



Ballarat **Health** Services

Annual Report
2020 | 2021





Our mission

To deliver quality care to the communities we serve by providing safe, accessible and integrated health services resulting in positive experiences and outcomes.

Our Patients: It is our commitment to make sure that we provide positive patient experiences; that users of our health service feel their needs are met and that they are effectively supported.

Our staff, students and service partners: A positive workplace culture strengthens the communities we service and supports quality, safe, accessible and integrated health service delivery.

Our Community: The broader community is an integral component of our desire to deliver positive experiences and outcomes for all.

Our vision

Our Vision statement sets out the future that we want to create and places our patients, our staff and our community as equal high priority areas for the focus of our care.

Our Vision is to transform Ballarat Health Services into a world-class health care provider that offers the best possible patient care, an engaged workforce, effective leadership, and a strong connection to the community and region.

Our Vision is to establish a positive workplace culture and to build a workforce that is engaged, empowered and skilled to meet our future challenges.

Our values

Teamwork

We commit to common goals based on open and honest communication while showing concern and support for all. We are dedicated to working together for common interests and responsibilities.

Respect

We acknowledge everyone's unique strengths and value diversity. We operate in a spirit of co-operation and honour human dignity.

Accountability

We personally commit to delivering our best, taking responsibility for all of our decisions and actions.

Compassion

We treat people with kindness and empathy. We care about our patients, our people and our community.

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Overview

Ballarat Health Services is the main public referral health service to a catchment population of around 250,000 people across the Grampians region, and has been providing quality care for more than 160 years.

Ballarat Health Services delivers care across all settings: in hospital and increasingly in the community and people's homes. It is the largest public provider of residential aged care in Australia. Additionally, Ballarat Health Services is the main teaching, training and research provider in the region and does this through affiliations with several universities and teaching institutions.

Ballarat Health Services is the largest employer in Ballarat, which has a population of over 100,000 people. Our workforce is a key strength of our organisation and the broader community.

For the period 1 July 2020 to 30 June 2021 Ballarat Health Services was accountable, through its Board of Directors, to:

- Jenny Mikakos MP, Minister for Health and Minister for Ambulance Services (1 July 2020 to 26 September 2020).
- The Hon Martin Foley MLA, Minister for Mental Health (1 July 2020 to 29 September 2020), Minister for Health and Minister for Ambulance Services (26 September 2020 to 30 June 2021) and Minister for Equality (1 July 2020 to 30 June 2021).
- The Hon Luke Donnellan, Minister for Child protection and Minister for Disability, Ageing and Carers.
- The Hon James Merlino MP, Minister for Mental Health (29 September 2020 to 30 June 2021).

Report of operations

Chair and CEO's report

The financial year 2020 to 2021 was dominated by the coronavirus pandemic, COVID-19.

In March 2021 Ballarat Health Services commenced COVID-19 vaccinations for staff and residents in public aged care facilities in Ballarat, and supported health services across the Grampians region to do the same. By the end of April, a community vaccination clinic was fully operational at Ballarat's Mercure Hotel and Convention Centre.

By end-June more than 30,000 vaccines had been administered, and the region had endured three state-wide lockdowns (and a total of four since the beginning of the pandemic). Visitors were restricted from our facilities, personal protective equipment was routine, and telehealth as a source of contactless patient treatment was continuing to evolve and be adopted by the community.

Throughout the pandemic, Ballarat Health Services' agile response and commitment to our region served us well. During that period, positive COVID-19 cases were linked to our residential aged care facilities. We recorded no fatalities, and transmission was contained rapidly whenever a case appeared.

Ballarat Health Services' community leadership role, from community education and support, through to testing, vaccinating, and in-patient care solidified the standing of Ballarat Health Services at a time of great uncertainty.

Simultaneous to the battle with COVID-19, Ballarat Health Services continued to provide quality healthcare to our region through every life-stage.

Highlights from this period include:

- A decision by the Ballarat Health Services' Board to recommend to the Secretary of Health an amalgamation between Ballarat Health Services, Wimmera Health Care Group, Stawell Regional Health, and Edenhope and District Memorial Hospital. This recommendation followed an extensive community engagement exercise and substantial review and analysis on the relative merits of such a recommendation
- Commencement of the \$541.6 million Base Hospital redevelopment, that will futureproof our capacities in Ballarat to ensure that we continue to meet the growing needs of our community

- Establishment of the BHS at Home model of care to create additional options for patients to receive care in their own homes
- Pioneered the development in Victoria of same day hip and knee replacement surgery, through the leadership of Dr David Mitchell
- Bi-annual staff culture survey, highlighting a 5% improvement in overall staff engagement
- Ballarat Health Services being appointed as the service lead for the Ballarat Early Parenting Centre, consisting of ten residential family units and four day-stay beds, due for completion in 2024
- Implementation of the Hospital Outreach Post-suicide Engagement (HOPE) project
- Establishment of Grampians Public Health Unit to manage outbreak contact tracing, testing, and vaccination
- Establishment of the Cluster Aged Care Hub to assist in the coordination of a response to COVID-19 outbreaks in the Grampians region private and public aged care facilities
- Participation in a mock disaster preparedness exercise with City of Ballarat, Victoria Police, Department of Health, Ambulance Victoria, Ballarat Community Health and other agencies involved in local service provision
- Online Research Symposium focusing on quality improvement and innovation projects alongside traditional research activity
- NAIDOC Week artwork installation at Drummond Street entrance and QE Centre
- The celebration of staff who had achieved more than 10 years of service, with our annual staff awards ceremonies
- Fundraising over \$1.2 million from our extraordinary community to strengthen our COVID-19 readiness, purchase much needed equipment and to support our wonderful staff

Beyond COVID-19 and these selected highlights, Ballarat Health Services has continued to provide great care to our community 24 hours a day, seven days a week, every day of the year. This is entirely due to the dedicated and passionate team at Ballarat Health Services. The health service staff deserve specific credit this year. The past 12 months has really tested our entire community including our staff. Words are a poor substitute to convey the debt of gratitude that we owe so many for working in exceptionally challenging conditions over the past year. Your efforts have been truly appreciated and on behalf of the Board, the Executive Team, and the wider community - thank you all for your contributions towards supporting our community.



Natalie Reiter
Chair, Board of Directors



Dale Fraser
Chief Executive Officer

Date: 30 September 2021

Strategic priorities - Health 2040

Ballarat Health Services Strategic Plan 2017–2022 is available online at <http://www.bhs.org.au/bhs-strategic-plan>.

In 2020-2021 Ballarat Health Services assisted with the following state-wide priorities to develop and implement important system reforms, including modernising our health system through redesigned governance; driving system reforms that deliver better population health, high quality care and improved patient outcomes and experiences; and reforming clinical services to ensure we are delivering our community the best value care.

Maintain robust COVID-19 readiness and response, working with the Department of Health to ensure rapid response to outbreaks, if and when they occur, which includes providing testing for the community and staff, where necessary and if required. This includes preparing to participate in, and assist with, the implementation of COVID-19 vaccine immunisation program rollout, ensuring the local community's confidence in the program.

Completed and ongoing

A Community Vaccination Hub became operational in March 2021 at the Mercure Hotel and Convention Centre. The Ballarat Community Vaccination Hub has the capacity to deliver over 1000 immunisations per day (appointments are offered based on vaccine supply and demand).

The Grampians Public Health Unit (GPHU) have established a dedicated team for contact tracing to meet the demands within the Grampians region, in addition to assisting other Local Government Areas (LGAs) across Victoria when required.

Rapid Response Testing Teams (RRTT) can be deployed based on demand. This deployment is undertaken in collaboration with the local Ballarat UFS Commonwealth Testing facility.

In addition to existing marketing campaigns associated with the vaccine roll out, Ballarat Health Services has recently applied to be a Vaccine Ambassador to further support positive media messaging.

Ballarat Health Services is the Grampians Cluster Lead for COVID-19 outbreak management for Health Services, Supported Disability Accommodation and Aged Care Residential Services. This work consists of the development of outbreak plans, providing infection control support (via PPE training and supply), regular meetings with key stakeholders and collaborating in the access of vaccines and general health care access.

Engage with the community to address the needs of patients, especially vulnerable Victorians whose care has been delayed due to the pandemic and provide the necessary 'catch-up' care to support them to get back on track.

Ongoing

Over the last 12 months, Ballarat Health Services has employed two Disability Liaison Officers (DLOs). Ballarat Health Services is the Grampians Cluster lead for Disability Services / Accommodation outbreak management. As part of this work Ballarat Health Services has worked closely with public and private providers to ensure access is available for vaccination and to assist with ready access to health care (via our DLOs) across the Grampians region.

Ballarat Health Services partners with the Ballarat and District Aboriginal Cooperative (BADAC) to meet quarterly and review health access associated with waitlists, appointment availability and emergency department presentations.

The BHS at Home model of care has been developed to provide greater access to health care for the community. There are now over 60 beds accessible for patients requiring care closer to home (this includes oncology, surgical, medical and older person support).

In addition, Ballarat Health Services have worked closely with the Ballarat Soup Bus (who provide meals and support to the homeless) in providing additional meals, reusable face masks and clinical advice on the continuation of the program during the pandemic. There was a recent focus from the Grampians regional palliative care team on the need to support those within our community that are homeless that require palliative care.

Planning is already underway for the GPHU to collaborate with relevant regional partners including the Department of Health on the development of a population health plan to address inequities across the region.

As providers of care, respond to the recommendations of the Royal Commission into Victoria's Mental Health system and the Royal Commission into Aged Care Quality and Safety.

Ongoing

The mental health branch at the Department of Health will provide advice through 2021-22 regarding the transformation plan for Victoria's Mental Health Services. Short of information sharing and dialogue, there has been little opportunity to respond to the Royal Commission's final report into Victoria's mental health system. During 2021-22 there will be a focus on the transformation plan at a state and regional level.

Over the course of the Royal Commission into Aged Care Quality and Safety (ACRC), Ballarat Health Services participated through submissions and attendance at interviews. Ballarat Health Services continues to monitor the Commission commentary in relation to the proposed recommendations, with the leadership team familiarising themselves with the report and recommendations. Where opportunity presents, Ballarat Health Services will continue to engage in any further consultation process as we move towards the implementation of recommendations.

Ballarat Health Services aged care services has already commenced some preliminary work to develop a framework to track and monitor gaps and identify opportunities within the services' control.

Develop and foster local health partner relationships to continue delivering collaborative approaches to planning, procurement and service delivery at scale. Including prioritising innovative ways to deliver health care through shared expertise and workforce models, virtual care, co-commissioning services and surgical outpatient reform.

Ongoing

Ballarat Health Services has 'leveraged' the opportunities that have been provided through the preparation and response work required in our collective efforts to manage the COVID-19 global pandemic. A firm foundation has been established with regional providers as we seek to deliver improved service delivery partnerships in surgery, maternity, paediatrics, oncology, mental health and specialist clinics. The Ballarat Health Services' Board has further reinforced this foundation, having agreed with three other Grampians public health service Boards to recommend to the Victorian Minister for Health the approval of the establishment of a new public health service in our region, made up of the four present day health services: Edenhope and District Memorial Hospital, Stawell Regional Health, Wimmera Health Care Group, and Ballarat Health Services.

Should this recommendation be approved, health partner relationship aspirations will likely be even more fruitful than initially anticipated.

Ballarat Health Services has appointed a regional midwifery position, targeted at improving collaboration between midwifery providers across the Grampians region. This includes ensuring capability frameworks are informing clinical strategy and enabling the sustainable provision of a suitably skilled workforce for the future.

A regional surgery reform program will commence in 2021-22, seeking to improve efficiencies in the delivery of elective surgery, and adopting a 'whole of region' approach to elective activity planning. Using the recently released Department of Health surgical and procedural services capability framework, the Grampians Health Services Partnership will oversee improvement initiatives that include targeted elective activity based on demographic health care demand, environmental capability, and clinical capability planning in accordance with community needs.

Community bed-based care has been clearly identified by the Grampians region CEO forum as an enabler to improved access to health care services; offering care, therapies and treatments within a patient's own home, delivering an improved person-centred approach to care and assisting in the prevention of unnecessary presentations to emergency or acute care settings.

The Grampians cluster Better at Home plan is aimed at reducing the demands on traditional hospital based acute or sub-acute health care services.

This project, through a commitment of our Grampian health partner agencies, aims to transform traditional acute and sub-acute inpatient care to home-based health services allowing patients to access an expanded range of therapies, treatments and general health care in their own home.

The Better at Home project objectives include the delivery of oncology services at home, preventing unnecessary presentations to our Emergency Department and the substitution or transfer of care from acute and subacute settings to home based services.

Within the Ballarat region the program is referred to as BHS at Home.

As a service hosting a Local Public Health Unit (LPHU) working collaboratively with the Department, other LPHUs, community and primary care providers and local government partners to evolve and deliver a fully integrated and high performing public health network.

Ongoing

Ballarat Health Services commenced the auspicing of the Grampians Public Health Unit (GPHU) in February 2021. Recruitment commenced in accordance with the Department of Health's LPHU's 'Operating Model Framework and Guidelines'.

The GPHU workforce includes a Clinical Director and Operations Director who oversee the operations of COVID-19 outbreak management, vaccination and rapid response testing (when required). As part of the structure, team leaders have been recruited across contact tracing, case management, outbreak management, vaccination, health protection and planning, and rapid response testing. In addition, the GPHU have employed dedicated infectious disease consultants to work across the GPHU and liaise with health services and community partners.

Governance Committees have been developed to appropriately report the work of the GPHU through to Ballarat Health Services Executive and Board of Directors.

The Ballarat Community Vaccination Hub became operational in March 2021 at the Mercure Hotel and Convention Centre and has the capacity to deliver over 1000 immunisations per day (based on vaccine supply and demand).

The GPHU has established a dedicated team for contact tracing to meet the demands within the Grampians region, in addition to assisting other Local Government Areas (LGAs) across Victoria when required.

Rapid Response Testing Teams (RRTT) can be deployed based on demand. This deployment is undertaken in collaboration with the local Ballarat UFS Commonwealth Testing facility.

The GPHU have established a Health Protection Workforce Advisory Committee in partnership with the City of Ballarat, Ballarat and District Aboriginal Cooperative (BADAC), Ballarat Health Services, Primary Health Network (PHN), Ballarat Community Health and Victoria Police to oversee the implications of the COVID-19 pandemic.

The GPHU regularly participate in meetings and forums with other LPHUs and provide collaboration in contact tracing and rapid response testing programs when appropriate.

Employment and conduct principles

Ballarat Health Services is committed to providing a safe and healthy environment for staff, patients, residents, visitors, volunteers and contractors at all sites.

Occupational Health and Safety reporting

| Occupational violence category | 2020-21 |
|--|---------|
| Workplace accepted claims with an occupational violence cause per 100 FTE | 0.19 |
| Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked | 0.93 |
| Number of occupational violence incidents reported | 1727 |
| Number of occupational violence incidents reported per 100 FTE | 54.05 |
| Percentage of occupational violence incidents resulting in a staff injury, illness or condition | 8.98 |

| Occupational hazards / incidents | 2018-19 | 2019-20 | 2020-21 |
|---|----------|----------|----------|
| Number of reported hazards/incidents per 100 FTE | 81.81 | 80.16 | 78.9 |
| Number of 'lost time' standard claims per 100 FTE | 1.34 | 1.61 | 1.69 |
| Average cost per claim | \$15,562 | \$65,778 | \$48,999 |

Workforce data

| Labour category | June Current Month FTE | | June YTD FTE | |
|-----------------------------|---------------------------|-------------|-----------------|-------------|
| | 2021 | 2020 | 2021 | 2020 |
| Nursing | 1452 | 1329 | 1398 | 1309 |
| Administration and clerical | 549 | 508 | 527 | 510 |
| Medical support | 154 | 136 | 150 | 134 |
| Hotel and allied services | 543 | 504 | 536 | 504 |
| Medical Officer | 46 | 43 | 46 | 42 |
| Hospital Medical Officers | 213 | 192 | 223 | 186 |
| Sessional Clinicians | 74 | 66 | 71 | 61 |
| Allied health | 253 | 242 | 244 | 235 |
| Total | 3284 | 3020 | 3195 | 2981 |

Environmental performance

This report includes all Ballarat Health Services' emissions from, or relating to, the buildings (as listed below).

Excluded from this list are Business Unit related activities, specifically Safety Link and many small accommodation related sites.

| | |
|------------------------|------------------------------------|
| Base Hospital | Drummond St Ballarat |
| Queen Elizabeth Centre | Ascot St Ballarat |
| Midlands Site | Norman St Ballarat |
| Wendouree Site | Gillies St Wendouree |
| Sebastopol Site | Morgan St Sebastopol |
| Eureka Site | Balmoral Court Ballarat |
| Eureka Linen | Lonsdale St Ballarat |
| Other Sites | Combination of several small sites |

Ballarat Health Services recycle food waste, cardboard, paper, printer cartridges, PVC, Steri Gard Wraps, batteries, blue Huck Towels, glass, plastic and cans (co-mingle recycling).

Our recycling volumes and percentages have remained consistent – 2019/2020 at 37.18% and 2020/2021 at 38.58%, noting the overall volume of all waste is down by 59,117 tonnes.

Clinical waste is up by 27,671 tonnes or 22.06% and recycling is down by 10.54 tonnes similar to the 2018/19 recycling volume.

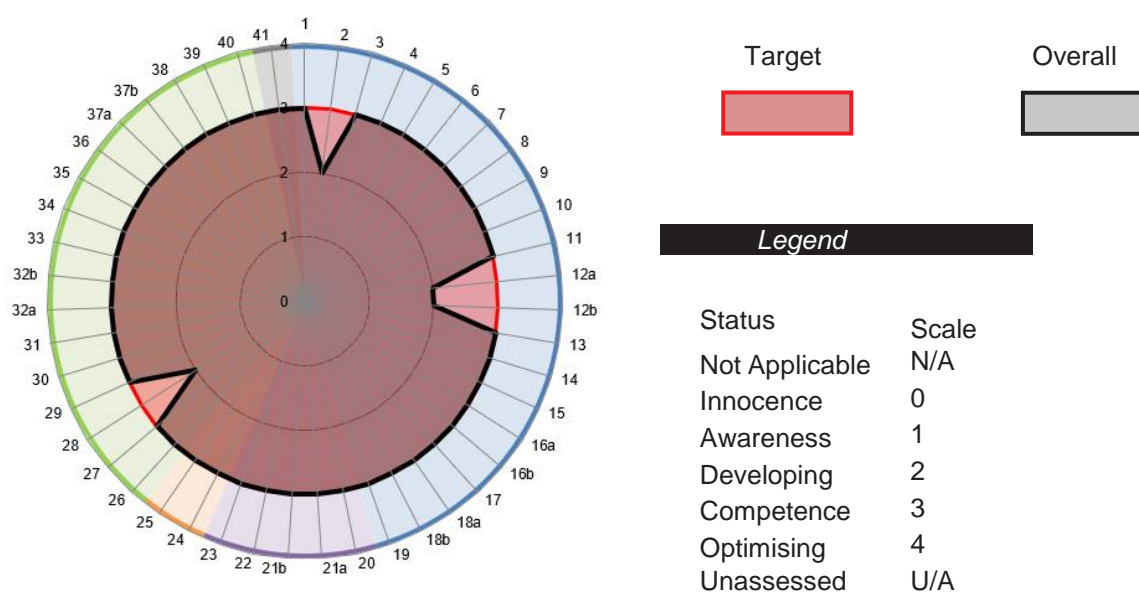
We continue to work closely with local industries - McCallum Industries and Ballarat Regional Industries for some of our recycling.

| | 2020-21 | 2019-20 | 2018-19 |
|----------------------------------|------------|------------|------------|
| Gas (GJ) | 78,479 | 113,104 | 105,893 |
| Electricity (kWh) | 16,691,467 | 17,070,974 | 17,571,357 |
| Petrol for vehicles (kL) | 97 | 101 | 301 |
| Diesel for vehicles (kL) | 36 | 36 | 101 |
| Stationary diesel (kL) | 20 | 23 | 71 |
| Scope 1 Emissions CO2-e (Tonnes) | 5,998 | 6,218 | 5,930 |
| Scope 2 Emissions CO2-e (Tonnes) | 16,358 | 17,412 | 18,801 |
| Total Emissions CO2-e (Tonnes) | 22,355 | 23,630 | 24,732 |
| Water (KL) | 151,921 | 162,736 | 167,043 |
| Recycling (kg) | 316,275 | 326,817 | 316,231 |
| General Waste (kg) | 347,896 | 426,622 | 410,963 |
| Clinical Waste (kg) | 153,080 | 125,409 | 124,044 |

Asset management accountability framework

The following sections summarise Ballarat Health Services' 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 Department of Treasury and Finance website (<https://www.dtf.vic.gov.au/infrastructure-investment/asset-management-accountability-framework>).

Ballarat Health Services' target maturity rating is 'competence', meaning systems and processes are fully in place, consistently applied and systematically meeting the AMAF requirement, including a continuous improvement process to expand system performance above AMAF minimum requirements.



Leadership and Accountability (requirements 1-19)

Ballarat Health Services did not comply with some requirements in the areas of allocating asset management responsibility, monitoring and evaluation of asset performance. There is no material non-compliance reported in this category. A plan for improvement is in place to improve Ballarat Health Services maturity rating in these areas.

Planning (requirements 20-23)

Ballarat Health Services has met its target maturity level in this category.

Acquisition (requirements 24 and 25)

Ballarat Health Services has met its target maturity level in this category.

Operation (requirements 26-40)

Ballarat Health Services has met its target maturity level under most requirements within this category.

Disposal (requirement 41)

Ballarat Health Services has met its target maturity level in this category.

Gender equality act

The Victorian Gender Equality Act came into effect on 31 March 2021. It acknowledges that gender equality is a human right and precondition to social justice; it brings significant economic, social and health benefits for Victoria.

As a defined entity under the Act, Ballarat Health Services has undertaken a workforce audit as of the 30 June 2021 and conducted two staff surveys: the Best Practice Australia Survey; and the People Matter Survey. The audit and survey findings will identify gender composition at all levels of the health service workforce, gender composition of the Board, gendered work segregation, workplace sexual harassment, improvement opportunities in recruitment and promotion and how leave and work flexibility is accessed by the different genders.

The findings will be used to develop strategies for a four-year plan to increase gender equity and an inclusive workforce. We will report to our progress every two years to the Commission for Gender Equality in the Public Sector.

Financial performance

Ballarat Health Services was able to achieve a break-even operating position, and continues to focus on generating operating efficiencies and maximising revenue.

| \$'000 | 2021 | 2020 | 2019 | 2018 | 2017 |
|-------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total revenue | 558,725 | 541,403 | 514,164 | 482,708 | 469,216 |
| Total expenses | (585,992) | (551,229) | (539,548) | (499,063) | (481,718) |
| Net result from transactions | (27,267) | (9,826) | (25,384) | (16,355) | (12,502) |
| Total other economic flows | 8,110 | (2,240) | (4,063) | (610) | 1,789 |
| Net result | (19,157) | (12,066) | (29,447) | (16,965) | (10,713) |
| Operating result | 132 | 52 | (4,243) | 310 | 63 |
| Total assets | 504,071 | 515,867 | 517,110 | 427,238 | 419,986 |
| Total liabilities | 202,222 | 201,160 | 186,473 | 160,398 | 140,013 |
| Net assets/Total equity | 302,479 | 314,707 | 330,637 | 266,840 | 279,973 |

Net result from transactions

Reconciliation between the Net Result from Transactions to the Operating Result as agreed in the Statement of Priorities.

| | 2021 | \$'000 |
|--|------|-----------------|
| Net operating result | | 132 |
| Capital purpose income | | 2,856 |
| Specific income | | - |
| COVID-19 State Supply arrangements | | 7,700 |
| – Assets received free of charge or for nil consideration under the State Supply | | (3,069) |
| – State Supply items consumed up to 30 June 2020 | | |
| Assets provided free of charge | | - |
| Assets received free of charge | | - |
| Expenditure for capital purpose | | (1,153) |
| Depreciation and amortisation | | (33,576) |
| Impairment of non-financial assets | | - |
| Financial costs (other) | | (159) |
| Net result from transactions | | (27,267) |

Board of Directors as at 30 June 2021

Chair



Natalie Reiter*

BBus (Marketing) BA
(Psychology) MBA
Director since 2016
Term of appointment
01.07.19 - 30.06.22

Director



Jane Poletti

LLB, BSc, MMgt (Strategic
Foresight), GAICD
Director since 2019
Term of appointment
01.07.19 - 30.06.22

Director



Simon Bond*

GradCertTech
GradDipInfoTech MACS CP
MAICD
Director since 2017
Term of appointment
01.07.20 - 30.06.23

Director



David Anderson*

B Comm, M Comm
(Finance), FHFMA, GAICD
Director since 2019
Term of appointment
01.07.19 - 30.06.22

Director



Heather Pickard*

Division 1 RN, Post Grad
(Organisation Management,
Addiction Studies)
Director since 2020
Term of appointment
01.07.20 - 30.06.23

Director



Dr. Peter Lynch

M.B.B.S.(Melbourne),
M.H.A.(U.N.S.W.),
G.A.I.C.D., F.R.A.C.P.
Director since 2018
Term of appointment
01.07.18 - 30.06.21

Director



Cora Trevarthen*

PostGrad Dip (Public
History, Heritage), GAICD
Director since 2019
Term of appointment
01.07.19 - 30.06.22

Director and Deputy Chair



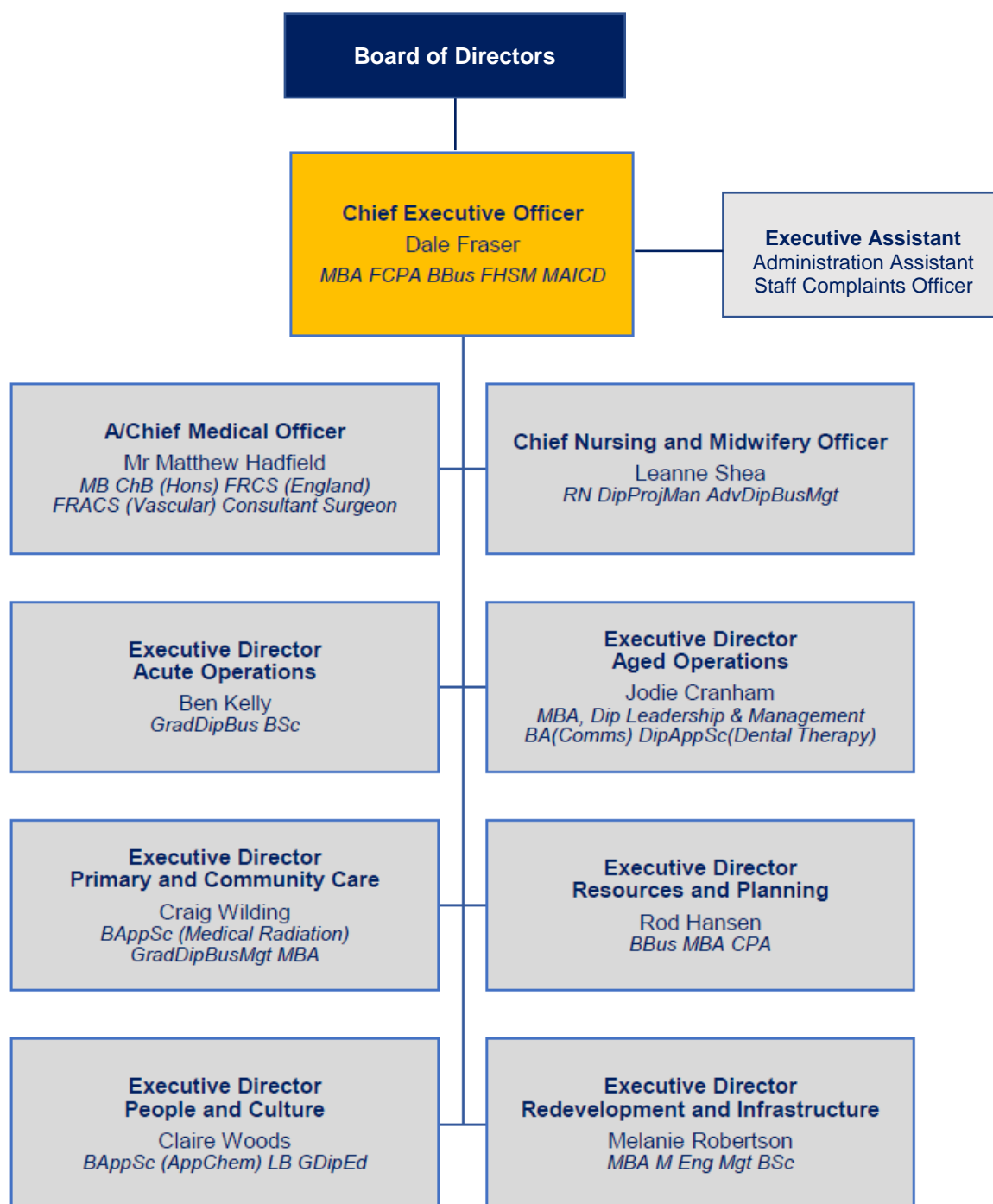
David Miller

DipCmmtyStud
Director since 2015
Term of appointment
01.07.18 - 30.06.21

Biographies are available at
<http://www.bhs.org.au/about-us/the-board>

*Member of Finance Audit & Risk Committee

Organisational chart



Directorate areas of responsibility outlined on following page.

Directorate areas of responsibility

| | |
|---|--|
| Medical <ul style="list-style-type: none"> • Medical Leadership, Management and Administration • Medico – Legal • Professional Medical Standards & Credentialing • Medical Education and Welfare • University Partnership • Research & Research Ethics • Mortuary • Pharmacy • Infection Prevention and Control • General Practice Liaison • Health Resource Stewardship • Population Health • Ballarat Innovation and Research Collaboration for Health • Regional Medical Leadership | Nursing and Midwifery <ul style="list-style-type: none"> • Nursing & Midwifery • Professional Nursing & Midwifery Standards • Centre for Education & Training – Nursing & Midwifery • Research – Nursing & Midwifery • Centre for Safety & Innovation • Regional Clinical Governance • University Partnerships • Central Allocations Unit • Library Services |
| Acute Operations <ul style="list-style-type: none"> • Acute Outpatient Services • Surgical Services • Mental Health Services • Women & Children's Services • Access & Operations Services • General & Speciality Medicine Services • Grampians Integrated Cancer Services • Junior Medical Workforce | Aged Operations <ul style="list-style-type: none"> • Residential Care Services • Sub-acute Services • Residential in-reach • Aged Care Research Team |
| Resources and Planning <ul style="list-style-type: none"> • Finance • Contracts & Tendering • Payroll & Salary Packaging • Supply • Radiography & Diagnostic Services • Breastscreen • Information Technology (incl. IT Alliance) • Decision Support • Health Information Services • Clinical Information Services • Patient Services / Switchboard • Eureka Linen • BHS Catering | Primary and Community Care <ul style="list-style-type: none"> • Allied Health • Community Programs • Dental • State-Wide Equipment Program • Centre Against Sexual Assault • Preventative Health • Safety Link • Grampians Public Health Unit |
| | People and Culture <ul style="list-style-type: none"> • Employee Engagement • Human Resources • Organisation Development • Industrial/Employee Relations • Health, Safety & Wellbeing • Communications • Spiritual care • Volunteering • Fundraising |
| | Redevelopment and Infrastructure <ul style="list-style-type: none"> • Engineering & Infrastructure • Capital Projects & Planning • Environmental Services |

Key 2020-2021 performance priorities

| High quality and safe care | | |
|---|------------------------------|-----------------------------------|
| Key performance measure | Target | Result |
| Infection prevention and control | | |
| Compliance with the Hand Hygiene Australia program | 83% | 86% |
| Percentage of healthcare workers immunised for influenza | 90% | 93% |
| Patient experience | | |
| Victorian Healthcare Experience Survey – percentage of positive patient experience responses | 95% | No Surveys conducted in 2020-2021 |
| Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care | 95% | No Surveys conducted in 2020-2021 |
| Healthcare associated infections (HAI's) | | |
| Rate of patients with surgical site infection | No outliers | No outliers |
| Rate of patients with ICU central-line-associated bloodstream infection (CLABSI) | Nil | Nil |
| Rate of patients with SAB per 10,000 occupied bed days | ≤ 1 | 0.6 |
| Mental Health | | |
| Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge | 14% | 14% |
| Rate of seclusion events relating to an adult acute mental health admission | ≤ 10/1,000 occupied bed days | 17 |
| Rate of seclusion events relating to an aged acute mental health admission | ≤ 5/1,000 occupied bed days | 2.25 |
| Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days | 80% | 88.5% |
| Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days | 80% | 84.5% |
| Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days | 80% | 82.5% |

| Key performance measure | Target | Result |
|--|---------|--------|
| Maternity and Newborn | | |
| Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes | ≤ 1.4% | 2.0% |
| Rate of severe fetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks | ≤ 28.6% | 8.7% |
| Proportion of urgent maternity patients referred for obstetric care to a level 4, 5 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral | 100% | 100% |
| Continuing Care | | |
| Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay | ≥ 0.645 | 0.800 |

| Timely access to care | | |
|---|--|--------|
| Key performance measure | Target | Result |
| Emergency care | | |
| Percentage of patients transferred from ambulance to emergency department within 40 minutes | 90% | 78% |
| 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% | 60% |
| Percentage of emergency patients with a length of stay in the emergency department of less than four hours | 81% | 63% |
| Number of patients with a length of stay in the emergency department greater than 24 hours | 0 | 5 |
| Elective surgery | | |
| Percentage of urgency category 1 elective surgery patients admitted within 30 days | 100% | 100% |
| Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time | 94% | 87% |
| Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category | 5% or 15% proportional improvement from prior year | 28% |
| Number of patients on the elective surgery waiting list | 1,000 | 1,225 |
| Number of hospital-initiated postponements per 100 scheduled elective surgery admissions | ≤ 7 /100 | 5.5 |
| Number of patients admitted from the elective surgery waiting list | 4,100 | 4,270 |
| Specialist clinics | | |
| Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days | 100% | 87.1% |
| Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days | 90% | 86.4% |

| Effective financial management | | |
|---|---|-----------|
| Key performance measure | Target | Result |
| Operating result (\$m) | 0.00 | 0.13 |
| Average number of days to pay trade creditors | 60 days | 31 |
| Average number of days to receive patient fee debtors | 60 days | 19 |
| Public and Private WIES ¹ activity performance to target | 100% | 100% |
| Adjusted current asset ratio | 0.7 or 3% improvement from health service base target | 13.7% |
| Actual number of days available cash, measured on the last day of each month. | 14 days | 17 |
| Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June. | Variance ≤ \$250,000 | \$580,000 |

¹ WIES is a Weighted Inlier Equivalent Separation

Activity and funding

| Funding type | 2020–2021 Activity achievement |
|---|-----------------------------------|
| Acute Admitted | |
| Acute WIES | 32,811 |
| WIES DVA | 140 |
| WIES TAC | 192 |
| Acute Non-Admitted | |
| Home Enteral Nutrition – Service Contacts | 545 |
| Specialist Clinics – Public- Service Contacts | 67,310 |
| Subacute & Non-Acute Admitted | |
| Subacute WIES - Rehabilitation Public | 430 |
| Subacute WIES - Rehabilitation Private | 101 |
| Subacute WIES - GEM Public | 567 |
| Subacute WIES - GEM Private | 76 |
| Subacute WIES - Palliative Care Public | 177 |
| Subacute WIES - Palliative Care Private | 63 |
| Subacute WIES - DVA | 25 |
| Transition Care - Bed days | 9,055 |
| Transition Care - Home days | 9,723 |
| Subacute Non-Admitted | |
| Health Independence Program - Public | 40,186 |
| Aged Care | |
| Residential Aged Care | 134,582 bed days |
| HACC | 9,653 Service Hours |
| Mental Health and Drug Services | |
| Mental Health Ambulatory | 67,948 |
| Mental Health Inpatient - Available bed days | 14,610 |
| Mental Health Inpatient - Secure Unit | 4,381 |
| Mental Health Residential | 7,305 |
| Mental Health Subacute | 4,363 |
| Primary Health | |
| Community Health / Primary Care Programs | 8,363 |

Application of merit and equity

We are an equal opportunity employer and ensure open competition in recruitment, selection, transfer and promotion.

Employment decisions are based on merit and without consideration of gender, marital status, age, pregnancy, disability, race, religious or political beliefs or activities, or on the grounds of being a parent, childless or in a de facto relationship.

Our people are treated fairly and reasonably and provided with redress against any unfair or unreasonable treatment.

Ex-gratia Payments

There were no ex-gratia payments during 2020-21.

Freedom of Information Requests

Ballarat Health Services complies with the Victorian Freedom of Information Act 1982 (FOI). Since 2016 we have received the following number of requests.

2016-2017: 607 2017-2018: 688 2018-2019: 663 2019-2020: 705 2020-2021: 689

Consultancies

In 2020-21 there were eleven consultancies where the total fees payable to the consultant was \$10,000 or greater.

The total expenditure incurred during 2020-21 in relation to these consultancies was \$768,977 excl GST with the details shown below:

| Consultant | Purpose of Consultancy | Start date | End date | Total approved project fee | Expenditure 2020-21 | Future Expenditure |
|---------------------------------|---|------------|----------|----------------------------|---------------------|--------------------|
| C4M Consultants | ASO health check | Jul-20 | Oct-20 | 30 | 30 | - |
| Enlightened Consultants Pty Ltd | Recovery Oriented Organization Transformation | Mar-21 | Mar-21 | 22 | 22 | 1 |
| 9 to 5 Dynamics | Workforce Consultation | Jul-20 | Jun-21 | 270 | 270 | 65 |
| Echuca Regional Health | Evaluation of RUSon Program | Jul-20 | Jul-20 | 27 | 27 | - |
| The Zalt Group | Workforce Consultation | Jul-20 | Jan-21 | 13 | 13 | - |
| Grange Advisory | Workforce Consultation | Sep-20 | Jun-21 | 40 | 40 | - |
| Best Practice Australia Pty Ltd | Staff Survey | Oct-20 | Mar-21 | 49 | 49 | - |
| Provider Assist | Funding Review | Jul-20 | May-21 | 68 | 68 | - |
| Worklogic | Workforce Consultation | Jul-20 | Apr-20 | 143 | 143 | - |
| Cube Group | Amalgamation Strategic Support | May-21 | Jun-21 | 70 | - | 70 |
| Working Together | Industrial Relations | Jan-21 | Apr-21 | 36 | 36 | |

In 2020-21, there were seven consultancies where the total fees payable to the consultant was less than \$10,000. The total expenditure incurred during 2020-21 in relation to these consultancies was \$28,406 excl GST.

Building Act 1993

Ballarat Health Services complies with building standards and regulations. All buildings constructed after July 1994 have been designed to conform to the Building Act 1993 and its regulations, as well as to meet our statutory regulations that relate to health and safety matters.

All buildings have been issued with occupancy permits and all building practitioners engaged by Ballarat Health Services are required to produce evidence of current registration on commencing a project, as well as evidence that their registered status will be maintained throughout the year.

National Competition Policy

Ballarat Health Services complied with all government policies regarding competitive neutrality with respect to all tender applications.

Public Interest Disclosure Act 2012

Ballarat Health Services had no disclosures notified to the IBAC under section 21(2) of the Public Interest Disclosure Act 2012 in the past financial year.

Contracts

Ballarat Health Service complies with the requirements of the Local Jobs First Act disclosures and wherever practicable and fiscally responsible will make every endeavour to purchase locally. In 2020-21 there were no contracts requiring disclosure under the Local Jobs First Policy. The Health Service has a robust policy to encourage the training and employment of members of the local community.

Carers Recognition Act

The Carers Recognition Act 2012 promotes and values the role of people in care relationships and formally recognises the contribution that carers and people in care relationships make to the social and economic fabric of the Victorian community. Ballarat Health Services recognises carers make a substantial contribution to the wellbeing of the Ballarat and regional community.

Ballarat Health Service has taken all practicable measures to comply with its obligations under the Act.

Ballarat Health Service has promoted the principles of the Act to people in care relationships who receive our services and to the wider community by distributing printed material about the Act at community events or service points.

Ballarat Health Service has taken all practicable measures to consider the carer relationships principles set out in the Act when setting policies and providing services by reviewing our employment policies such as flexible working arrangements and leave provisions to ensure these comply with the statement of principles in the Act.

Information and Communication Technology (ICT) expenditure 2020 - 2021

The total ICT expenditure incurred during 2020-2021 is \$9,838,078 (excluding GST) with the details shown below:

| ICT Expenditure | | | |
|-------------------------|----------------------------------|-----------------------|----------------------|
| Business as Usual (BAU) | Non-Business as Usual (non- BAU) | Operating Expenditure | Capital Expenditure |
| \$7,587,628 | \$2,250,450 | \$446,636 (ex GST) | \$1,803,814 (ex GST) |

Car Parking Fees

Ballarat Health Services complies with the Department of Health and Human Services hospital circular on car parking fees effective 1 February 2016 and details of car parking fees and concession benefits can be viewed at <https://www.bhs.org.au/for-patients-families-friends/parking/>

Safe Patient Care Act 2015

The hospital has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015.

The Ballarat Health Services and St John of God Ballarat Hospital Human Research Ethics Committee

The Ballarat Health Services and St John of God Ballarat Hospital Human Research Ethics Committee is a duly constituted Ethics Committee under the guidelines of the NHMRC, responsible for approving, overseeing and monitoring the conduct and performance of research in both institutions and partners throughout the Grampians regions.

Financial Management Compliance attestation – SD 5.1.4

I, Natalie Reiter, on behalf of the Responsible Body, certify that Ballarat Health Services has no Material Compliance Deficiency with respect to the applicable Standing Directions 2018 under the Financial Management Act 1994 and Instructions.

Natalie Reiter
Chair, Board of Directors
Ballarat Health Services
28 July 2021



Data integrity

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

Dale Fraser
Chief Executive Officer
Ballarat Health Services
28 July 2021



Conflict of interest

I, Dale Fraser, certify that Ballarat Health Services has put in place appropriate internal controls and processes to ensure that it 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 Ballarat Health Services and members of the board and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.

Dale Fraser
Chief Executive Officer
Ballarat Health Services
28 July 2021



Integrity, fraud and corruption

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

Dale Fraser
Chief Executive Officer
Ballarat Health Services
28 July 2021



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Additional information

Consistent with FRD 22I (Section 5.19), the items listed below have been retained by Ballarat Health Services and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- a) Declarations of pecuniary interests have been duly completed by all relevant officers
- b) Details of shares held by senior officers as nominee or held beneficially;
- c) Details of publications produced by the entity about itself, and how these can be obtained
- d) Details of changes in prices, fees, charges, rates and levies charged by the Health Service;
- e) Details of any major external reviews carried out on the Health Service;
- f) 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;
- g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- h) 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;
- i) Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- j) 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;
- k) A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
- l) Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

BALLARAT HEALTH SERVICES

Financial Statements Financial Year ended 30 June 2021

Board member's, accountable officer's and chief finance and accounting officer's declaration

We certify that the attached financial statements for Ballarat Health Services have been prepared in accordance with Standing Direction 5.2 of the Standing Directions of the Assistant Treasurer under the *Financial Management Act 1994*, applicable Financial Reporting Directions, Australian Accounting Standards, Australian Accounting 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 Ballarat Health Services at 30 June 2021.

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

We authorise the attached financial statements for issue on 28th July 2021.



Ms Natalie Reiter

Chair

Board of Directors



Mr Dale Fraser

Chief Executive Officer



Mr Rod Hansen

Chief Finance and Accounting Officer

Dated the 28th day of July, 2021 at Ballarat

Independent Auditor's Report

To the Board of Ballarat Health Services

| | |
|--|--|
| Opinion | <p>I have audited the financial report of Ballarat Health Services (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 and chief finance and 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 | <p>As required by the <i>Audit Act 1994</i>, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p> <p>As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:</p> <ul style="list-style-type: none"> • identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. • obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service's internal control • evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board • conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the health service's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the health service to cease to continue as a going concern. • evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation. <p>I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.</p> |
|---|---|



MELBOURNE
25 August 2021

Dominika Ryan
as delegate for the Auditor-General of Victoria

BALLARAT HEALTH SERVICES COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 \$000 | 2020 \$000 |
|---|--------|------------------|------------------|
| Income from Transactions | | | |
| Operating Activities | 2.1 | 558,000 | 540,180 |
| Non-Operating Activities | 2.1 | 725 | 1,223 |
| Total Income from Transactions | | 558,725 | 541,403 |
| Expenses from Transactions | | | |
| Employee Expenses | 3.1 | (413,874) | (376,536) |
| Supplies and Consumables | 3.1 | (90,186) | (95,376) |
| Finance Expenses | 3.1 | (159) | (147) |
| Other Administrative Expenses | 3.1 | (24,014) | (22,617) |
| Other Operating Expenses | 3.1 | (24,183) | (22,981) |
| Depreciation and Amortisation | 3.1 | (33,576) | (33,572) |
| Total Expenses from Transactions | | (585,992) | (551,229) |
| Net Result from Transactions - Net Operating Balance | | (27,267) | (9,826) |
| Other Economic Flows Included in Net Result | | | |
| Net Gain on Non-Financial Assets | 3.2 | 22 | 242 |
| Net (Losses) on Financial Instruments | 3.2 | 1,583 | (1,041) |
| Other (Losses) from Other Economic Flows | 3.2 | 6,505 | (1,441) |
| Total Other Economic Flows Included in Net Result | | 8,110 | (2,240) |
| Net Result for the Year | | (19,157) | (12,066) |
| Other Comprehensive Income | | | |
| Items that will not be reclassified to Net Result | | | |
| Changes in Asset Revaluation Surplus | 8.1(a) | 6,929 | - |
| Comprehensive Result for the Year | | (12,228) | (12,066) |

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

BALLARAT HEALTH SERVICES BALANCE SHEET AS AT 30 JUNE 2021

| | Note | 2021 \$000 | 2020 \$000 |
|---|------|----------------|----------------|
| ASSETS | | | |
| Current Assets | | | |
| Cash and Cash Equivalents | 6.2 | 46,482 | 48,475 |
| Receivables | 5.1 | 17,810 | 13,973 |
| Inventory | 4.6 | 1,742 | 1,992 |
| Prepayments | 5.2 | 1,628 | 2,805 |
| Investments and Other Financial Assets | 4.1 | 19,842 | 20,680 |
| Total Current Assets | | 87,504 | 87,925 |
| Non-Current Assets | | | |
| Receivables | 5.1 | 25,697 | 21,790 |
| Property, Plant and Equipment | 4.3 | 390,808 | 404,885 |
| Intangible Assets | 4.5 | 692 | 1,267 |
| Total Non-Current Assets | | 417,197 | 427,942 |
| Total Assets | | 504,701 | 515,867 |
| LIABILITIES | | | |
| Current Liabilities | | | |
| Employee Benefits | 3.3 | 84,876 | 76,829 |
| Payables and Contract Liabilities | 5.4 | 53,949 | 57,967 |
| Borrowings | 6.1 | 1,152 | 707 |
| Other Liabilities | 5.3 | 36,944 | 41,401 |
| Total Current Liabilities | | 176,921 | 176,904 |
| Non-Current Liabilities | | | |
| Employee Benefits | 3.3 | 18,917 | 18,269 |
| Borrowings | 6.1 | 6,384 | 5,988 |
| Total Non-Current Liabilities | | 25,301 | 24,257 |
| Total Liabilities | | 202,222 | 201,160 |
| Net Assets | | 302,479 | 314,707 |
| EQUITY | | | |
| Restricted Specific Purpose Reserve | 8.1 | 434 | 462 |
| Property, Plant and Equipment Revaluation Reserve | 8.1 | 278,132 | 271,203 |
| Contributed Capital | 8.1 | 157,940 | 157,940 |
| Accumulated Deficits | | (134,027) | (114,898) |
| Total Equity | | 302,479 | 314,707 |

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

BALLARAT HEALTH SERVICES STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2021

| Note | Property, Plant & Equipment Revaluation Surplus \$000 | Restricted Specific Purpose Reserve \$000 | Contributed Capital \$000 | Accumulated Deficits \$000 | Total \$000 |
|---|--|--|------------------------------|-------------------------------|----------------|
| Balance as at 1 July 2019 | 271,203 | 490 | 155,997 | (97,053) | 330,637 |
| Effect of adoption of AASB 15,16 and 1058 | - | - | - | (5,807) | (5,807) |
| Restated Balance at 1 July 2019 | 271,203 | 490 | 155,997 | (102,860) | 324,830 |
| Net Result for the Year | - | - | - | (12,066) | (12,066) |
| Other Comprehensive Income for the Year | 8.1 | - | - | - | - |
| Transfer to Contributed Capital | 8.1(b) | - | 1,943 | - | 1,943 |
| Transfer to Accumulated Surplus | 8.1 | (28) | - | 28 | - |
| Balance as at 30 June 2020 | 271,203 | 462 | 157,940 | (114,898) | 314,707 |
| Net Result for the Year | - | - | - | (19,157) | (19,157) |
| Other Comprehensive Income for the Year | 8.1 | 6,929 | - | - | 6,929 |
| Transfer to Accumulated Surplus | 8.1 | (28) | - | 28 | - |
| Balance as at 30 June 2021 | 278,132 | 434 | 157,940 | (134,027) | 302,479 |

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

BALLARAT HEALTH SERVICES CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

| | Note | 2021 \$000 Inflows/ (Outflows) | 2020 \$000 Inflows/ (Outflows) |
|--|------------|---|---|
| Cash Flows from Operating Activities | | | |
| Receipts | | | |
| Operating Grants from Government - State | | 398,516 | 381,832 |
| Operating Grants from Government - Commonwealth | | 62,722 | 81,501 |
| Capital Grants from Government - State | | 5,050 | 16,967 |
| Capital Grants from Government - Commonwealth | | 929 | 1,159 |
| Proceeds from Donations | | 213 | 148 |
| Capital Proceeds from Donations and Bequests | | 708 | 1,081 |
| Patient & Resident Fees | | 23,047 | 25,252 |
| Interest and Dividends Received | | 700 | 1,222 |
| GST Received from ATO | | 10,821 | 11,864 |
| Other | | 44,537 | 42,537 |
| Total Receipts | | 547,243 | 563,563 |
| Payments | | | |
| Employee Expenses Paid | | (405,495) | (356,033) |
| Supplies & Consumables | | (87,171) | (112,874) |
| Capital Expense | | (1,286) | (1,263) |
| GST Paid to ATO | | (2,630) | (3,231) |
| Other Payments | | (41,774) | (47,724) |
| Total Payments | | (538,356) | (521,125) |
| Net Cash Inflows from Operating Activities | 8.2 | 8,887 | 42,438 |
| Cash Flows from Investing Activities | | | |
| Purchase of Property, Plant and Equipment | | (8,242) | (12,033) |
| Proceeds from Disposal of Financial Assets | | 3,400 | 5,600 |
| Proceeds from Disposal of Property, Plant and Equipment | | 23 | 289 |
| Net Cash (Outflows) from Investing Activities | | (4,819) | (6,144) |
| Cash Flows from Financing Activities | | | |
| Proceeds from Borrowings | | - | 76 |
| Repayment of Borrowings | | (999) | (899) |
| Receipt of Government Contribution | | - | 1,942 |
| Receipt of Accommodation Deposits | | 8,481 | 15,006 |
| Repayment of Accommodation Deposits | | (13,543) | (15,387) |
| Net Cash Inflows / (Outflows) from Financing Activities | | (6,061) | 738 |
| Net Increase / (Decrease) in Cash and Cash Equivalents Held | | (1,993) | 37,032 |
| Cash and Cash Equivalents at Beginning of Financial Year | | 48,475 | 11,443 |
| Cash and Cash Equivalents at End of Year | 6.2 | 46,482 | 48,475 |

This statement should be read in conjunction with the accompanying note

Note 1: Basis of Preparation

Structure

- 1.1 Basis of Preparation of the Financial Statements
- 1.2 Impact of COVID-19 pandemic
- 1.3 Abbreviations and Terminology used in the Financial Statements
- 1.4 Principles of Consolidation
- 1.5 Joint Operations
- 1.6 Key Accounting Estimates and Judgements
- 1.7 Accounting Standards issued but not yet effective
- 1.8 Goods and Services Tax (GST)
- 1.9 Reporting Entity

Note 1: Basis of Preparation

The annual financial statements represent the audited general-purpose financial statements for Ballarat Health Services 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 Australian Accounting Standards, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 Presentation of Financial Statements.

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

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

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

These financial statements are prepared on a going concern basis (refer to Note 8.8 Economic Dependency).

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

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

The annual financial statements were authorised for issue by the Board of Directors of Ballarat Health Services on 28 July 2021.

Note 1.2 Impact of COVID-19 pandemic

In the previous financial year, a global pandemic caused by the COVID-19 Coronavirus (COVID-19) was declared. To contain the spread of COVID-19 and prioritise the health and safety of our community, Ballarat Health Services was required to comply with various restrictions announced by the Commonwealth and State Governments, which in turn, has continued to impact the way in which Ballarat Health Services operates.

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

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

The financial impacts of the pandemic are disclosed at:

- Note 2: Funding delivery of our services
- Note 3: The cost of delivering services.

Note 1.3 Abbreviations and terminology used in the financial statements

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

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

Note 1.4 Principles of Consolidation

Ballarat Health Services does not have any consolidated reporting entities.

Note 1.5 Joint Operations

Interests in the jointly controlled operations of Grampians Rural Health Alliance are not consolidated by Ballarat Health Services but are accounted for in accordance with the policy outlined in Note 8.9 Jointly Controlled Operations.

Note 1.6 Key Accounting Estimates and Judgements

Management make estimates and judgements when preparing the financial statements.

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

Actual results may differ.

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

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

Note 1.7 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 Ballarat Health Services and their potential impact when adopted in future periods is outlined below:

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

Note 1.8 Goods and Services Tax (GST)

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

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

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

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

Note 1.9 Reporting Entity

Its principal address is:

Drummond St North

Ballarat, Victoria, 3350

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

Note 2: Funding Delivery of our Services

Ballarat Health Services overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

To enable Ballarat Health Services to fulfil its objective it receives accrual based grant funding for the provision of outputs.

The hospital also receives income from the supply of services.

Structure

2.1(a): Revenue and Income from Transactions

2.1(b): Fair Value of Assets and Services Received Free of Charge or for Nominal Consideration

2.1(c): Non-Operating Income

Telling the COVID-19 story

Ballarat Health Services response to the pandemic included the deferral of elective surgeries and reduced activity. This resulted in Ballarat Health Services incurring lost revenue as well as direct and indirect COVID-19 costs. The Department of Health provided funding which was spent due to COVID-19 impacts on Ballarat Health Services, which included:

- COVID-19 grants to fund commercial activities impacted by the pandemic including the loss of income derived from car parks, reduced training and education courses;
- Sustainability funding to meet core business as usual operations;
- Additional elective surgery funding to address the backlog in elective surgery procedures as a result of the COVID-19 pandemic; and
- Better @ home funding to support growth in existing home-based services.

| Key Judgement and Estimates | Description |
|--|--|
| Identifying performance obligations | <p>Ballarat Health Services 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 Ballarat Health Services 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>Ballarat Health Services 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>Ballarat Health Services applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred is used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.</p> |

Note 2.1(a): Revenue and Income from Transactions

| | | Total 2021 \$000 | Total 2020 \$000 |
|---|-------------|------------------------|------------------------|
| Operating | Note | | |
| Revenue from Contracts with Customers | | | |
| Government Grants (State) - Operating | | 262,840 | 264,874 |
| Government Grants (Commonwealth) – Operating | | 59,116 | 69,209 |
| Patient and Resident Fees | | 16,493 | 17,941 |
| Commercial Activities ¹ | 2.1b | 32,492 | 36,014 |
| Total Revenue from Contracts with Customers | | 397,093 | 406,216 |
| Other Sources of Income | | | |
| Government Grants (State) – Operating | | 150,188 | 108,384 |
| Government Grants (State) – Capital | | 1,211 | 20,979 |
| Government Grants (Commonwealth) – Capital | | 600 | 943 |
| Other Capital Purpose Income | | 212 | 1,987 |
| Other Revenue from Operating Activities | | 26,152 | 18,177 |
| Assets Received Free of Charge or for Nominal Consideration | | 8,696 | 1,674 |
| Total Other Sources of Income | | 187,059 | 152,141 |
| Total Revenue and Income from Operating Activities | | 558,000 | 540,180 |
| Revenue from Non-Operating Activities | | | |
| Capital Interest and Dividends | | 25 | 22 |
| Other Interest & Dividends | | 700 | 1,201 |
| Total Income from Non-Operating Activities | 2.1c | 725 | 1,223 |
| Total Income from Transactions | | 558,725 | 541,403 |

¹ Commercial activities represent business activities which Ballarat Health Services enters into to support their operations.

How we Recognise Revenue and Income from Transactions

Government Grants

To recognise revenue, Ballarat Health Services 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, 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 Obligations |
|---|--|
| 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> |

Capital Grants

Where Ballarat Health Services 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.

Note 2.1(a): Revenue and Income from Transactions (continued)

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

Patient and Resident Fees

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

Private Practice Fees

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

Commercial Activities

Revenue from commercial activities includes items such as car park income, clinical trial income, ethics review fees, and training and seminar fees. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

Note 2.1(b): Fair Value of Assets and Services Received Free of Charge or for Nominal Consideration

| | 2021 \$000 | 2020 \$000 |
|---|---------------|---------------|
| Cash Donations and Gifts | 996 | 1,239 |
| Inventory | 3,016 | 432 |
| Plant and Equipment | 4,684 | - |
| Total Fair Value of Assets and Services Received Free of Charge or for Nominal Consideration | 8,696 | 1,671 |

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 Ballarat Health Services 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. Ballarat Health Services received these resources free of charge and recognised them as income.

Contributions

Ballarat Health Services may receive assets for nil or nominal consideration to further its objectives. The assets are recognised at their fair value when Ballarat Health Services 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, Ballarat Health Services recognises related amounts being contributions by owners, lease liabilities, financial instruments, provisions and revenue or contract liabilities arising from a contract with a customer.

Ballarat Health Services 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 Ballarat Health Services as a capital contribution transfer.

Voluntary Services

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

Non-cash contributions from the Department of Health

The Department of Health makes some payments on behalf of Ballarat Health Services as follows:

| Government Grant | Description |
|---------------------------------------|---|
| Victorian Managed Insurance Authority | The Department of Health purchases non-medical indemnity insurance for Ballarat Health Services which is paid directly to the Victorian Managed Insurance Authority. To record this contribution, such payments are recognised as income with a matching expense in the net result from transactions. |
| Department of Health | Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health Hospital Circular. |

Note 2.1(c): Non-Operating Income

| | 2021 \$000 | 2020 \$000 |
|-------------------------------------|---------------|---------------|
| Dividends Received from Investments | 516 | 762 |
| Interest Income | 209 | 461 |
| Total Non-Operating Income | 725 | 1,223 |

How we recognise Other Income

Interest Income

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

Dividend Income

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

Note 3: The Cost of Delivering Services

This section provides an account of the expenses incurred by Ballarat Health Services in delivering services and outputs.

In Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

- 3.1: Expenses from Transactions
- 3.2: Other Economic Flows
- 3.3: Analysis of Expense and Revenue by Special Purpose Funds
- 3.4: Employee Benefits in the Balance Sheet
- 3.5: 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 and its impact on our economy and the health of our community.

Additional costs were incurred to deliver the following additional services:

- Establish facilities within Ballarat Health Services for the treatment of suspected and admitted COVID patients resulting in an increase in employee costs and additional equipment purchases.
- Implement COVID safe practices throughout Ballarat Health Services including increased cleaning, increased security, consumption of personal protective equipment provided as resources free of charge.
- Assist with COVID-19 case management, contact tracing and outbreak management contributing to an increase in employee and administration costs.
- Establish vaccination clinics to administer vaccines to staff and the community resulting in an increase in employee costs and additional equipment purchased.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

| Key Judgement and Estimates | Description |
|--|---|
| Measuring and classifying employee benefit liabilities | <p>Ballarat Health Services applies significant judgment when measuring and classifying its employee benefit liabilities.</p> <p>Employee benefit liabilities are classified as a current liability if Ballarat Health Services 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 Ballarat Health Services 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.</p> <p>With reference to historical data, if the health service does not expect entitlements to be paid within 12 months, the entitlement is measured at its present value. All other entitlements are measured at their nominal value.</p> |

Note 3.1: Expenses from Transactions

| | Note | 2021 \$000 | 2020 \$000 |
|--|------|----------------|----------------|
| Employee Expenses | | | |
| Salaries and Wages | | 320,350 | 294,991 |
| On-Costs | | 79,851 | 70,524 |
| Agency Expenses | | 7,851 | 6,728 |
| Workcover Premium | | 5,822 | 4,293 |
| Total Employee Expenses | | 413,874 | 376,536 |
| Supplies and Consumables | | | |
| Drug Supplies | | 22,718 | 19,540 |
| Medical and Surgical Supplies | | 58,466 | 68,006 |
| Pathology Supplies | | 4,918 | 3,290 |
| Other Supplies and Consumables | | 4,084 | 4,540 |
| Total Supplies and Consumables | | 90,186 | 95,376 |
| Finance Costs | | | |
| Interest Charges | | 159 | 147 |
| Total Finance Costs | | 159 | 147 |
| Other Administrative Expenses | | | |
| Other Administrative Expenses | | 24,014 | 22,617 |
| Total Other Administrative Expenses | | 24,014 | 22,617 |
| Other Operating Expenses | | | |
| Fuel, Light, Power and Water | | 4,848 | 5,311 |
| Repairs and Maintenance | | 11,505 | 10,504 |
| Medical Indemnity Insurance | | 6,426 | 5,481 |
| Expenses Related to Short Term Leases | | 250 | 419 |
| Expenses Related to Leases of Low Value Assets | | 1 | 3 |
| Expenditure for Capital Purpose | | 1,153 | 1,263 |
| Total Other Operating Expenses | | 24,183 | 22,981 |
| Total Operating Expenses | | 552,416 | 517,657 |
| Depreciation and Amortisation | 4.4 | 33,575 | 33,572 |
| Total Depreciation and Amortisation | | 33,575 | 33,572 |
| Total Expenses from Transactions | | 585,991 | 551,229 |

How we recognise Expenses from Transactions

Expenses are recognised as they are incurred and reporting 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; and
- Work cover premium.

Supplies and Consumables

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

Finance Costs

Finance costs include:

- Interest on 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:

- Fuel, light and power;
- Repairs and maintenance; and
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$2,000).

The Department of Health makes certain payments on behalf of Ballarat Health Services. 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.

Note 3.1: Expenses from Transactions (continued)

Operating Lease Payments

Lease payments are recognised on a straight-line basis;

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

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

Note 3.2: Other Economic Flows

| | 2021 \$000 | 2020 \$000 |
|--|---------------|----------------|
| Net Gain/(Loss) on Sale of Non-Financial Assets | | |
| Net Gain on Disposal of Property, Plant and Equipment | 22 | 242 |
| Total Net Gain on Sale of Non-Financial Assets | 22 | 242 |
| Net Gain/(Loss) on Financial Instruments at Fair Value | | |
| Allowance for impairment losses of contractual receivables | 85 | (194) |
| Other gains/(losses) from Other Economic Flows | 1,498 | (847) |
| Total Net/(Losses) on Financial Instruments at Fair Value | 1,583 | (1,041) |
| Other Gains/(Losses) from Other Economic Flows | | |
| Net gains/ (loss) arising from Revaluation of Long Service Liability | 6,505 | (1,441) |
| Total Other Gain/(Losses) from Other Economic Flows | 6,505 | (1,441) |
| Total Other Gain/(Losses) from Economic Flows | 8,110 | (2,240) |

How we Recognise Other Economic Flows

Net Gain/(Loss) on Non-Financial Assets

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

- Revaluation gains/(losses) of non-financial physical assets (Refer to Note 4.3 Property, plant and equipment);
- Net gain/(loss) on disposal of non-financial assets; and
- 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 include:

- Realised and unrealised gains and losses from revaluation 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 de-recognition of financial liabilities.

Other Gains/(Losses) from Other Economic Flows

Other gains/(losses) include:

- The revaluation of the present value of the Long Service Leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes of probability factors; and
- Transfer of amounts from the reserves to accumulated surplus or net result due to disposal or de-recognition or reclassification.

Note 3.3: Employee Benefits in the Balance Sheet

| | 2021 \$000 | 2020 \$000 |
|--|----------------|---------------|
| Current Provisions | | |
| Employee Benefits | | |
| Annual Leave | | |
| - Unconditional and expected to be settled wholly within 12 months | 24,864 | 21,377 |
| - Unconditional and expected to be settled wholly after 12 months | 4,225 | 3,676 |
| Long Service Leave | | |
| - Unconditional and expected to be settled wholly within 12 months | 7,176 | 6,924 |
| - Unconditional and expected to be settled wholly after 12 months | 37,945 | 35,207 |
| Other | | |
| - Accrued Days Off | 672 | 616 |
| Provisions related to Employee Benefit On-Costs | | |
| - Unconditional and expected to be settled wholly within 12 months | 4,465 | 3,935 |
| - Unconditional and expected to be settled wholly after 12 months | 5,433 | 5,006 |
| Other | | |
| - Accrued Days Off | 96 | 88 |
| Total Current | 84,876 | 76,829 |
| Non-Current Provisions | | |
| Conditional Long Service Leave | 16,781 | 16,207 |
| Provisions related to Employee Benefit On-Costs | 2,136 | 2,062 |
| Total Non-Current | 18,917 | 18,269 |
| Total Provisions | 103,793 | 95,098 |

(a): Employee Benefits and Related On-Costs

| | 2021 \$000 | 2020 \$000 |
|---|----------------|---------------|
| Current | | |
| Unconditional Long Service Leave | 50,864 | 47,492 |
| Annual Leave | 33,244 | 28,633 |
| Accrued Days Off | 768 | 704 |
| Total Current | 84,876 | 76,829 |
| Non-Current | | |
| Conditional Long Service Leave | 18,917 | 18,269 |
| Total Non-Current | 18,917 | 18,269 |
| Total Employee Benefits and Related On-Costs | 103,793 | 95,098 |
| Carrying amount at start of year | 95,098 | 84,101 |
| Additional provisions recognised | 43,594 | 44,611 |
| Amounts incurred during the year | (34,899) | (33,614) |
| Carrying amount at the end of the year | 103,793 | 95,098 |

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 Ballarat Health Services 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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

Annual Leave and Accrued Days Off

Liabilities for annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities' because Ballarat Health Services 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 Ballarat Health Services expects to wholly settle within 12 months; or
- Present value - if Ballarat Health Services does not expect to wholly settle within 12 months.

Long Service Leave (LSL)

The liability for 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 Ballarat Health Services 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.

Note 3.3: Employee Benefits in the Balance Sheet (continued)

The components of this current LSL liability are measured at:

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

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

On-Costs Related to Employee Expense

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

Note 3.4: Superannuation

| | Paid Contribution | | Contribution Outstanding | |
|------------------------------------|-------------------|---------------|--------------------------|---------------|
| | 2021 \$000 | 2020 \$000 | 2021 \$000 | 2020 \$000 |
| Defined Benefit Plans (i): | | | | |
| Aware Super | 1,246 | 1,255 | 101 | 113 |
| Defined Contribution Plans: | | | | |
| Aware Super | 15,984 | 15,040 | 1,253 | 1,237 |
| Hesta | 7,930 | 6,594 | 704 | 586 |
| Emergency Services Scheme | 463 | 465 | 41 | 44 |
| Other | 4,175 | 3,207 | 344 | 298 |
| Total | 29,798 | 26,561 | 2,443 | 2,278 |

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

How we Recognise Superannuation

Employees of Ballarat Health Services are entitled to receive superannuation benefits and Ballarat Health Services contributes to both the defined benefit and defined contribution plans. The defined benefit plans provide benefits based on years of service and final average salary.

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement for Ballarat Health Services.

Defined Contribution Plans

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

Defined Benefit Superannuation Plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Ballarat Health Services to the superannuation plans in respect of the services of current Ballarat Health Services 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.

Ballarat Health Services 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 disclose 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 Ballarat Health Services.

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

Note 4: Key Assets to Support Service Delivery

Ballarat Health Services 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 Ballarat Health Services to be utilised for delivery of those outputs.

Structure

- 4.1: Investments and Other Financial Assets
- 4.2: Property, Plant and Equipment
- 4.3: Depreciation and Amortisation
- 4.4: Intangible Assets
- 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 and its impact on our economy and the health of our community.

Key Judgments and Estimates

| Key Judgement and Estimates | Description |
|---|--|
| Measuring fair value of property, plant and equipment and investment properties | <p>Ballarat Health Services 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>Ballarat Health Services 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>Ballarat Health Services 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 Ballarat Health Services 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>Ballarat Health Services 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, Ballarat Health Services 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> <ul style="list-style-type: none"> • The health service considers a range of information when performing its assessment, including considering: <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> |

Note 4.1: Investments and Other Financial Assets

| | Operating Fund | Operating Fund | Specific Purpose Fund | Specific Purpose Fund | Trust Fund | Trust Fund | Total | Total |
|--|----------------|----------------|-----------------------|-----------------------|---------------|---------------|---------------|---------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| Current | | | | | | | | |
| Equities | 750 | 503 | - | - | - | - | 750 | 503 |
| Floating Rate Notes > 3 Months | - | - | - | - | - | 3,400 | - | 3,400 |
| Managed Investment Schemes (VPMC) | - | - | 433 | 461 | 16,429 | 14,585 | 16,862 | 15,046 |
| Grampians Rural Health Alliance | - | - | 2,230 | 1,731 | - | - | 2,230 | 1,731 |
| Total Current | 750 | 503 | 2,663 | 2,192 | 16,429 | 17,985 | 19,842 | 20,680 |
| Total | 750 | 503 | 2,663 | 2,192 | 16,429 | 17,985 | 19,842 | 20,680 |
| Represented by: | | | | | | | | |
| Health Service Investments | 750 | 503 | 433 | 461 | - | - | 1,183 | 964 |
| Monies Held in Trust | - | - | - | - | - | - | - | - |
| - Accommodation Bonds | - | - | - | - | 15,759 | 17,498 | 15,759 | 17,498 |
| - Patient Monies | - | - | - | - | 84 | 139 | 84 | 139 |
| - State Wide Equipment Program | - | - | - | - | 27 | 64 | 27 | 64 |
| - Grampians Integrated Cancer Services | - | - | - | - | 559 | 284 | 559 | 284 |
| Grampians Rural Health Alliance | - | - | 2,230 | 1,731 | - | - | 2,230 | 1,731 |
| Total | 750 | 503 | 2,663 | 2,192 | 16,429 | 17,985 | 19,842 | 20,680 |

How we Recognise Investments and Other Financial Assets

Ballarat Health Services investments and other financial assets are made in accordance with Standing Direction 3.7.2 - Treasury Management.

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

Investments are recognised when Ballarat Health Services 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.

Ballarat Health Services 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. Term deposits with original maturity dates of three to twelve months are classified as current, whilst term deposits with original maturity dates in excess of 12 months are classified as non-current.

Ballarat Health Services assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

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

Note 4.2: Property, Plant and Equipment

(a): Gross Carrying Amount and Accumulated Depreciation

| | Gross Cost | Accumulated | Written | Written |
|--|----------------|---------------|----------------|----------------|
| | Valuation | Dep'n | Down | Down |
| | 2021 | 2021 | Value | Value |
| | \$000 | \$000 | \$000 | \$000 |
| Land at Fair Value | 39,334 | - | 39,344 | 32,415 |
| Under Construction at Cost | 2,985 | - | 2,985 | 7,423 |
| Buildings at Fair Value | 362,955 | 48,167 | 314,788 | 333,181 |
| Buildings - Right of Use | 5,616 | 1,144 | 4,472 | 5,387 |
| Plant and Equipment at Fair Value | 20,503 | 10,150 | 10,353 | 10,585 |
| Medical Equipment at Fair Value | 38,204 | 26,418 | 11,786 | 9,999 |
| Computers and Communications at Fair Value | 5,254 | 4,457 | 797 | 1,107 |
| Furniture and Fittings at Fair Value | 959 | 633 | 326 | 293 |
| Personal Alarm Call Systems at Fair Value | 5,292 | 3,385 | 1,907 | 1,917 |
| Linen Stock at Fair Value | 1,452 | 633 | 819 | 801 |
| Motor Vehicles at Fair Value | 2,964 | 2,584 | 380 | 616 |
| Right of Use - Plant, Equipment and Vehicles | 3,428 | 577 | 2,851 | 1,161 |
| Leased Assets | - | - | - | - |
| Total Property, Plant and Equipment | 488,956 | 98,148 | 390,808 | 404,885 |

Note 4.2: Property, Plant and Equipment (continued)

(b): Reconciliations of the Carrying Amount of each Class of Assets

Reconciliations of the carrying amounts of each class of assets for the entity at the beginning and end of the previous and current financial year is set out below.

| | | Land | Under Construction | Buildings | Right-of-Use Buildings | Plant and Equipment | Medical Equipment | Computers and Comm'n | Furniture and Fittings | Personal Alarm Call Systems | Linen Stock | Motor Vehicles | Right-of-Use PPE, F & V | Leased Assets | Total |
|--|------|---------------|--------------------|----------------|------------------------|---------------------|-------------------|----------------------|------------------------|-----------------------------|-------------|----------------|-------------------------|---------------|----------------|
| | Note | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 | \$000 |
| 2020 | | | | | | | | | | | | | | | |
| Balance at 1 July 2019 | | 32,415 | 3,464 | 356,929 | 0 | 8,743 | 9,935 | 1,514 | 391 | 2,563 | 798 | 938 | 0 | 211 | 417,901 |
| Recognition of Right-of-Use Assets on Initial Application of AASB 16 | | - | - | - | 6,000 | - | - | - | - | - | - | - | 402 | (211) | 6,191 |
| Adjusted Balance at 1 July 2019 | | 32,415 | 3,464 | 356,929 | 6,000 | 8,743 | 9,935 | 1,514 | 391 | 2,563 | 798 | 938 | 402 | - | 424,092 |
| Additions | | - | 5,625 | 86 | - | 2,150 | 3,403 | 174 | 65 | 330 | 331 | 58 | 958 | - | 13,180 |
| Net transfers between classes | 4.5 | - | (1,667) | 190 | - | 1,201 | 168 | - | 22 | - | - | - | - | - | (86) |
| Disposals | | - | - | - | - | (8) | (39) | - | - | - | - | - | - | - | (47) |
| Depreciation | | - | - | (24,024) | (613) | (1,501) | (3,468) | (581) | (185) | (976) | (328) | (380) | (199) | - | (32,255) |
| Balance at 30 June 2020 | | 32,415 | 7,423 | 333,181 | 5,387 | 10,585 | 9,999 | 1,107 | 293 | 1,917 | 801 | 616 | 1,161 | - | 404,885 |
| 2021 | | | | | | | | | | | | | | | |
| Balance at 1 July 2020 | | 32,415 | 7,423 | 333,181 | 5,387 | 10,585 | 9,999 | 1,107 | 293 | 1,917 | 801 | 616 | 1,161 | - | 404,885 |
| Additions | | - | 2,261 | 32 | 360 | 872 | 5,264 | 149 | 77 | 981 | 327 | - | 2,064 | - | 12,387 |
| Revaluations | | 6,929 | - | - | - | - | - | - | - | - | - | - | - | - | 6,929 |
| Net transfers between classes | 4.5 | - | (6,699) | 5,718 | - | 514 | 328 | 29 | 110 | - | - | - | - | - | - |
| Disposals | | - | - | - | (744) | (2) | 0 | - | - | - | - | - | - | - | (746) |
| Depreciation | | - | - | (24,143) | (531) | (1,616) | (3,805) | (488) | (154) | (991) | (309) | (236) | (374) | - | (32,647) |
| Balance at 30 June 2021 | | 39,344 | 2,985 | 314,788 | 4,472 | 10,353 | 11,786 | 797 | 326 | 1,907 | 819 | 380 | 2,851 | - | 390,808 |

Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Ballarat Health Services owned land and buildings to determine their fair value. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2019.

Note 4.2: Property, Plant and Equipment (continued)

(c): Fair Value Measurement Hierarchy for Assets

| | Carrying amount as at 30 June 2021 | Fair value measurement at end of reporting period using: | | |
|---|------------------------------------|--|----------------|----------------|
| | | Level 1 | Level 2 | Level 3 |
| Land at fair value | | | | |
| Non-Specialised Land | 21,223 | - | 21,223 | - |
| Specialised Land | 18,121 | - | - | 18,121 |
| Total of Land at fair value | 39,344 | - | 21,223 | 18,121 |
| Buildings at fair value | | | | |
| Non-Specialised Buildings | 150,230 | - | 150,230 | - |
| Specialised Buildings | 169,030 | - | - | 169,030 |
| Total of Buildings at fair value | 319,260 | - | 150,230 | 169,030 |
| Plant, Equipment and Vehicles at fair value | | | | |
| - Motor Vehicles | 380 | - | - | 380 |
| - Plant and Equipment | 10,353 | - | - | 10,353 |
| - Furniture and Fittings | 326 | - | - | 326 |
| - Medical Equipment | 11,786 | - | - | 11,786 |
| - Computers and Communications | 797 | - | - | 797 |
| - Personal Alarm Call Systems | 1,907 | - | - | 1,907 |
| - Linen Stock | 819 | - | - | 819 |
| - Right-of-Use - Plant, Equipment and Vehicles | 2,851 | - | - | 2,851 |
| Total of Plant, Equipment and Vehicles at fair value | 29,219 | - | - | 29,220 |
| Total | 387,823 | - | 171,453 | 216,371 |

| | Carrying amount as at 30 June 2020 | Fair value measurement at end of reporting period using: | | |
|---|------------------------------------|--|----------------|----------------|
| | | Level 1 | Level 2 | Level 3 |
| Land at fair value | | | | |
| Non-Specialised Land | 16,610 | - | 16,610 | - |
| Specialised Land | 15,805 | - | - | 15,805 |
| Total of Land at fair value | 32,415 | - | 16,610 | 15,805 |
| Buildings at fair value | | | | |
| Non-Specialised Buildings | 153,386 | - | 153,386 | - |
| Specialised Buildings | 185,182 | - | - | 185,182 |
| Total of Buildings at fair value | 338,568 | - | 153,386 | 185,182 |
| Plant, Equipment and Vehicles at fair value | | | | |
| - Motor Vehicles | 616 | - | - | 616 |
| - Plant and Equipment | 10,585 | - | - | 10,585 |
| - Furniture and Fittings | 293 | - | - | 293 |
| - Medical Equipment | 9,999 | - | - | 9,999 |
| - Computers and Communications | 1,107 | - | - | 1,107 |
| - Personal Alarm Call Systems | 1,917 | - | - | 1,917 |
| - Linen Stock | 801 | - | - | 801 |
| - Leased Assets | 1,161 | - | - | 1,161 |
| Total of Plant, Equipment and Vehicles at fair value | 26,479 | - | - | 26,479 |
| Total | 397,462 | - | 169,996 | 227,466 |

Classified in accordance with the fair value hierarchy

(d): Reconciliation of Level 3 Fair Value

| | Land \$000 | Buildings \$000 | Plant, Equipment and Vehicles \$000 |
|--|---------------|--------------------|---|
| 2021 | | | |
| Opening Balance | 15,805 | 185,182 | 26,479 |
| Additions (disposals) | - | - | 10,713 |
| Transfers in of Level 3 | - | 309 | - |
| Subtotal | 15,805 | 185,491 | 37,192 |
| Gains or losses recognised in net result | | | |
| - Depreciation | - | (16,461) | (7,973) |
| Subtotal | - | (16,461) | (7,973) |
| Items recognised in other comprehensive income | | | |
| - Revaluation | 2,316 | - | - |
| Subtotal | 2,316 | - | - |
| Closing Balance | 18,121 | 169,030 | 29,219 |

Note 4.2: Property, Plant and Equipment (continued)

| | Land \$000 | Buildings \$000 | Plant, Equipment and Vehicles \$000 |
|--|---------------|--------------------|---|
| 2020 | | | |
| Opening Balance | 15,805 | 201,577 | 25,093 |
| Additions (disposals) | - | 54 | 9,004 |
| Transfers in/(out) of Level 3 | - | - | - |
| Subtotal | 15,805 | 201,631 | 34,097 |
| Gains or losses recognised in net result | | | |
| - Depreciation | - | (16,449) | (7,618) |
| Subtotal | - | (16,449) | (7,618) |
| Closing Balance | 15,805 | 185,182 | 26,479 |

Classified in accordance with the fair value hierarchy, refer note 4.2(c)

Note 4.2(e): Description of Significant Unobservable Inputs

| | Valuation technique | Significant unobservable inputs |
|--|------------------------------|--|
| Specialised Land | Market Approach (i) | Community Service Obligation (CSO) Adjustment |
| Non-Specialised Land | Market Approach | N/A |
| Specialised Buildings | Depreciated Replacement Cost | Direct cost per square metre Useful life of specialised buildings |
| Non-Specialised Buildings | Market Approach | N/A |
| Plant and Equipment at Fair Value | Depreciated Replacement Cost | Cost Per Unit Useful Life of Plant and Equipment |
| Medical Equipment at Fair Value | Depreciated Replacement Cost | Cost Per Unit Useful Life of Medical Equipment |
| Vehicles | Depreciated Replacement Cost | Cost Per Unit Useful Life of Medical Equipment |

(i) CSO adjustments of between 5% to 20% were applied to reduce the market approach value for the Health Services specialised land

How we Recognise Property, Plant and Equipment

Property, plant and equipment are tangible items that are used by Ballarat Health Services 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 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 costs 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.

Subsequent Measurement

Items of property, plant and equipment (excluding right-of-use assets) are subsequently measured at fair value less accumulated depreciation and impairment losses where applicable.

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

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, Ballarat Health Services 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.

Note 4.2: Property, Plant and Equipment (continued)

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%, Ballarat Health Services would obtain an interim independent valuation prior to the next scheduled independent valuation.

An independent valuation of Ballarat Health Services 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 based on the VGV indices at 30 June 2021 indicated an overall increase in fair value of land of 21.38% (\$6.9M).

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

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

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

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

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

Impairment

At the end of each financial year, Ballarat Health Services 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, Ballarat Health Services 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.

Ballarat Health Services 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 Ballarat Health Services 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. Ballarat Health Services 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 |
|---|---------------|
| Lease buildings | 3 to 15 years |
| Leased plant, equipment, furniture, fittings and vehicles | 3 to 5 years |

Presentation of Right-Of-Use Assets

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

Initial Recognition

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

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

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

Note 4.2: Property, Plant and Equipment (continued)

Ballarat Health Services holds lease agreements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. Refer to Note 6.1 for further information regarding the nature and terms of the concessional lease, and Ballarat Health Services 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, Ballarat Health Services 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, Ballarat Health Services estimates the recoverable amount of the asset. Where the carrying amount of the asset exceeds its recoverable amount, an impairment loss is recognised.

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

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, Ballarat Health Services has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

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

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

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

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

In accordance with paragraph AASB 13 Fair Value Measurement paragraph 29, Ballarat Health Services can assume 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.

Note 4.2: Property, Plant and 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, Ballarat Health Services 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 and specialised buildings 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 Ballarat Health Services, 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 Ballarat Health Services specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2019.

Vehicles

Ballarat Health Services 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.

Note 4.3: Depreciation and Amortisation

| | 2021 \$000 | 2020 \$000 |
|--|---------------|---------------|
| Depreciation | | |
| Buildings | 24,143 | 24,024 |
| Right-of-Use Buildings | 531 | 613 |
| Medical Equipment | 3,805 | 3,468 |
| Plant and Equipment | 1,616 | 1,501 |
| Motor Vehicles | 236 | 380 |
| Personal Alarm Call Systems | 991 | 976 |
| Linen Stock | 309 | 328 |
| Computers and Communications | 488 | 581 |
| Furniture and Fittings | 154 | 185 |
| Right-of-Use Plant, Equipment and Vehicles | 374 | 199 |
| Total Depreciation | 32,647 | 32,255 |
| Amortisation | | |
| Intangibles | 929 | 1,317 |
| Total Amortisation | 929 | 1,317 |
| Total Depreciation and Amortisation | 33,576 | 33,572 |

How we Recognise Depreciation

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

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

How we Recognise Amortisation

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

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

| | 2021 | 2020 |
|--|------------|------------|
| Buildings | | |
| - Structure Shell Building Fabric | 3-59 years | 3-59 years |
| - Site Engineering Services | 3-50 years | 3-50 years |
| - Fit out | 3-25 years | 3-25 years |
| - Trunk Reticulated Building Systems | 3-30 years | 3-30 years |
| - Right-of-Use | 2-15 years | 2-15 years |
| Plant and Equipment | 5-22 years | 5-22 years |
| Medical Equipment | 5-10 years | 5-10 years |
| Furniture and Fittings | 5 years | 5 years |
| Personal Alert Call Systems | 5 years | 5 years |
| Linen | 5 years | 5 years |
| Motor Vehicles | 3-7 years | 3-7 years |
| Computers and Communications | 3-5 years | 3-5 years |
| Leased Assets | 3-5 years | 3-5 years |
| Right-of-Use Plant, Equipment and Vehicles | 2-5 years | 2-5 years |
| Intangibles | 3 years | 3 years |

Note 4.4: Intangible Assets

Note 4.4(a): Intangible Assets - Gross Carrying Amount and Accumulated Amortisation

| | 2021 \$000 | 2020 \$000 |
|--------------------------------|---------------|---------------|
| Computer Software | 6,231 | 6,475 |
| Less: Accumulated Amortisation | (5,722) | (5,258) |
| | 509 | 1,217 |
| Intangible Work in Progress | 267 | 50 |
| Total Intangible Assets | 776 | 1,267 |

Note 4.4(b): Intangible Assets - Reconciliation of the Carrying Amount by Class of Asset

| | Software \$000 | WIP \$000 | Total \$000 |
|--------------------------------|-------------------|--------------|----------------|
| Balance at 1 July 2019 | 2,293 | - | 2,293 |
| Additions | 155 | 50 | 205 |
| Net transfers between Classes | 86 | - | 86 |
| Amortisation | (1,317) | - | (1,317) |
| Balance at 1 July 2020 | 1,217 | 50 | 1,267 |
| Additions | 137 | 217 | 354 |
| Net transfers between Classes | 84 | - | 84 |
| Amortisation | (929) | - | (929) |
| Balance at 30 June 2021 | 509 | 267 | 776 |

How we Recognise Intangible Assets

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

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 recognised if, and only if, all of the following are demonstrated:

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

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

Subsequent Measurement

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

Impairment

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

Note 4.5: Inventories

| | 2021 \$000 | 2020 \$000 |
|---------------------------|---------------|---------------|
| General (at cost) | 1,140 | 1,168 |
| Pharmaceuticals (at cost) | 602 | 824 |
| Total | 1,742 | 1,992 |

How we Recognise Inventories

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

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

Note 5: Other Assets and Liabilities

This section sets out those assets and liabilities that arose from Ballarat Health Services operations.

Structure

- 5.1: Receivables and Contract Assets
- 5.2: Prepayments
- 5.3: Other Liabilities
- 5.4: Payables and Contract Liabilities

Telling the COVID-19 Story

The measurement of other assets and liabilities were not materially impacted by the COVID-19 Coronavirus pandemic and its impact on our economy and the health of our community.

Key Judgements and Estimates

This section contains the following key judgements and estimates:

| Key Judgement and Estimates | Description |
|---|--|
| Estimating the provision for expected credit losses | Ballarat Health Services 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>Ballarat Health Services 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 sublease 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 Ballarat Health Services has received funding to construct an identifiable nonfinancial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed.</p> <p>Ballarat Health Services 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 | Ballarat Health Services applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer. |

Note 5.1: Receivables and Contract Assets

| | Current 2021 \$000 | Non-Current 2021 \$000 | Total 2021 \$000 | Current 2020 \$000 | Non-Current 2020 \$000 | Total 2020 \$000 |
|---|-----------------------|------------------------------|---------------------|-----------------------|------------------------------|---------------------|
| Contractual | | | | | | |
| Trade Debtors | | | | | | |
| - Acute and Sub-Acute Inpatients | 1,270 | - | 1,270 | 979 | - | 979 |
| - RAC | 309 | - | 309 | 267 | - | 267 |
| - Eureka Linen | 289 | - | 289 | 314 | - | 314 |
| - Radiology | 248 | - | 248 | 142 | - | 142 |
| - Safety Link | 102 | - | 102 | 310 | - | 310 |
| - Sundry | 3,738 | - | 3,738 | 3,941 | - | 3,941 |
| Accrued Investment Income | 81 | - | 81 | 146 | - | 146 |
| Accrued Revenue Other | 5,189 | - | 5,189 | 3,547 | - | 3,547 |
| Deposits Paid | 20 | - | 20 | 20 | - | 20 |
| <i>Less: Allowance for impairment losses of contractual receivables</i> | | | | | | |
| Trade Debtors | (162) | - | (162) | (129) | - | (129) |
| Patient Fees | (81) | - | (81) | (254) | - | (254) |
| Total Contractual | 11,003 | - | 11,003 | 9,283 | - | 9,283 |
| Statutory | | | | | | |
| GST Receivable | 658 | - | 658 | 783 | - | 783 |
| Long Service Leave - Department of Health | 6,149 | 25,697 | 31,846 | 3,907 | 21,790 | 25,697 |
| Total Statutory | 6,807 | 25,697 | 32,504 | 4,690 | 21,790 | 26,479 |
| Total | 17,810 | 25,697 | 43,507 | 13,973 | 21,790 | 35,763 |

(i) Financial assets classified as receivables and contract assets (Note 7.1(a))

| | 2021 \$000 | 2020 \$000 |
|--|---------------|---------------|
| Total Receivables and Contract Assets | 43,264 | 35,380 |
| Provision for Impairment | 243 | 383 |
| GST Receivable | (658) | (783) |
| Long Service Leave – Department of Health | (31,846) | (25,697) |
| Total Financial Assets | 11,003 | 9,283 |

As at 30 June 2021, Ballarat Health Services has contract assets of \$11,002 which is net of an allowance for expected credit losses of \$243. This is included in the contractual receivable balances presented above.

Note 5.1(a): Movement in the Allowance for impairment losses of contractual receivables

| | 2021 \$000 | 2020 \$000 |
|--|---------------|---------------|
| Balance at Beginning of Year | (383) | (266) |
| Amounts Written off During the Year | 197 | 86 |
| Amounts Recovered During the Year | 42 | 102 |
| Increase/(Decrease) in Allowance Recognised in the Net Result | (99) | (305) |
| Balance at End of Year | (243) | (383) |

How we Recognise Receivables

Receivables consist of:

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

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

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

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

Impairment Losses of Contractual Receivables

Refer to Note 7.1 (a) for Ballarat Health Services contractual impairment losses.

Note 5.2: Prepayments

| | 2021 \$000 | 2020 \$000 |
|----------------|---------------|---------------|
| Current | | |
| Prepayments | 1,628 | 2,805 |
| Total | 1,628 | 2,805 |

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

Note 5.3: Other Liabilities

| | 2021 \$000 | 2020 \$000 |
|--|---------------|---------------|
| Current | | |
| Monies Held in Trust* | | |
| - Refundable Accommodation Deposit ('RAD') | 35,259 | 40,512 |
| - Patient Monies Held in Trust | 84 | 139 |
| - Grampians Integrated Cancer Service | 559 | 284 |
| - State Wide Equipment Program | 27 | 64 |
| Grampians Rural Health Alliance | 1,015 | 402 |
| Total Other Liabilities | 36,944 | 41,401 |
| *Monies Held in Trust Represented by: | | |
| Other Financial Assets | 19,842 | 20,680 |
| Cash and Cash Equivalents | 16,087 | 20,319 |
| Total | 35,929 | 40,999 |

How we Recognise Other Liabilities

Refundable Accommodation Deposit ('RAD')

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.

Note 5.4: Payables and Contract Liabilities

| | Note | 2021 \$000 | 2020 \$000 |
|--|--------|---------------|---------------|
| Current | | | |
| Contractual | | | |
| Trade Creditors and Accrued Expenses | | 27,907 | 17,214 |
| Accrued Salary and Wages | | 8,859 | 18,843 |
| Contract Liabilities – Income Received in Advanced | 5.4(b) | 7,716 | 15,881 |
| Deferred Capital Grant Revenue | 5.4(a) | 9,468 | 6,028 |
| Total | | 53,950 | 57,967 |

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

| | Note | 2021 \$000 | 2020 \$000 |
|--|------|---------------|---------------|
| Total Payables and Contract Liabilities | | 53,950 | 57,967 |
| Deferred Grant Income | | (9,468) | (6,028) |
| Contract Liabilities | | (7,716) | (15,881) |
| Total Financial Liabilities | | 36,766 | 36,057 |

How we Recognise Payables and Contract Liabilities

Payables consist of:

- Contractual payables, which mostly includes payables in relation to goods and services. These payables are classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Ballarat Health Services prior to the end of the financial year that are unpaid.
- Statutory payables, which most includes amount payable to the Victorian Government and Goods and Services Tax (GST) payable. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually month end, plus 30 days.

Note 5.4(a): Deferred Capital Grant Revenue

| | 2021 \$000 | 2020 \$000 |
|---|---------------|---------------|
| Opening Balance of Deferred Grant Income | 6,028 | 5,807 |
| Grant Consideration for Capital Works received during the year | 5,251 | 22,143 |
| Deferred Grant Revenue recognised as revenue due to completion of Capital Works | (1,811) | (21,922) |
| Closing Balance of Deferred Grant Income | 9,468 | 6,028 |

How we Recognise Deferred Capital Grant Revenue

Grant consideration was received from the Department of Health and the Commonwealth Government for various capital projects and equipment purchases. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Ballarat Health Services satisfies its obligations under the transfer by controlling the asset as and when its 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, Ballarat Health Services has deferred recognition of a portion of the capital grant consideration received as a liability for the outstanding obligations.

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

Note 5.4(b): Contract Liabilities

| | 2021 \$000 | 2020 \$000 |
|---|---------------|---------------|
| Opening Balance of Contract Liabilities | 15,881 | 7,985 |
| Payments Received for Performance Obligations not yet fulfilled | 388,928 | 414,112 |
| Revenue Recognised for the completion of a Performance Obligation | (397,093) | (406,216) |
| Total Current Contract Liabilities | 7,716 | 15,881 |

How we Recognise Contract Liabilities

Contract liabilities relate to consideration received in advance from stakeholders for operational programs, where these services are to be provided over a specified time frame. These funds have been deferred until specific performance obligations are met.

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

Note 6: How we Finance our Operations

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

This section includes disclosures of balances that are financial instruments.

Structure

- 6.1: Borrowings
- 6.2: Cash and Cash Equivalents
- 6.3: Commitments

Telling the COVID-19 story

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

Key Judgements and Estimates

This section contains the following key judgements and estimates:

| Key Judgement and Estimates | Description |
|--|--|
| Determining if a contract is or contains a lease | <p>Ballarat Health Services 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 | <p>Ballarat Health Services 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>Ballarat Health Services 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, Ballarat Health Services 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 Ballarat Health Services is reasonably certain to exercise such options.</p> <p>Ballarat Health Services 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. |

Note 6.1: Borrowings

| | 2021 \$000 | 2020 \$000 |
|------------------------------------|---------------|---------------|
| Current | | |
| Lease Liability | 1,152 | 707 |
| Total Current Borrowings | 1,152 | 707 |
| Non-Current | | |
| DHHS Loan | 76 | 76 |
| Lease Liability | 6,308 | 5,912 |
| Total Non-Current Liability | 6,384 | 5,988 |
| Total Borrowings | 7,536 | 6,695 |

How we Recognise Borrowings

Borrowings refer to interest bearing liabilities mainly raised from advances from the Department of Health (DH) 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 depends on whether the Ballarat Health Services has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

Subsequent Measurement

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

Maturity Analysis

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

Defaults and breaches

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

Lease Liabilities

Ballarat Health Services lease liabilities are summarised below:

| | 2021 \$000 | 2020 \$000 |
|---|---------------|---------------|
| Total Undiscounted Lease Liabilities | 8,069 | 7,368 |
| Less Unexpired Finance Expenses | (609) | (749) |
| Net Lease Liabilities | 7,460 | 6,619 |
| The following table sets out the maturity analysis of lease liabilities, showing the undiscounted lease payments to be made after the reporting date. | | |
| | 2021 \$000 | 2020 \$000 |
| Repayments in relation to leases are payable as follows: | | |
| Not later than one year | 1,314 | 866 |
| Later than 1 year and not later than 5 years | 4,399 | 3,231 |
| Later than 5 years | 2,356 | 3,271 |
| Minimum Future Lease Liability | 8,069 | 7,368 |
| Less unexpired Finance Expenses | (609) | (749) |
| Present Value of Lease Liability | 7,460 | 6,619 |
| Included in the financial statements as: | | |
| Current Liabilities | 1,152 | 707 |
| Non-Current Liabilities | 6,308 | 5,912 |
| Total | 7,460 | 6,619 |

How we Recognise Lease Liabilities

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

To apply this definition, Ballarat Health Services 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 Ballarat Health Services and for which the supplier does not have substantive substitution rights;
- Ballarat Health Services 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 Ballarat Health Services has the right to direct the use of the identified asset throughout the period of use; and
- Ballarat Health Services has the right to take decisions in respect of 'how and for what purpose' the asset is used throughout the period of use.

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.

Note 6.1: Borrowings (continued)

| Type of asset leased | Lease term |
|---|---------------|
| Leased buildings | 3 to 15 years |
| Leased plant, equipment, furniture, fittings and vehicles | 3 to 5 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 and short-term 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 | Lease agreements for rented mail boxes. |
| Short-term lease payments | Leases with a term less than 12 months | Lease agreements for accommodation and office space, with terms less than 12 months. |

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 Ballarat Health Services incremental borrowing rate.

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

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

Lease arrangements may contain extension and termination options, 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).

Potential future cash outflows have not been included in the lease liability because it is not reasonably certain that the leases will 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 nil.

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.

Leases with Significantly Below Market Terms and Conditions

Ballarat Health Services holds lease arrangements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. These are commonly referred to as a peppercorn or concessionary lease arrangement.

The nature and terms of such lease arrangements, including Ballarat Health Services dependency on such lease arrangements is described below:

| Description of Leased Asset | Our Dependence on Lease | Nature and Terms of Lease |
|---|--|--|
| The land situated on the corner of Tuppen and Hertford Streets, Sebastopol, 3356. | Ability to access site to provide clinical services to the community | 30 Year Lease Term commencing July 2013, with rent payable of \$1 per annum. |

Note 6.2: Cash and Cash Equivalents

| | 2021 \$000 | 2020 \$000 |
|--|---------------|---------------|
| Cash on Hand (Excluding Monies Held in Trust) | 37 | 38 |
| Cash at Bank (Excluding Monies Held in Trust) | 1,002 | 910 |
| Cash at Bank - CBS (Excluding Monies Held in Trust) | 29,356 | 27,208 |
| Total Cash held for Operations | 30,395 | 28,156 |
| Cash at Bank – CBS (Monies Held in Trust) | 16,087 | 20,319 |
| Total Cash held as Monies in Trust | 16,087 | 20,319 |
| Total Cash and Cash Equivalents | 46,482 | 48,475 |
| Represented By | | |
| Cash for Health Services Operations (as per Cash Flow Statement) | 46,482 | 48,475 |
| Total Cash and Cash Equivalents | 46,482 | 48,475 |

How we Recognise Cash and Cash Equivalents

Cash and cash equivalents recognised on the balance sheet comprise of cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes and are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

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

Note 6.3: Commitments for Expenditure

| | 2021 \$000 | 2020 \$000 |
|---|---------------|---------------|
| Capital Expenditure Commitments | | |
| Land and Buildings | 4,832 | 4,955 |
| Furniture and Fittings | - | 35 |
| Medical Equipment | 644 | 623 |
| Computer | 408 | 124 |
| Plant and Equipment | 689 | 801 |
| Intangible Assets | - | 26 |
| Total Capital Expenditure Commitments | 6,573 | 6,564 |
| Not later than 1 year | 6,573 | 6,564 |
| Total Capital Expenditure Commitments Payable | 6,573 | 6,564 |
| Operating Expenditure Commitments | | |
| Furniture and Fittings | - | 13 |
| Plant and Equipment | 520 | 575 |
| Computer | 5,920 | 3,022 |
| Medical Equipment | 2,896 | 3,979 |
| Other | 2,260 | 3,157 |
| Total Operating Expenditure Commitments | 11,596 | 10,746 |
| Not later than 1 year | 7,478 | 6,275 |
| Later than 1 year and not later than 5 years | 4,059 | 4,347 |
| Later than 5 years | 59 | 124 |
| Total Operating Expenditure Commitments Payable | 11,596 | 10,746 |
| Non-Cancellable Lease Commitments | | |
| Property | 334 | 27 |
| Total Non-Cancellable Lease Commitments | 334 | 27 |
| Not later than 1 year | 334 | 27 |
| Total Non-Cancellable Lease Commitments | 334 | 27 |
| Total Commitments for Expenditure (inclusive of GST) | 18,503 | 17,337 |
| Less GST recoverable from the Australian Tax Office | (1,651) | (1,576) |
| Total Commitments for Expenditure (exclusive of GST) | 16,852 | 15,761 |

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, short term and low value leases.

Expenditure Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed 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 projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the Balance Sheet.

Note 6.3: Commitments for Expenditure (continued)

Short Term and Low Value Leases

Ballarat Health Services 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.

Note 7: Risks, Contingencies and Valuation Uncertainties

Ballarat Health Services 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 Ballarat Health Services is related mainly to fair value determination.

Structure

- 7.1: Financial Instruments
- 7.2: Financial Risk Management Objectives and Policies
- 7.3: Contingent Assets and Contingent Liabilities

Note 7.1: Financial Instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Ballarat Health Services' activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 *Financial Instruments: Presentations*.

Note 7.1(a) Financial Instruments: Categorisation

| 2021 | Financial Assets at Amortised Cost \$000 | Financial Assets at Fair Value Through Net Result \$000 | Financial Liabilities at Amortised Cost \$000 | Total \$000 |
|--|--|---|--|----------------|
| Financial Assets | | | | |
| Cash and Cash Equivalents | 30,395 | - | - | 30,395 |
| Receivables and Contract Assets | 11,003 | - | - | 11,003 |
| Investments and Other Financial Assets | - | 19,842 | - | 19,842 |
| Total Financial Assets(i) | 41,397 | 19,842 | - | 61,239 |
| Financial Liabilities | | | | |
| Payables and Contract Liabilities | - | - | 36,766 | 36,766 |
| Borrowings | - | - | 7,460 | 7,460 |
| Accommodation Bonds | - | - | 35,259 | 35,259 |
| Monies Held in Trust | - | - | 670 | 670 |
| Other | - | - | 1,015 | 1,015 |
| Total Financial Liabilities(ii) | - | - | 81,170 | 81,170 |

| 2020 | Financial Assets at Amortised Cost \$000 | Financial Assets at Fair Value Through Net Result \$000 | Financial Liabilities at Amortised Cost \$000 | Total \$000 |
|--|--|---|--|----------------|
| Financial Assets | | | | |
| Cash and Cash Equivalents | 48,475 | - | - | 48,475 |
| Receivables and Contract Assets | 9,283 | - | - | 9,283 |
| Investments and Other Financial Assets | 3,400 | 17,280 | - | 20,680 |
| Total Financial Assets(i) | 61,158 | 17,280 | - | 78,438 |
| Financial Liabilities | | | | |
| Payables and Contract Liabilities | - | - | 36,057 | 36,057 |
| Borrowings | - | - | 6,619 | 6,619 |
| Accommodation Bonds | - | - | 40,512 | 40,512 |
| Monies Held in Trust | - | - | 487 | 487 |
| Other | - | - | 402 | 402 |
| Total Financial Liabilities(ii) | - | - | 84,077 | 84,077 |

i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)

ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes, DHS cash advances) and contractual payables (i.e. deferred capital grant revenue and contract liabilities - income in advance)

Note 7.1: Financial Instruments (continued)

How we Categories Financial Instruments

Categories of Financial Assets

Financial assets are recognised when Ballarat Health Services becomes party to the contractual provisions to the instrument. For financial assets, this is at the date Ballarat Health Services 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 net result:

- the assets are held by Ballarat Health Services 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.

Ballarat Health Services recognises the following assets in this category:

- Cash and Cash Equivalents;
- Receivables (excluding statutory receivables); and
- Term Deposits.

Financial assets at fair value through net result

Ballarat Health Services initially designates a financial instrument as measured at fair value through net result if:

- It eliminates or significantly reduces a measurement or recognition inconsistency (often referred to as an "accounting mismatch") that would otherwise arise from measuring assets or recognising the gains and losses on them, on a different basis
- It is in accordance with the documented risk management or investment strategy and information about the groupings was documented appropriately, so the performance of the financial asset can be managed and evaluated consistently on a fair value basis or
- It is a hybrid contract that contains an embedded derivative that significantly modifies the cash flows otherwise required by the contract.

The initial designation of the financial instruments to measure at fair value through net result is a one-time option on initial classification and is irrevocable until the financial asset is derecognised.

Ballarat Health Services recognises listed equity securities as mandatorily measured at fair value through net result and designated all of its managed investment schemes as well as certain 5-year government bonds as fair value through net result.

Categories of Financial Liabilities

Financial liabilities are recognised when Ballarat Health Services 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.

Financial Liabilities at Amortised Cost

Financial liabilities are measured at amortised cost using the effective interest method, where they are not held at fair value through net result.

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest expense in net result over the relevant period. The effective interest is the internal rate of return of the financial asset or liability. That is, it is the rate that exactly discounts the estimated future cash flows through the expected life of the instrument to the net carrying amount at initial recognition.

Ballarat Health Services recognises the following liabilities in this category:

- Payables (excluding statutory payables);
- Borrowings (including lease liabilities); and
- Other Liabilities (including monies held in trust).

Derecognition of Financial Assets

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

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

Note 7.1: Financial Instruments (continued)

Ballarat Health Services 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 Ballarat Health Services has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Ballarat Health Services 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

Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to be reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when Ballarat Health Services business model for managing its financial assets has changed such that its a financial liability reclassification is not permitted.

Note 7.2 Financial Risk Management Objectives and Policies

As a whole, Ballarat Health Services 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, including 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.

Ballarat Health Services main financial risks include credit risk, liquidity risk, and equity price risk. Ballarat Health Services manages these financial risks in accordance with its financial risk management policy.

Ballarat Health Services 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) Liquidity Risk

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

Ballarat Health Services 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.

Ballarat Health Services 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 Ballarat Health Services 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 \$000 | 3 Months - 1 Year \$000 |
| 2021 | | | | | | |
| Financial Liabilities | | 36,766 | 36,766 | 36,766 | - | - |
| Payables and Contract Liabilities | 5.4 | | | | | |
| Borrowings | 6.1 | 7,460 | 7,460 | 103 | 206 | 7,151 |
| Accommodation Bonds | 5.3 | 35,259 | 35,259 | - | - | 35,259 |
| Monies Held in Trust | 5.3 | 670 | 670 | - | 586 | 84 |
| Other Liabilities | 5.3 | 1,015 | 1,015 | - | - | 1,015 |
| Total Financial Liabilities | | 81,170 | 84,077 | 36,869 | 792 | 43,509 |
| 2020 | | | | | | |
| Financial Liabilities | | 36,057 | 36,057 | 36,057 | - | - |
| Payables and Contract Liabilities | 5.4 | | | | | |
| Borrowings | 6.1 | 6,619 | 6,619 | 71 | 142 | 6,406 |
| Accommodation Bonds | 5.3 | 40,512 | 40,512 | - | - | 40,512 |
| Monies Held in Trust | 5.3 | 487 | 487 | - | 348 | 139 |
| Other Liabilities | 5.3 | 402 | 402 | - | - | 402 |
| Total Financial Liabilities | | 84,077 | 84,077 | 36,128 | 490 | 47,459 |

The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes, payables)

Note 7.2(b) Credit Risk

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

Credit risk associated with Ballarat Health Services 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, Ballarat Health Services 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, Ballarat Health Services 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 Ballarat Health Services 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 Ballarat Health Services maximum exposure to credit risk without taking account of the value of any collateral obtained.

There has been no material change to Ballarat Health Services credit risk profile in 2020-21.

Impairment of Financial Assets under AASB 9

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

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

Note 7.2 Financial Risk Management Objectives and Policies (continued)

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

Contractual Receivables at Amortised Cost

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

On this basis, Ballarat Health Services determines the closing loss allowance at the end of the financial year as follows:

| | Note | < 60 Days \$000 | 60 Days + \$000 | Total \$000 |
|--|------|--------------------|--------------------|----------------|
| 2021 | | | | |
| Expected Loss Rate | | 0.20% | 100% | |
| Gross Carrying Amount of Contractual Receivables | 5.1 | 10,782 | 221 | 11,003 |
| Loss Allowance | | (22) | (221) | (243) |
| 2020 | | | | |
| Expected Loss Rate | | 0.16% | 100% | |
| Gross Carrying Amount of Contractual Receivables | 5.1 | 8,914 | 369 | 9,283 |
| Loss Allowance | | (14) | (369) | (383) |

Statutory receivables and debt investments at amortised cost

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

Note 7.2(c) Market Risk

Ballarat Health Services 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

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

Statutory Receivables and Debt Investments at Amortised Cost

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

- a change in interest rates of 1% up or down and
- a change in the top ASX 200 index of 15% up or down.

Statutory Receivables and Debt Investments at Amortised Cost

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. Ballarat Health Services 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. Ballarat Health Services has minimal exposure to cash flow interest rate risks through cash and deposits, term deposits and bank overdrafts that are at floating rate.

Note 7.2 Financial Risk Management Objectives and Policies (continued)

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.

Ballarat Health Services sensitivity to equity price risk is set out below.

| | | -15% | | +15% | |
|--|--------------------------|---------------------|---|---------------------|--|
| | Carrying Amount \$000 | Net Result \$000 | Fair Value through OCI Revaluation Reserve \$00 | Net Result \$000 | Fair Value through OCI Revaluation Reserve \$000 |
| 2021 | | | | | |
| Contractual Financial Assets | | | | | |
| Investments and other Contractual Financial Assets | 17,612 | - | (2,642) | - | 2,642 |
| Total Impact | | - | (2,642) | - | 2,642 |
| 2020 | | | | | |
| Contractual Financial Assets | | | | | |
| Investments and other Contractual Financial Assets | 15,549 | - | (2,332) | - | 2,332 |
| Total Impact | | - | (2,332) | - | 2,332 |

Note 7.3: Contingent Assets and Contingent Liabilities

There were no contingent assets or liabilities as at 30 June 2021 (2020 Nil).

How we Measure and Disclose Contingent Assets and Contingent Liabilities

Contingent assets and contingent liabilities are not recognised in the balance sheet but are disclosed and, if quantifiable, are measured at nominal value.

Contingent assets and liabilities are presented inclusive of GST receivable or payable respectively.

Contingent Assets

Contingent assets are possible assets that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the health service.

These are classified as either quantifiable, where the potential economic benefit is known, or non-quantifiable.

Contingent Liabilities

Contingent liabilities are:

- possible obligations that arise from past events, whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events
- present obligations that arise from past events but are not recognised because:
 - It is not probable that an outflow of resources embodying economic benefits will be required to settle the obligations or
 - the amount of the obligations cannot be measured with sufficient reliability.

Contingent liabilities are also classified as either quantifiable or non-quantifiable.

Note 8: Other Disclosures

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

Structure

- 8.1: Equity
- 8.2: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities
- 8.3: Responsible Persons
- 8.4: Remuneration of Executives
- 8.5: Related Parties
- 8.6: Remuneration of Auditors
- 8.7: Events Occurring after the Balance Sheet Date
- 8.8: Economic Dependency
- 8.9: Joint Arrangements

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.

Note 8: Other Disclosures

Note 8.1: Equity

| | 2021 | 2020 |
|---|----------------|----------------|
| | \$000 | \$000 |
| Asset Revaluation Reserve (i) | | |
| Balance at the beginning of the reporting period | 271,203 | 271,203 |
| Revaluation Increments | | |
| - Land | 6,929 | - |
| Balance at the end of the reporting period | 278,132 | 271,203 |
| Represented by: | | |
| - Land | 32,040 | 25,111 |
| - Buildings | 246,092 | 246,092 |
| | 278,132 | 271,203 |
| Restricted Specific Purpose Reserve | | |
| Balance at the beginning of the reporting period | 462 | 490 |
| Transfer to accumulated surplus | (28) | (28) |
| Balance at the end of the reporting period | 434 | 462 |
| Total Reserves | 278,566 | 271,665 |

(i) The land and buildings assets revaluation reserve arises on the revaluation of land and buildings.

The above reserves are internally managed Special Purpose Funds, which are used to quarantine Capital Income such as Donations, Capital Grants and Interest Revenue. Once quarantined, this income is used to fund Capital Projects, Refurbishments, Equipment and Education.

(b): Contributed Capital

| | 2020 | 2019 |
|---|----------------|----------------|
| | \$000 | \$000 |
| Balance at the beginning of the reporting period | 157,940 | 155,997 |
| Capital contribution received from the Victorian Government | 0 | 1,943 |
| Balance at the end of the reporting period | 157,940 | 157,940 |

Contributed Capital

Consistent with Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and FRD 119A *Contributions by Owners*, appropriations for additions to the net asset base have been designated as contributed capital. Other transfers that are in the nature of contributions or distributions that have been designated as contributed capital are also treated as contributed capital.

Asset Revaluation Reserve

The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current physical assets.

Specific Restricted Purpose Surplus

A specific restricted purpose surplus is established where Ballarat Health Services has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

Note 8.2: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

| | 2021 \$000 | 2020 \$000 |
|---|-----------------|-----------------|
| Net Result for the Year | (19,157) | (12,066) |
| Movements included in Investing and Financing Activities | | |
| Net Gain on Disposal of Non-Financial Assets | (22) | (242) |
| Non-Cash Movements | | |
| Depreciation and Amortisation | 33,576 | 33,572 |
| Grampians Rural Health Alliance | 121 | 91 |
| Resources/Assets Received Free of Charge | (3,958) | (5,906) |
| Impairment of Investments | (1,498) | 847 |
| Government Capital Contribution | - | (1,942) |
| Movement in Finance Leases | 999 | 899 |
| Provision for Doubtful Debts | (140) | 121 |
| Movements in Assets and Liabilities | | |
| Decrease in Payables | (4,017) | (3,221) |
| Increase in Employee Benefits | 8,694 | 10,996 |
| Increase/(Decrease) in Other Liabilities | (4,457) | 427 |
| (Increase)/Decrease in Inventory | 250 | (585) |
| Decrease in Monies Held in Trust | 5,062 | 381 |
| (Increase) in Prepayments | 1,177 | (87) |
| (Increase)/Decrease in Receivables | (7,744) | 19,153 |
| Net Cash Inflows from Operating Activities | 8,887 | 42,438 |

Note 8.3: Responsible Persons

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 | 1/07/2020 | 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 | 9/11/2020 |
| The Honourable Jenny Mikakos | | |
| Minister for Health | 1/07/2020 | 26/09/2020 |
| Minister for Ambulance Services | 1/07/2020 | 26/09/2020 |
| Minister for the Coordination of Health and Human Services: COVID-19 | 1/07/2020 | 26/09/2020 |
| The Honourable Luke Donnellan: | | |
| Minister for Child Protection | 1/07/2020 | 30/06/2021 |
| Minister for Disability, Ageing and Carers | 1/07/2020 | 30/06/2021 |
| The Honourable James Merlino: | | |
| Minister for Mental Health | 29/09/2020 | 30/06/2021 |
| Governing Boards | | |
| Ms N Reiter - Chair of the Board | 1/07/2020 | 30/06/2021 |
| Mr D Miller - Member of the Board | 1/07/2020 | 30/06/2021 |
| Mr D Anderson - Member of the Board | 1/07/2020 | 30/06/2021 |
| Ms C Trevarthen - Member of the Board | 1/07/2020 | 30/06/2021 |
| Mr S Bond - Member of the Board | 1/07/2020 | 30/06/2021 |
| Ms J Poletti - Member of the Board | 1/07/2020 | 30/06/2021 |
| Dr P Lynch - Member of the Board | 1/07/2020 | 30/06/2021 |
| Ms L Cormie - Member of the Board | 1/07/2020 | 28/02/2021 |
| Ms H Pickard - Member of the Board | 1/07/2020 | 29/01/2021 |
| Accountable Officer | | |
| Mr D Fraser - Chief Executive Officer | 1/07/2020 | 30/06/2021 |

Remuneration of Responsible Persons

The number of Responsible Persons are shown in their relevant income band;

| | 2021 No. | 2020 No. |
|--|----------------|----------------|
| Income Band | | |
| \$10,000 - \$19,999 | 1 | 1 |
| \$20,000 - \$29,999 | 7 | 7 |
| \$50,000 - \$59,999 | - | 1 |
| \$60,000 - \$69,999 | 1 | - |
| \$420,000 - \$429,999 | - | 1 |
| \$460,000 - \$469,999 | 1 | - |
| Total Numbers | 10 | 10 |
| Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to: | 732,252 | 675,655 |

The Ministers remuneration and allowances is set by the Parliamentary Salary and Superannuation Act 1968, and is reported within the Department of Parliamentary Services Financial Report.

Note 8.4: Remuneration of Executives

The number of executive officers, other than Ministers and the Accountable Officer, 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.

| | 2021 \$000 | 2020 \$000 |
|---|---------------|---------------|
| Remuneration of Executive Officers | | |
| Short term employee benefits | 2,121 | 1,892 |
| Post-employment benefits | 170 | 154 |
| Other long-term benefits | 57 | 51 |
| Terminations benefits | - | - |
| Total Remuneration(a) | 2,348 | 2,097 |
| Total Number of Executive Officers | 10 | 9 |
| Employee Equivalent (AEE)(b) | 8 | 8 |

a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Ballarat Health Services under AASB124 Related Parties Disclosures and are also reported within the related parties note disclosure (Note 8.5).

b) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

All payments made to Executives are governed by the Government Sector Executive Remuneration Panel (GSERP).

The changes from the previous year reflect GSERP approved pay increases, as well as the payment of accumulated long service leave for a number of Executives.

Note 8.4: Remuneration of Executives (continued)

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

Short-term Employee Benefits

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

Post-employment Benefits

Pensions and other retirement benefits (such as superannuation guarantee contributions) paid or payable on a discrete basis when employment has

Other Long-term Benefits

Long service leave, other long-service benefit or deferred compensation.

Termination Benefits

Termination of employment payments, such as employee leave.

Note 8.5: Related Parties

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

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

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

Key Management Personnel

The Board of Directors and the Executive Directors of the Ballarat Health Services and its controlled entities are deemed to be KMPs. This includes the following:

Board Members

Ms N Reiter - Chair of the Board
Mr D Miller - Member of the Board
Mr D Anderson - Member of the Board
Ms C Trevarthen - Member of the Board
Mr S Bond - Member of the Board
Ms J Poletti - Member of the Board
Dr P Lynch - Member of the Board
Ms L Cormie - Member of the Board
Ms H Pickard - Member of the Board

Executive Directors

Mr D Fraser - Chief Executive Officer
Mr R Hansen - Executive Director of Resource and Planning

| Compensation | 2021 \$000 | 2020 \$000 |
|----------------------------------|---------------|---------------|
| Short term employee benefits (a) | 946 | 855 |
| Post-employment benefits | 62 | 59 |
| Other long-term benefits | 19 | 16 |
| Total Compensation (b) | 1,027 | 930 |

(a) Total remuneration paid to KMPs employed as a contractor during the reporting period through an external service provider has been reported under short-term employee benefits.

(b) Note that one KMP is also reported in the disclosure of remuneration of executive officers (Note 8.4).

Significant transactions with government-related entities

Ballarat Health Services received funding from the Department of Health of \$412 million (2020: \$400 million).

During the year Ballarat Health Services had the following government-related entity transactions:

- Grants contributing towards the operating costs of Ballarat Health Services totalling \$405 million (2020: \$376 million).
- Grants contributing towards the capital costs of Ballarat Health Services totalling \$7 million (2020: \$24 million).

No outstanding Department of Health contributions existed at the end of year (2020: Nil).

Expenses incurred by Ballarat Health Services in delivering services and outputs are in accordance with HealthShare Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

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

Note 8.5: Related Parties (continued)

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

Transactions with key management personnel and other related parties

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

All transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluating decisions about the allocation of scarce resources.

Note 8.6: Remuneration of Auditors

| | 2021 \$000 | 2020 \$000 |
|--|---------------|---------------|
| Audit of the Financial Statement (Victorian Auditor-General's Office) Internal Audit | 91 | 91 |
| Total Remuneration of Auditors | 91 | 91 |

Note 8.7: Events Occurring after the Balance Sheet Date

The Boards of Ballarat Health Services, Edenhope and District Memorial Hospital, Stawell Regional Health and Wimmera Health Care Group have agreed to propose a voluntary amalgamation to form a new health service. The four Boards have collectively endorsed this proposal for the consideration of the Secretary of the Department of Health. An effective date for the amalgamation would be determined based on approval. If approved, the pro-forma net assets of the amalgamated entity would be approximately \$459M with an annual turnover for 30 June 2021 of \$732M.

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Ballarat Health Services at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty, the potential impact of the pandemic after the reporting date on Ballarat Health Services, its operations, its future results and financial position. The state of emergency in Victoria was extended on 29 July 2021 until 26 August 2021 and the state of disaster remains in place.

Note 8.8: Economic Dependency

Ballarat Health Services is dependent upon the State of Victoria via the Department of Health, for the funding of significant proportion of its operations. At the date of this report, the Board of Directors has no reason to believe the Department of Health will not continue to support Ballarat Health Services.

Note 8.9: Joint Arrangements

Ballarat Health Services has an interest in a Jointly Controlled Operation. The Jointly Controlled Operation is Grampians Rural Health Alliance. Details of operations are listed as follows:

In June 2008, the Department of Health issued circular number 17/2008, which outlines government requirements for the operation of rural health Information and Communication Technology (ICT) alliances. The policy outlines the accepted governance model for the operation of the ICT alliances.

The policy requires public hospitals, public health services and multipurpose services which are declared or established under the Health Services Act 1988, to enter into the alliance for the region in which they operate, in accordance with a Joint Operation Agreement. Consistent with this policy, the Grampians Rural Health Alliance came into effect on 9th of December 2008.

| | 2021 \$000 | 2020 \$000 |
|-------------------|---------------|---------------|
| Revenue | 1,653 | 1,494 |
| Expenses | (1,774) | (1,585) |
| Net Result | (121) | (91) |
| Assets | 2,230 | 1,731 |
| Liabilities | (1,015) | (402) |
| Net Assets | 1,215 | 1,329 |
| Equity | 1,215 | 1,329 |

| | | |
|--------------------|--------|--------|
| Ownership Interest | 19.45% | 19.35% |
|--------------------|--------|--------|

Investments in Joint Operations

In respect of any interest in joint operations, Ballarat Health Services 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
- Its expenses including its share of any expenses incurred jointly

Contingent Liabilities and Capital Commitments

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





Contact us

In an emergency contact 000

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Queen Elizabeth Centre 03 5320 3700

Mental Health Services 03 5320 4100

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Ballarat **Health** Services