

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	
	2021 (\$'000)	2020 (\$'000)
Short term employee benefits	2,009	2,105
Post-employment benefits	191	186
Other long-term benefits	50	53
Termination benefits	0	178
Total Remuneration	\$2,250	\$2,522
Total number of executives	7	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 (such as superannuation guarantee contributions) paid or payable on a discrete basis when employment has ceased.

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

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

Other factors

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

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2021****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	2021 (\$'000)	2020 (\$'000)
Short-term Employee Benefits	608	632
Post-employment benefits	58	57
Other long-term benefits	10	9
Termination benefits	0	0
Total¹	\$676	\$698

¹ KMPs are also reported in Note 8.2 Responsible Persons

Significant Transactions with Government Related Entities

Bendigo Health received funding from the Department of Health and Human Services of \$497m (2020: \$430m) and indirect contributions of \$0.7m (2020: \$0.3m).

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 2021.

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	1	-	1 Board Member is a Director	Staff & Student Training
Coliban Region Water Corporation	651	40	1 Board Member is a Director	General Rates & Charges
Maldon Hospital	9	-	1 Board Member is a Director	Room hire
Monash University	196	-	1 Board Member is a Lecturer	Training & room hire
St Anthony Family Medical Practice	2	-	1 Board Member is a Shareholder	Program Delivery
Victorian Hospitals Industrial Association	66	-	The CEO is a Director	Membership fees

Bendigo Health
Notes to the Financial Statements for the Financial Year Ended 30 June 2021

Note 8.5: Remuneration of auditors

Victorian Auditor-General's Office

Audit of the financial statements

2021 \$'000	2020 \$'000
68	69
68	69

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

2021 \$'000	2020 \$'000
0	21
0	310
0	331

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

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

Note 8.7: Events occurring after the Balance Sheet date

There are no events occurring after the Balance Sheet date.

Bendigo Health**Notes to the Financial Statements for the Financial Year Ended 30 June 2021****Note 8.8: Joint Arrangement**

Name of entity	Principal Activity	Ownership Interest	
		2021	2020
Loddon Mallee Rural Health Alliance	Information Technology	18.09%	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:

	2021 \$'000	2020 \$'000
CURRENT ASSETS		
Cash and Cash Equivalents	1,167	1,700
Receivables	197	89
Other	270	483
Total Current Assets	1,634	2,272
NON CURRENT ASSETS		
Property, Plant and Equipment	174	177
Total Non Current Assets	174	177
Total Assets	1,808	2,449
CURRENT LIABILITIES		
Payables	532	876
Deferred Grant Revenue	0	81
Total Current Liabilities	532	957
Total Liabilities	532	957
Net Assets	1,276	1,492

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

	2021 \$'000	2020 \$'000
REVENUES		
Operating Activities	3,763	1,955
Capital Purpose Income	224	134
Total Revenue	3,987	2,089
EXPENSES		
Other Expenses from Continuing Operations	3,685	2,097
Expenditure using Capital Purpose Income	34	35
Total Expenses	3,719	2,132
Net Result	268	(43)

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 2021****Note 8.9: Economic dependency**

Bendigo Health 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: Equity
Contributed capital**

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

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

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

Financial assets at fair value through comprehensive income revaluation reserve

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

Specific restricted purpose reserves

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

Hedging Reserve

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

Amounts are subsequently reclassified to profit or loss as appropriate.



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