

ANNUAL REPORT  
2022-2023



Barwon  
Health

# VISION

*By 2050, everyone in our community enjoys the best health and wellbeing in Victoria.*

# MISSION

*Provide best care, every person, every day, so that everyone feels better.*

# VALUES

- |                       |   |
|-----------------------|---|
| <i>Respect</i>        | We respect the people we connect with.                          |
| <i>Compassion</i>     | We show compassion for the people we care for and work with.    |
| <i>Commitment</i>     | We are committed to quality and excellence in everything we do. |
| <i>Accountability</i> | We take accountability for what we do and act with integrity.   |
| <i>Innovation</i>     | We drive innovation for better care.                            |



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

We thank the Traditional Owners for custodianship of the land and celebrate the continuing culture of the Wadawurrung people, acknowledging the memory of honourable ancestors.



**Be Proud**

Barwon Health is committed to LGBTIQIA+ inclusion



## ABOUT THIS REPORT

### MANNER OF ESTABLISHMENT AND THE RELEVANT MINISTER

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

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

### THE RESPONSIBLE MINISTERS

#### Minister for Health

The Hon. Mary-Anne Thomas MP

From 1 July 2022 to 30 June 2023

#### Minister for Ambulance Services

The Hon. Mary-Anne Thomas MP

From 1 July 2022 to 5 December 2022

The Hon. Gabrielle Williams MP

From 5 December 2022 to 30 June 2023

#### Minister for Mental Health

The Hon. Gabrielle Williams MP

From 1 July 2022 to 30 June 2023

#### Minister for Disability, Ageing and Carers

The Hon. Colin Brooks MP

From 1 July 2022 to 5 December 2022

The Hon. Lizzie Blandthorn MP

From 5 December 2022 to 30 June 2023

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*On the cover: Zainab, Hazara Community*

# MESSAGE FROM THE OUTGOING BOARD CHAIR

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*As my time as Board Chair ends, it has been rewarding to reflect on the past six years of my life and the role I have played with Barwon Health.*

We have celebrated important and impressive milestone developments, including the construction of new facilities such as Barwon Health North, the McKellar Mental Health and Wellbeing Unit and Bendigo House which is home to the Kid's Rehabilitation Centre. There have also been many noteworthy redevelopment projects commenced, including the Mental Health Hub in the Emergency Department, the Youang Surgery Centre and the Swanston Centre Mental Health Unit and there are numerous other projects in the pipeline such as the Early Parenting Centre, the Children's Emergency Department and Youth Mental Health Facilities.

Whilst I acknowledge these important achievements, I also reflect on and remember the dedication of the staff and volunteers who provide care and support the work of Barwon Health every day. I extend my heartfelt appreciation to everyone at Barwon Health for their tireless efforts in making Geelong and the Barwon South West region a safer, healthier and more vibrant place to live, work, and raise families.

The COVID-19 pandemic tested us all, including our hospitals and health services. I am immensely proud of the way Barwon Health rose to the enormous challenge it was faced with, working tirelessly to keep us safe. The leadership, commitment and innovation of our staff made a real difference in protecting us all, especially the most vulnerable people in our community.

The collective strength of our organisation is inspiring. I've witnessed first-hand the collaboration within Barwon Health and with our partners, including the Barwon Health Foundation, in supporting our staff to deliver the exceptional standards we all strive for.

I would also like to take this opportunity to express my gratitude to our Chief Executive Frances Diver for her leadership and dedication during my tenure as Board Chair.

Now, as a spectator on the sidelines, I look forward to watching the organisation's ongoing endeavours, as it

continues to serve as an iconic symbol of Geelong and the Barwon South West region extending its positive impact to improve the health and wellbeing of rural and regional Victorians.

Thank you to my fellow Directors and the leadership team for your invaluable support and for being an integral part of the successes during my time at Barwon Health.

Together, we have made a lasting difference, and I am filled with optimism for the future of Barwon Health.



A handwritten signature in black ink that reads "Brian Cook".

**Brian Cook**  
Outgoing Board Chair

# MESSAGE FROM THE INCOMING BOARD CHAIR

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*I would like to acknowledge the significant contribution of Brian Cook as Chair of Barwon Health - he has provided strong leadership through an enormously challenging time for the organisation and the healthcare sector more broadly.*

As I embark on this new chapter as Chair of the Board, I want to highlight the industry leading work undertaken by Barwon Health in providing exceptional care and support to our community against the backdrop of a worldwide pandemic.

Barwon Health's ambitious vision and hard work have positioned Barwon Health as a leader in healthcare and I am committed to building upon this strong foundation.

The dedicated staff and volunteers are the heart and soul of this organisation, working tirelessly to deliver care and improve the health outcomes of the community. I deeply appreciate the invaluable contributions they make every day, often in challenging circumstances. The unwavering commitment to the community is truly inspiring.

I intend to support Barwon Health in continuing to innovate to ensure we are well-placed to adapt to the evolving landscape of healthcare and consumer health needs. Our success will lie in our ability to continue to work together as a team and with our partners, valuing the perspectives and experiences of every individual including our consumers, building on the strong foundations that are already in place. By nurturing a culture of respect, trust and collaboration, we will create an environment where everyone feels empowered to contribute their best and drive positive change.

Over the coming months, I will be engaging with our staff and partners to better understand the challenges and opportunities that lie ahead.

I am genuinely excited about the future of Barwon Health and the potential we possess to improve the health and wellbeing of our community. I hope to continue to build on our rich legacy and champion the delivery of exceptional healthcare services.

It is an honour for me to be able to continue to serve my community. I look forward to be a part of Barwon Health and celebrating more achievements in the future.



A stylized, handwritten signature in black ink.

**The Hon. Lisa Neville**  
Incoming Board Chair

# MESSAGE FROM THE CHIEF EXECUTIVE

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*The 2022-2023 financial year has been a year of action for Barwon Health, and we are proud to see the results of the hard work that has taken place over recent years.*

Despite the ongoing challenges in healthcare, we are proud to report that Barwon Health has made significant progress over the past year, continuously improving and delivering high-quality and innovative care to our community. Financially, we have achieved a small net operating surplus of \$365k for the year, reflecting our commitment to ensuring the ongoing viability of Barwon Health.

Over the past year, there has been important progress to improve mental health services, particularly through capital works projects and partnerships with local agencies that broaden our services and access for the community to vital services. A major highlight of 2022 was the opening of the McKellar Acute Mental Health and Wellbeing Unit, adding 16 acute mental health beds, as well as a new community-based care service - The Mental Health and Wellbeing Local. The multidisciplinary team at McKellar is offering a range of support that helps address needs in the community, which has been a fantastic complement to the long-established mental health and wellbeing services we offer. We're very proud of our Mental Health Hospital in the Home (HITH) service, as the first in Victoria to see the program become fully operational. Our Mental Health HITH is an example of how mental health services can offer support and care to consumers and their families in their own environment, where they are best placed to recover.

We are also very proud of the work our staff do to constantly innovate and this was recognised at the Victorian Public Healthcare Awards in late 2022. We had two winning programs, Palliative Care at Home and Mental Health in the Home. The Public Health Unit was also recognised as a finalist for their Culturally and Linguistically Diverse COVID-19 Vaccination program, an innovative program to target the most vulnerable for vaccination.

Late last year, we opened headspace Colac as the lead agency in a partnership with Colac Area Health. This collaboration brings specialist mental health services to

the youth of the Colac region. Servicing Greater Geelong and the Borough of Queenscliffe, we also launched the Mental Health and Wellbeing Local, in partnership with Wellways, Wathaurong Aboriginal Co-operative, and ermha365. This new service supports Victorian adults to get mental health and wellbeing treatment, care and support closer to home, and will relocate to the five-storey Mental Health and Drug and Alcohol Services Community Hub in central Geelong very soon and continue to deliver care through hub sites across the region.

Last year, the major announcement was funding for Barwon Women's and Children's, which we are excited to see progress in the form of early works and appointments relating to community engagement and design, with a group of consumers set to be chosen to help inform some of the layout and design decisions. These consumers will also be working with the appointed consultants who have worked on the concept design for this exciting project.

We are pleased to be appointed to provide healthcare services to young people at the new Cherry Creek Youth Justice Centre. The new facility will accommodate young people who are sentenced or on remand and aged between 15-17 years, with Barwon Health offering a range of comprehensive and culturally safe services that are tailored to their needs. This is an opportunity to work with the young people to build their knowledge, health literacy and resilience, while preserving dignity and enhancing health outcomes.

Barwon Health's Aboriginal Employment Plan (The Plan) was recently launched, outlining our commitment to investing in the health of First Nations peoples and acknowledging that employment is a fundamental aspect of well-being and social inclusion. The Plan also acknowledges there is much work to be done to address the historic disadvantage in this area, and that our actions can help change and improve the lives of First Nations peoples. Our relationship with the

Wathaurong Co-Operative continues to grow in strength to further support our commitment to address the gaps in health outcomes for First Nations Peoples.

The performance of our surgical team has been positively impacted by the opening of the Youang Surgery Centre. The addition of two new wards and four extra theatres meant we finished the year having performed in excess of our target for surgeries conducted, which is an excellent outcome for our community.

Finally, I would like to acknowledge and thank Brian Cook for his years of commitment to the Barwon Health Board. Brian has come to the end of his time as Board Chair, a position he has held since 2016, and we are grateful for the contributions he's made to our organisation during this time. It hasn't been an easy period for healthcare, and Brian's input and experience have been a great asset to Barwon Health's governance and strategic direction, as well as the culture and morale of our workforce. The Executive team looks forward to working in collaboration with our new Board Chair the Hon. Lisa Neville, as we continue along the path that Brian helped pave through his term. I would like to also thank other board members who are stepping down from their roles, Jason Trethowan who has chaired the Community Advisory Committee, and Jennifer Williams who chaired the Audit and Risk Management Committee and provided valuable insight and experience.

In closing, I'd like to acknowledge that Barwon Health can only achieve what it does through the teamwork of our exceptional staff and volunteers. Thank you for going above and beyond to help our community lead healthier lives.



A handwritten signature in black ink, appearing to read 'Frances Diver'.

**Frances Diver**  
Chief Executive



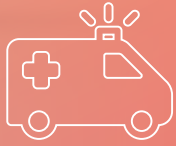
# REPORT OF OPERATIONS

  
Barwon  
Health

*Alannah Katzer,  
Nurse Unit Manager*



# BARWON HEALTH AT A GLANCE



76,347

EMERGENCY  
DEPARTMENT  
PRESENTATIONS



85,148

INPATIENT  
ADMISSIONS



25,247

OPERATIONS



2,626

BABIES BORN



272,544

OUTPATIENT  
APPOINTMENTS



8,758

STAFF  
(HEAD COUNT)\*



58,522

TELEHEALTH  
CONSULTATIONS



4,854

VIDEO CALL  
CONSULTATIONS

## PROVISION OF COVID-19 RELATED CARE

3,842 COVID-19 PCR tests administered by in-reach teams (includes outbreak testing, sub-acute inpatients and residential aged care)



20,270

VACCINATIONS



5,151

PATIENTS REMOTE  
MONITORED WITH  
COVID-19

## RESPONSIBLE BODIES DECLARATION

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Barwon Health for the year ending 30 June 2023.

Lisa Neville, Barwon Health Board Chair  
Geelong 1 September 2023

\* Staff head count includes staff on unpaid leave, parental leave and other extended leave. It also includes employees who have not accepted shifts in the month of June but remain active in our system.

# MCKELLAR MENTAL HEALTH AND WELLBEING CENTRE

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*The completion of Barwon Health's McKellar Mental Health and Wellbeing Centre (The Centre) funded by the Victorian Government's Mental Health Beds Expansion Program, has significantly improved access to mental health support in the region.*

The Centre now includes 16 acute mental health beds, which were opened in September 2022. These services are specifically designed to cater to the needs of people aged 50 and above, reflecting best practices in mental health service co-design. The co-design process involved input from consumers, carers, providers and design experts, ensuring that the facility meets the diverse needs of the community it serves.

The unit itself is innovative and contemporary, characterised by its light-filled spaces and direct connection with nature. The design principles were rooted in trust, curiosity, a passion for change and openness to vulnerability. By involving individuals with lived experience of the mental health system, including consumers, carers and staff, the facility aims to create a safe and welcoming environment for those seeking help for acute mental health concerns.

This development aligns with one of the key recommendations from the Royal Commission into Victoria's Mental Health System. The addition of these new beds will provide high-quality inpatient acute mental health services and community-based care.

Overall, the completion of the McKellar Mental Health and Wellbeing Centre represents a significant step forward in enhancing mental health support and services for the residents of Geelong and the Barwon region.



McKellar Mental Health and Wellbeing Centre



# YEAR IN REVIEW HIGHLIGHTS

## QUARTER ONE

### ANNOUNCEMENT OF LOCAL PARTNERSHIP TO CLOSE MENTAL HEALTH GAPS

A new mental health consortium is bringing local agencies together to bridge gaps that have impacted access to timely support in the Geelong community.

In response to recommendations from the Royal Commission into Victoria's Mental Health System, the Greater Geelong and Queenscliff Mental Health and Wellbeing Local was formed as a partnership between Wathaurong Aboriginal Cooperative, Wellways, ermha365 and Barwon Health.

### OFFICIAL OPENING OF THE YOUANG SURGERY CENTRE

University Hospital Geelong's Building B was officially renamed the Youang Surgery Centre. The name was selected by the Wadawurrung Traditional Owners Corporation, inspired by the building's views of the iconic You Yangs across Corio Bay. The name "You Yang" comes from the Wadawurrung language "Ude Youang".

The site was formerly leased for the Geelong Private Hospital and since 2021 was recommissioned to support the pandemic response, and more recently to increase Barwon Health's surgical capacity.

The opening ceremony and renaming officially marked the return of overnight patients back to the site for the first time since the Geelong Private Hospital closed in 2018.



Refurbishments at the Youang Surgery Centre added four new operating theatres, 13 specialist consulting rooms and 40 new beds.

The initial refurbishment of this facility was made possible by a Percy Baxter Trust donation of almost \$350,000 to fund the purchase of 55 hospital beds and 100 mattresses, as well as \$22 million funding from the State Government as part of a pandemic response plan.

Top right: Youang Surgery Centre naming event

Above: Youang Surgery Centre opening, Credit: Alan Barber, Geelong Advertiser

## QUARTER TWO

### MENTAL HEALTH HOSPITAL IN THE HOME (HITH)

In response to a recommendation of the Royal Commission into Mental Health to include different models of care, hospital in the home for mental health patients was introduced. Barwon Health was the first agency in the State to have all Mental Health Hospital in the Home (HITH) beds fully commissioned and operational, providing specialist care in the comfort of a clients' homes.

### HOSPITAL IN THE HOME OFFERED TO MENTAL HEALTH CLIENTS

Specialist support in the comfort of home has changed the way people are treated with acute mental illness, thanks to the Hospital in the Home (HITH) program at Barwon Health.

A multi-disciplinary team is now able to provide an alternative option to hospital admission for those experiencing an acute episode of mental illness.

With "nine beds" now available, an average of 18 people a month are receiving intensive, specialist mental health support and treatment in their home environment, alongside their family and carers.

Geelong resident Jac Kirkman avoided a second admission to hospital after a relapse of her post-partum psychosis early in 2022.

As part of her HITH treatment, Ms Kirkman received twice daily visits from a mental health nurse and psychiatrist for several weeks, spending about two hours in total with her and her family each day.

Ms Kirkman said she felt blessed to be involved in the program, receiving compassionate care at home without being separated from her two-year-old son.

"It was incredible and I really felt treated with such dignity, like they had taken on board my views and what I wanted from my care," she said.

*New model of care to treat mental health in the home. Jac Kirkland - Credit: Alison Wynd, Geelong Advertiser*

### BARWON MEDICAL IMAGING (BMI) EXPANDS IN COLAC

A new low-dose X-ray machine, dental X-ray and ultrasound machine were installed at BMI's satellite site at the Colac Hospital, enabling a 30 per cent increase in capacity. This improvement has helped the Colac community access diagnostic services close to home with no 'out of pocket' expense.

### FUNDING FOR MRI FOR THE NORTHERN SUBURBS

A State Government funding announcement of \$2.9 million enabled the fit-out of a shell space within the Barwon Health North facility. This enhanced capacity has improved accessibility to MRI services for the northern suburbs, which account for 45 per cent of Barwon Health's MRI outpatients.



## VICTORIAN PUBLIC HEALTHCARE AWARDS

Barwon Health won two awards this year:

Palliative Care at Home (Improving Integration of Care for Patients with Chronic and Complex Conditions). Pal at Home (PAH), part of the Barwon Health Palliative Care Program, is giving people more choice on how they spend the end of their life. PAH provides patients with palliative care needs in their homes and offers support and planned visits for both the patient and their carer(s). This is the first model of care of its kind in Australia and has proven very successful. Not only is PAH allowing palliative care patients to remain in the comfort of their own home, it is also freeing up beds at Barwon Health sites. PAH has supported more than 300 patients since commencing in December 2019.

Mental Health Hospital in the Home (Excellence in Supporting the Mental Health and Wellbeing of Victorians). In response to the Royal Commission into Victoria's Mental Health System and the need to develop innovative, person-centred models of care, Barwon Health's Mental Health Hospital in the Home is allowing more people to receive mental health care and treatment within their own home. After one year of operating, 178 consumers had received care in the home, preventing up to 1,780 days of hospital-based admission. Not only have carers said they feel more involved in the care of their family member, consumers have reported a great sense of empowerment and feel more hopeful about their future recovery. It is also giving Barwon Health greater capacity to respond to increased demand for mental health services from what is a growing community.

Special mention also to our two other finalists:

[CALD Community COVID-19 Vaccination program – leave no one behind.](#)

Communicating COVID-19 vaccination information to culturally and linguistically diverse (CALD) communities required extra attention to ensure the message struck home. Barwon Health identified that the understanding of this information among CALD communities was not as widespread as it needed to be, and so worked with a multicultural working group to address this issue. One of the health service's key strategies was to create video and audio content in a range of languages so CALD members who could not read their own language could still receive the information. Vaccination pop-up clinics to support CALD people and rough sleepers were organised and a vaccination bus service was deployed for door-to-door transport to vaccination sites. Vaccine hesitancy sessions and broader community promotions of the vaccines were also organised both in-person and online.

## [The Autism Project – Adult Autism Consultation and Evaluation service](#)

The Adult Autism Consultation and Evaluation service, as part of the larger Mindful: Autism Assessment Capability and Capacity project, has paved the way for specialist neuro-diverse services within public mental health services by supporting Area Mental Health Services (AMHS) to increase its capacity to support autistic adults. Autistic consumers have unique mental health needs and benefit from tailored mental health care, and the objectives of this project were designed to improve mental health outcomes of autistic consumers by targeting workforce capacity, service delivery and service experience. These objectives were achieved through the concurrent offering of workforce capacity-building opportunities and specialist assessment and intervention that has helped improve uptake and support for the program. The project enabled six Victorian AMHSs to recruit an adult autism specialist clinician with the aim of upskilling the mental health workforce to identify autism and adapt interventions to better serve the neuro-diverse consumer group.

## NEW MENTAL HEALTH MICROSITE LAUNCHED

A new website dedicated to Barwon Health's Mental Health, Drugs and Alcohol Services launched in December to provide consumers with clearer pathways for help and more detailed information about local support. The microsite was co-designed with consumers, carers and clinicians to offer more helpful information people to our local community, including ways to find help and the available services for diverse groups and specific needs in the community.

## STAFF LENGTH OF SERVICE AWARDS

In December, we congratulated more than 300 long-serving staff who achieved 20, 30, 40 or 50 years of service at Barwon Health between the years of 2019-2022. The event was a time to reflect and celebrate the outstanding contribution of every person who makes Barwon Health a great place to work. Special mention to retiring staff members, Joy Pettig and Jan Thomas, who achieved the exceptional milestone of 50 years service.



Joy Pettig - 50 years service



Jan Thomas - 50 years service



*Guests participated in a smoking ceremony to mark the official opening of Colac headspace.*

## QUARTER THREE

### HEADSPACE COLAC OFFICIALLY LAUNCHED

Headspace Colac was officially opened in February with a visit from Federal Assistant Minister for Mental Health, Emma McBride MP.

The site has made a positive impact in the community, with hundreds of teenagers and young adults accessing mental health support via the Hart Street centre since it opened late last year.

Commissioned by the Western Victoria Primary Health Network and partnering with Colac Area Health and WDEA Works, Barwon Health is the lead agency for the new headspace Colac service, and we are excited by the opportunity this new service brings to the Colac region.

### BARWON BEST CARE AWARDS

In February, we came together to celebrate the annual Barwon Best Care Awards, recognising teams and individuals who go above and beyond to innovate and improve care for our community.

These awards provide the opportunity to reflect on this commitment and to recognise the improvements and innovations made by our staff who constantly improve the quality of care for our consumers, carers and families.

### VOLUNTEERS RETURN TO BARWON HEALTH

University Hospital Geelong welcomed volunteers back to the Main Entrance Concierge team for the first time since the commencement of the COVID-19 Pandemic. This valued group of volunteers warmly greet the thousands of people who pass through our doors each year.

This was followed by the introduction of a volunteer support team at University Hospital Geelong who are tasked with responding to requests across various ward and clinic settings. Volunteers also returned to focus on providing meaningful support opportunities for residents, their families and service users in Aged Care, Palliative Care and Rehabilitation Services.

### RESEARCH STRATEGIC PLAN

With the establishment of a Research Directorate a new Research Strategic Plan was published. This plan, aligned with the core Barwon Health Strategic Plan, articulates Barwon Health's vision for research as being sufficiently ambitious and deliberate to ensure our efforts are both locally relevant and internationally important. The plan details a vision that within ten years Barwon Health will make outstanding contributions to research that have a measurable impact on the health of our community.



## QUARTER FOUR

### **SURGERY MILESTONE FOR CARDIOTHORACIC UNIT**

Barwon Health's Cardiothoracic Unit reached a milestone of 10,000 heart surgeries after 26 years of operations.

The Cardiothoracic Surgery Unit commenced service on 29 July 1997 and cardiothoracic surgeon Mr Michael Seitz performed the 10,000th heart operation on 14 June, a surgical aortic valve replacement on Warrnambool resident Jenny Ashworth.

The service has evolved since 1997, with close to 500 major heart procedures performed each year.

Barwon Health provides outreach programs in Ballarat and Warrnambool, while also servicing communities in outer metropolitan areas including Werribee, Melton and Sunshine.

### **LEADERSHIP AWARD FOR RENEWABLE ENERGY PARTNERSHIP**

The Geelong region took centre stage at the Institute of Public Administration Australia's (IPAA) leadership awards in June, with our Barwon Region Renewable Energy Partnership, which includes Barwon Water and GeelongPort, taking home the Climate Change Adaptation and Mitigation Award at the ceremony.

Judges valued the collaboration across multiple agencies, which was at the centre of the winning award nomination that highlighted the Regional Renewable Organics Network, the Colac Renewable Organics Network and the Barwon Region Renewable Energy Partnership.

We are proud to be part of a region where collaboration drives better outcomes for the community, the environment and the economy.



*Representatives of the partner agencies came together to mark the commencement of this Australian first.*



# ABOUT BARWON HEALTH



# STRATEGIC PLAN – FUTURE READY SUMMARY

## OUR VISION

*By 2050, everyone in our community enjoys the best health and wellbeing in Victoria.*

## OUR PURPOSE

*Provide best care, every person, every day, so that everyone feels better.*

**STRATEGIC  
PRIORITY 1:  
DELIVER  
BEST CARE**

### PERSON-CENTRED

Our consumers direct the care they receive to achieve their goals.

### VALUE

We aim always to improve the value of our services.

### INTEGRATION

We integrate care without gaps or duplication of effort.

### EVIDENCE

We apply evidence to improve care.

### APPROPRIATE

Right care, right time, right place, right way.

**STRATEGIC  
PRIORITY 2:  
INVEST TO  
IMPROVE**

### RESEARCH

We embed research in care to create a learning system.

### RESILIENCE

We build our capacity to deal with the unexpected.

### EXPERIENCE

We improve the experience of our consumers and our people.

### ACCESS

We aim to improve timely, local, simple and equitable access to services.

### FACILITIES

We develop fit-for-purpose, modern facilities to improve consumer experience and staff satisfaction.

**STRATEGIC  
PRIORITY 3:  
ENSURE OUR  
FUTURE**

### FINANCIAL SUSTAINABILITY

We live within our means and we grow our capacity.

### AGILE

We are agile in responding to changing needs and opportunities.

### ENVIRONMENTAL SUSTAINABILITY

We aim to achieve net zero emissions by 2050 to reduce the impact of climate change on the health of our community.

### GROW OUR OWN

We train, develop and support staff, for Barwon Health and for the region.

### TOGETHER

We partner for greater impact.

## OUR VALUES

### RESPECT

We respect the people we connect with.

### COMPASSION

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

### COMMITMENT

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

### ACCOUNTABILITY

We take accountability for what we do and act with integrity.

### INNOVATION

We drive innovation for better care.

## OUR ENABLERS

- **Integrated models of care:** integrated models of care make transitions seamless.
- **Our people:** leadership, staff engagement, teamwork and commitment to excellence.
- **Our culture:** supports us to make the right choices every time.
- **Effective tools:** platforms, processes and systems, technology and analytics.

## WE MEASURE OUR SUCCESS BY:

- Our consumers feel better.
- Our community is confident that Barwon Health will meet their healthcare needs.
- Our stakeholders recognise us as an innovative health service and a trustworthy partner.
- Our owner, the Victorian Government, supports our plans.
- Our staff tell us that they feel hopeful, confident and safe in the workplace.

## CORE OBJECTIVES FOR VICTORIAN PUBLIC HEALTH SERVICES THAT FRAME THE BARWON HEALTH STRATEGY

- Quality and safety.
- Good governance and leadership.
- Access and timeliness.
- Financial sustainability.

# NATURE AND RANGE OF SERVICES

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

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

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

With more than 8,758 staff, we are one of Australia's largest regional employers and the largest employer in Geelong.

Barwon Health provides services for everyone who needs care, regardless of their financial status or the location of their usual residence. As a regional health service, we provide leadership and tertiary referral services across the Barwon South West region.

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

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

We provide community health services from Anglesea, Belmont, Corio, Newcomb, and Torquay and dental services from Belmont, Corio and Newcomb. Our newest sites include Barwon Health North in Norlane providing, amongst other services, child and family health services, renal dialysis, medical imaging and an urgent care service. The pandemic and the availability of the vaccines saw the establishment of a Community Vaccination Hub on the former Ford Factory site in Norlane which was moved to be co-located with the Belmont Community Health Centre in May 2022.

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

central Geelong, Colac, Corio, Barwon Health North and Newcomb.

We provide residential aged care beds across two sites: Alan David Lodge in Charlemont, and three lodges on the McKellar Centre precinct in North Geelong these include Percy Baxter Lodge, Wallace Lodge and Blakiston Lodge. (Noting that Percy Baxter Lodges closed on 30 June 2023).

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

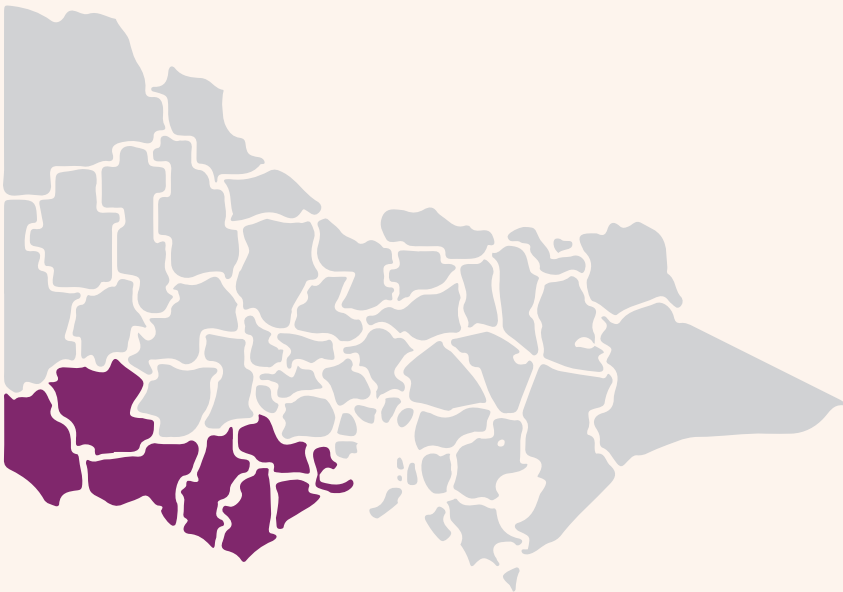
We have a public/private partnership with Epworth HealthCare to deliver surgery, renal dialysis and day oncology services at Epworth Geelong. We provide public health and promotion programs that aim to improve the health and wellbeing of the population and address priorities in the Victorian Public Health and Wellbeing Plan 2019-2023. Additionally, a temporary arrangement was made with St. John of God Hospital, Geelong for the provision of surgical services for public patients. This arrangement is a reflection of the close working relationship we have with the private healthcare providers in our region.

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

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

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

# MAJOR BARWON HEALTH SERVICE LOCATIONS





Hiro Sekine - Physiotherapist



# ADMINISTRATIVE STRUCTURE OF BARWON HEALTH

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## BOARD OF DIRECTORS

Brian Cook (Outgoing Chair to 30 June 2023)  
 Clare Amies  
 Brendan Crotty  
 Stephen Elder  
 Susan Sdrinis  
 Virginia Todd  
 Jason Trethowan  
 Jennifer Williams  
 Ian Broadway

## COMMITTEES

### FINANCE COMMITTEE MEMBERS

Ian Broadway (Committee Chair)  
 Brian Cook  
 Brendan Crotty  
 Jennifer Williams

### AUDIT & RISK MANAGEMENT COMMITTEE MEMBERS

Jennifer Williams (Committee Chair)  
 Clare Amies  
 Stephen Elder  
 Tony Brain (Independent Member)

### PRIMARY CARE & POPULATION HEALTH COMMITTEE MEMBERS

Virginia Todd (Committee Chair)  
 Clare Amies  
 Brendan Crotty  
 Stephen Elder

(\* Note, Committee has been in abeyance. Director Members have met on an informal basis only to review and amend the Committee's Terms of Reference and membership).

### GOVERNANCE & REMUNERATION COMMITTEE MEMBERS

Brian Cook (Committee Chair)  
 Ian Broadway  
 Jennifer Williams

### COMMUNITY ADVISORY COMMITTEE MEMBERS

Jason Trethowan (Committee Chair)  
 Susan Sdrinis  
 Virginia Todd  
 Alison Lewis-Nicholson (Co-Chair)  
 James Bell  
 Wendy Bourke  
 Bruce Butler  
 Kim Edgar  
 Carolyn Flett  
 Piper Knox  
 Sharelle McGuirk  
 Mutheinchri Ra  
 Anelyse Everill

### QUALITY, SAFETY & CLINICAL GOVERNANCE COMMITTEE MEMBERS

Brendan Crotty (Committee Chair)  
 Jason Trethowan  
 Susan Sdrinis

# EXECUTIVE TEAM

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## CHIEF EXECUTIVE

Adjunct Professor Frances Diver  
*BAppSci, MBA, GAICD*

## CHIEF OPERATING OFFICER

Amanda Cameron  
*RN, BAppSc, Grad Dip Critical Care, MHA*

## CHIEF FINANCIAL OFFICER

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

## CHIEF MEDICAL OFFICER

Simon Woods  
*MB BS FRACS MBA FCSHK AFACHSM*  
*(to 28 July 2022)*

Professor Ajai Verma  
*MBBS MS MHM MPH DCH FRACGP FRACMA FCHSM CHE*  
*(from 29 July 2022)*

## CHIEF NURSING AND MIDWIFERY OFFICER

Ange Erwin  
*RN*

## CHIEF PEOPLE AND CULTURE OFFICER

Lee Jeffery  
*(to 11 January 2023)*

Tracy Gilligan  
*(Interim 11 January 2023 to 8 June 2023)*

Tracy Gilligan  
*(from 9 June 2023)*

## CHIEF INFORMATION OFFICER

Andrew Macfarlane

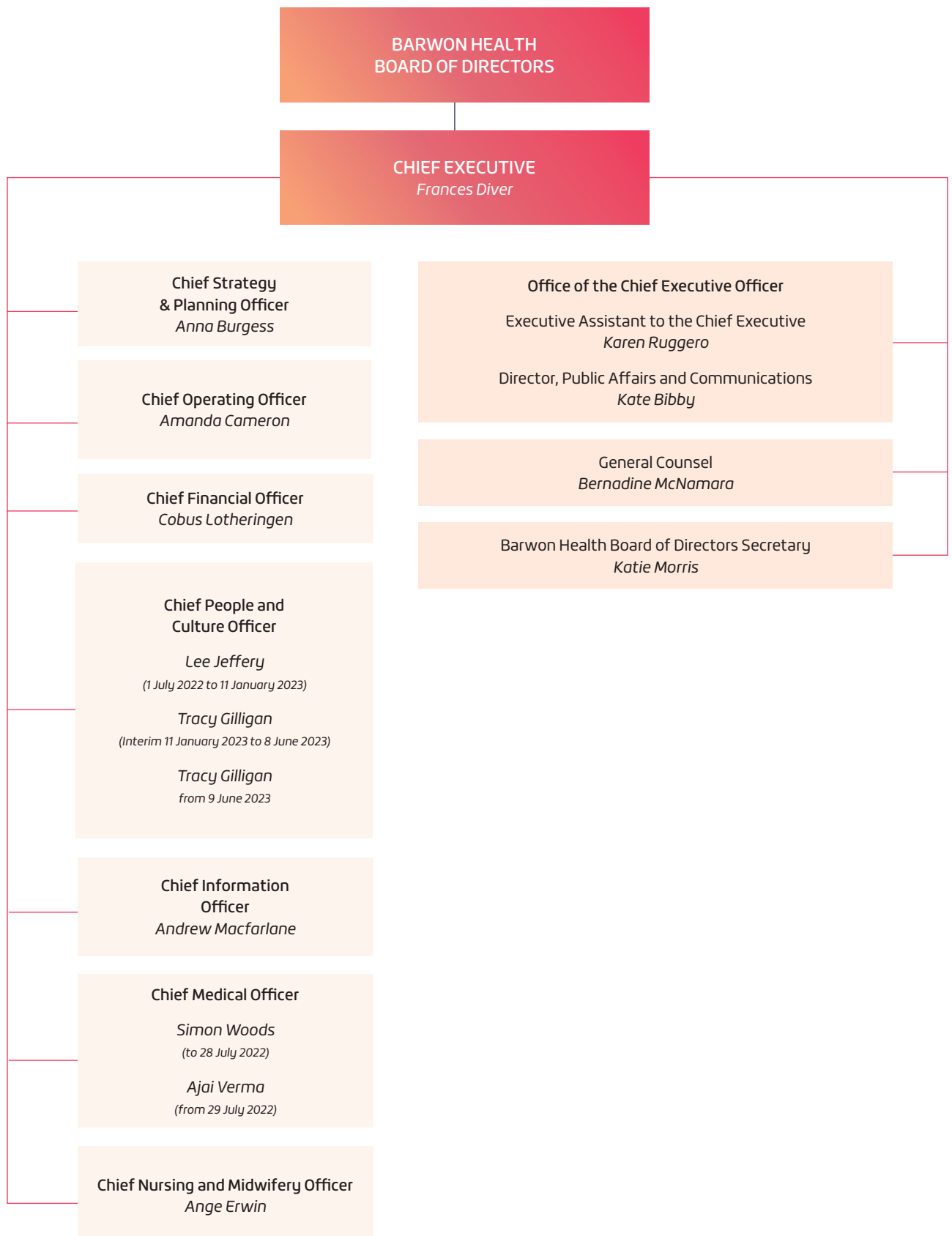
## CHIEF STRATEGY AND PLANNING OFFICER

Anna Burgess  
*BSc(Hons), Grad Dip Health Management, Grad Dip*  
*Health Economics, FACHSM, CHE, FIPPA (Vic)*

## GENERAL COUNSEL

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

# ORGANISATIONAL STRUCTURE





WE EMPLOYED

**2,469 NURSES**

**(FTE)**

IN 2023 COMPARED  
TO 2,443 IN 2022

# WORKFORCE DATA

HOSPITAL LABOUR CATEGORY	JUNE CURRENT MONTH FTE		AVERAGE MONTHLY FTE	
	2022	2023	2022	2023
Nursing	2443.34	2469.59	2531.29	2571.52
Administration and Clerical	878.30	894.82	940.02	968.14
Medical Support	477.35	481.77	506.00	512.26
Hotel & Allied Services	659.89	673.55	670.81	688.12
Medical Officers	448.72	416.42	482.42	451.23
Hospital Medical Officers	71.40	86.04	80.55	96.13
Sessional Clinicians	101.67	196.66	81.00	195.93
Ancillary Staff (Allied Health)	554.27	556.69	561.45	566.40

*The FTE figures required in the table are those excluding overtime. These do not include contracted staff (eg agency nurses, fee-for-service visiting medical officers) who are not regarded as employees for this purpose. The data is consistent with the 'Minimum Employee Data Set'.*

## EMPLOYMENT AND CONDUCT PRINCIPLES

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

# OCCUPATIONAL HEALTH AND SAFETY

*Barwon Health complies with the Occupational Health and Safety Act 2004, and continues to implement measures designed to reduce safety incidents in the workplace, including occupational violence and aggression, manual handling and fatigue; whilst also actively promoting employee health and wellbeing in the workplace.*

New initiatives for the year include:

- The successful roll-out of a fatigue risk management pilot at our residential aged care facility, Alan David Lodge in Charlemont.
- In order to better equip managers in handling work-related injuries two resources have been developed, these include an injury management information booklet and an injury management training program.
- The successful delivery of an 'EmergoTrain' mass casualty exercise in late 2022, to better prepare Barwon Health for any future Code Brown events.
- The Barwon Health staff clinic, StaffCare, obtained successful re-accreditation and was refurbished to provide an improved experience for staff.
- 274 staff trained in Mental Health First Aid.
- More than 1,000 staff participated in group LGBTIQ+ awareness training.
- Workplace wellbeing initiatives were implemented such as the Converge Move physical activity challenge, on-site yoga and the financial wellbeing expo.
- Ongoing support of health and wellbeing events including - World Mental Health Day forum, Work Health and Safety Month, Reconciliation Week, Ride to Work Day and R U OK? Day.
- A number of pulse check surveys were undertaken in response to the annual People Matter Survey in order to check our progress in addressing areas of concern.

## OCCUPATIONAL HEALTH AND SAFETY DATA

OCCUPATIONAL HEALTH AND SAFETY STATISTICS	2020-2021	2021-2022*	2022-2023
The number of reported hazards/incidents for the year per 100 FTE	52.56	46.54	47.69
The number of 'lost time' standard WorkCover claims for the year per 100 FTE	0.76	0.66	0.79
The average cost per WorkCover claim for the ('000)	\$89,700	\$91,543	\$85,101

*Note: Corrections have been applied to the 2021-2022 data; this is due to incorrect data being used in the 2021-2022 calculation.*

# OCCUPATIONAL VIOLENCE

## OCCUPATIONAL VIOLENCE STATISTICS

OCCUPATIONAL VIOLENCE STATISTICS	2022-2023
WorkCover accepted claims with an occupational violence cause per 100FTE	0.085
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.46
Number of occupational violence incidents reported	966
Number of occupational violence incidents reported per 100 FTE	16.5
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	41%

## DEFINITIONS OF OCCUPATIONAL VIOLENCE

### OCCUPATIONAL VIOLENCE

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

### INCIDENT

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

### ACCEPTED WORKCOVER CLAIMS

Accepted WorkCover claims that were lodged in 2022-2023.

### LOST TIME

Defined as greater than one day.

### INJURY, ILLNESS OR CONDITION

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



# FINANCIAL INFORMATION

*Dr Aarani Vithushen*



# REPORT FROM THE CHIEF FINANCIAL OFFICER

*Barwon Health continued to overcome major challenges in 2023, including managing through the remaining impacts of the Covid-19 pandemic, with deferred patient care and severe resource capacity constraints, whilst increasing services and extending the service base. Against this backdrop Barwon Health has delivered a net operating surplus of \$365k for the financial year ended 30 June 2023.*

Major capital works projects and asset acquisitions completed during the year included:

- Commissioning of the Youang Surgery centre, which includes an additional four theatres, 40 inpatient beds, 13 outpatient consulting rooms and a new Central Sterilising Services Department CSSD.
- The internal fit-out of the Health Education and Research Building (HERB) to provide increased capacity to house research teams.
- The construction and relocation of the library from St. Mary's Hall to Kitchener House.
- The redevelopment of all staff rooms and kitchen facilities as part of the Staff Wellness program.
- The replacement of 12 Theatre air handling units.
- Construction of the Mental Health and Wellbeing Unit on the McKellar Centre site in North Geelong.

Another extremely busy construction period is planned for the Financial Year 2023-2024 with construction ongoing and in planning for a number of major capital funded projects, including the new endoscopy suite in the Youang Surgery Centre as part of the early works for the Barwon Women's and Children's project, the completion of the Early Parenting Centre on the McKellar Centre site, the Paediatric Emergency Department and Youth PARC in South Geelong.

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

From an operational perspective, staff labour costs increased to \$810 million for the year mainly due to additional FTE required as part of the COVID-19 response effort, increased Public Health activity, delivering increased elective surgery as part of the deferred care strategy and establishing more home-based programs. Other initiatives that impacted on labour costs included the opening of new facilities, including the Youang Surgery Centre, the McKellar Mental Health and Wellbeing Centre and the new Mental Health and Wellbeing Local community based service in North Geelong. Overall, labour costs grew by 10.8 per cent from 2021-2022, while non-labour costs increased by 12 per cent due to increased activity and inflationary pressures.

Commercial revenue increased by \$4.5m to \$6.1m mainly due to increased investment returns and increased cash holdings. Most cost impacts that were related to the COVID-19 pandemic have been additionally funded by the Department of Health.

The Barwon Health Foundation delivered net income from fundraising and investments activities, (excluding revaluations) of \$3.8m million (2022 \$3.1m) with a number of fundraising events and includes major donations received to assist Barwon Health in delivering great care and patient outcomes.

The cash rate increased to 4.1% from 0.85% in June 2022, resulting in improved returns on interest earned on cash and investment fund accounts. This higher return is expected to continue in 2023-2024.



**Cobus Lothringen**  
Chief Financial Officer

## FINANCIAL INFORMATION

	2023 \$'000	2022 \$'000	2021 \$'000
<b>OPERATING RESULT*</b>	<b>365</b>	<b>281</b>	<b>283</b>
Total revenue	1,141,399	1,053,122	908,292
Total expenses	(1,147,894)	(1,030,911)	(929,179)
<b>Net result from transactions</b>	<b>(6,495)</b>	<b>22,211</b>	<b>(20,887)</b>
Total other economic flows	(5,122)	(932)	9,128
<b>Net result</b>	<b>(11,617)</b>	<b>21,279</b>	<b>(11,759)</b>
Total assets	1,172,528	1,127,186	947,711
Total liabilities	397,602	345,584	277,324
<b>Net assets/Total equity</b>	<b>774,926</b>	<b>781,602</b>	<b>670,387</b>

\*The operating result is the result for which Barwon Health is monitored in the Statement of Priorities.

## RECONCILIATION BETWEEN THE NET RESULT FROM TRANSACTIONS TO THE STATEMENT OF PRIORITIES OPERATING RESULT

This summary of the financial results needs to be included in the Report of Operations and not in the audited financial statements but must be consistent with the audited financial statements.

	2022-2023 \$'000
<b>Net operating result</b>	<b>365</b>
Capital purpose income	66,090
COVID-19 State supply arrangements - assets received FOC for nil consideration	4,718
Expenditure for capital purpose	(7,553)
Depreciation and amortisation	(70,115)
<b>Net result from transactions</b>	<b>(6,495)</b>



Mercy, 7 years old,  
Karen Community

# CONSULTANCIES INFORMATION

## DETAILS OF CONSULTANCIES (UNDER \$10,000)

In 2022-2023, there were 14 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2022-2023 in relation to these consultancies is \$61,942 (excluding GST).

## DETAILS OF CONSULTANCIES (VALUED AT \$10,000 OR GREATER)

In 2022-2023, there were 11 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during the 2022-2023 financial year is \$604,766 (excluding GST). Details of individual consultancies are available upon request and are subject to Freedom of Information Act 1982. The following table details these consultancies.

## CONSULTANCIES OVER \$10,000

CONSULTANT	PURPOSE OF CONSULTANCY	TOTAL APPROVED PROJECT FEE	EXPENDITURE 2022-2023	FUTURE EXPENDITURE
		(EXCL. GST)	(EXCL. GST)	(EXCL. GST)
Megan Phelan	Contracted Professional Services	224,172	224,172	-
Chrysalis Clinical Pty Ltd	Advisory services for Barwon Health's research organisational reform	69,300	69,300	-
Barwon Water	Renewable Energy project	38,073	38,073	-
Deloitte	Post Implementation Review of EDIS	28,513	28,513	-
Ernst & Young	Community EMR IPS Program	26,000	26,000	-
Ernst & Young	Deakin University Joint Appointment review project	38,000	38,000	-
Ernst & Young	Business case on infrastructure options surrounding the hospital precinct	15,000	15,000	-
Ernst & Young	Barwon Health Risk Support Project	22,872	22,872	-
Harcourt Aged Care Advisors	Aged Care Consulting Services	22,729	22,729	-
JB Were	Investment Portfolio Advice and Management	66,807	66,807	-
Storyline Developer	Safety and Emergency Response Foundations E-learning project	15,300	15,300	-




Laura Morrison, Senior Speech Pathologist Residential Aged Care

# INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) EXPENDITURE

The total ICT expenditure incurred during 2022-2023 is \$27.6 million (excluding GST) with the details shown below.

## ICT EXPENDITURE

BUSINESS AS USUAL (BAU) ICT EXPENDITURE	NON-BUSINESS AS USUAL (NON BAU) ICT EXPENDITURE		
	Total (Excluding GST)	Total Operational Expenditure and Capital Expenditure (excluding GST)	Operational Expenditure (excluding GST)
\$27.6 million	\$5.2 million	\$0.3 million	\$4.9 million



# GENERAL INFORMATION, DISCLOSURES AND ATTESTATIONS

# DISCLOSURES REQUIRED UNDER LEGISLATION

## FREEDOM OF INFORMATION ACT 1982

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

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

The application fee of \$30.60 is waived for applicants who demonstrate impecuniousness, hardship or hold a pension/health care card. The total production cost varies according to the number and types of documents required and method of production.

In the 2022-2023 financial year 1,355 requests were received; the majority of which came from solicitors on behalf of patients, TAC, insurance companies and patients themselves. Barwon Health provides an annual report on all request to the Office of the Victorian Information Commissioner.

Nature of request	Number of requests
Granted in full	661
Denied in part	518
Denied in full	4
Withdrawn / not processed	24
Not yet finalised	131
Released outside of the Freedom of Information Act	1
No documents found	16
<b>Total</b>	<b>1,355</b>

More detailed information can be found on our website.

## BUILDING ACT 1993

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

### Actions that ensure that Barwon Health complies include:

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

## PUBLIC INTEREST DISCLOSURE ACT 2012

Under the Public Interest Disclosures Act 2012 Barwon Health cannot accept protected disclosures. Barwon Health has a written procedure informing staff of this and providing contact details for Independent Broad-based Anti-corruption Commission (IBAC).

## COMPETITIVE NEUTRALITY

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

## CARERS RECOGNITION ACT 2012

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

# ENVIRONMENTAL PERFORMANCE

Barwon Health operates two main campuses, University Hospital Geelong and the McKellar Centre in North Geelong. Other sites include community health centres in Anglesea, Torquay, Belmont, Newcomb and Corio, mental health facilities in Belmont, Corio and Central Geelong and Barwon Health North in Norlane. All facilities are located within the Greater Geelong and SurfCoast Local Government Areas.

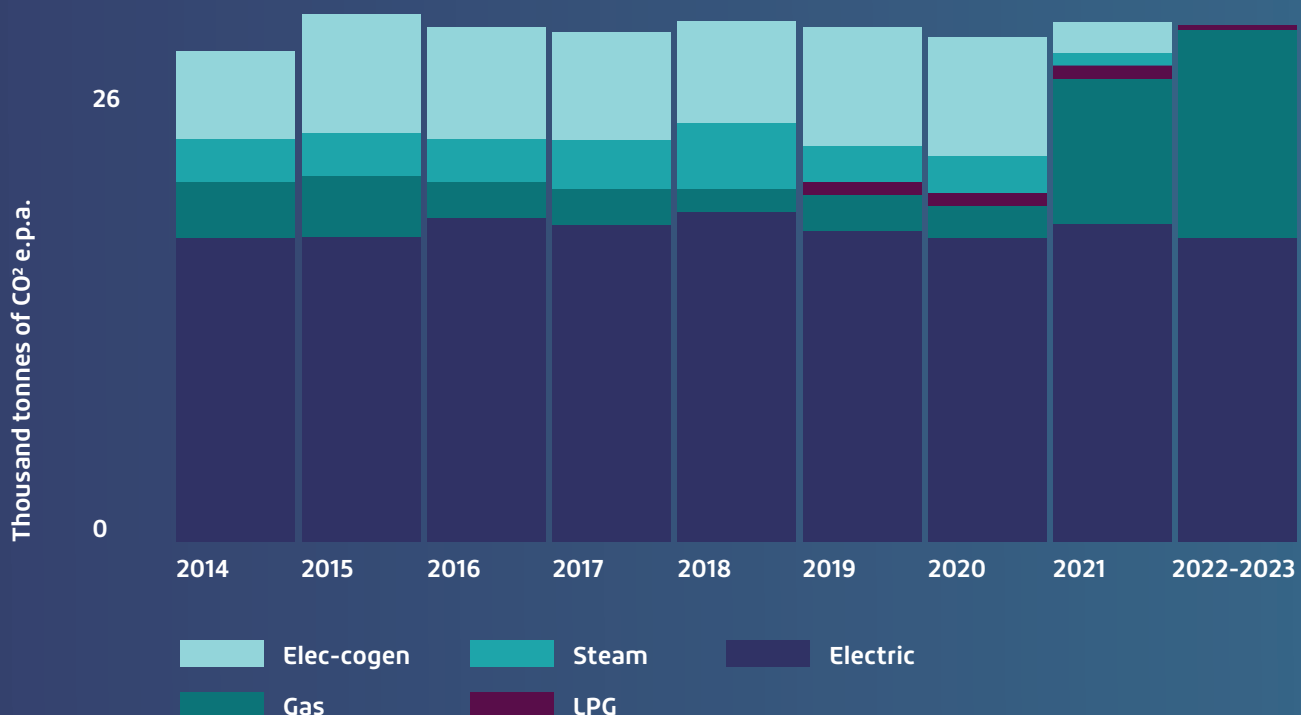
## SUSTAINABLE BUILDINGS AND INFRASTRUCTURE

The Mental Health and Wellbeing Centre building, located on the McKellar Centre campus in North Geelong, was constructed in accordance with the Victorian Health Building Authority "Guidelines for sustainability in health care capital works". This building has solar panels, Electric Vehicle (EV) charging facilities, LED lighting and biophilic design to provide access to natural light and fresh air.

Barwon Health has also commenced rolling out new electric vehicles, five for the main hospital campus and a further five vehicles based at the McKellar Centre campus. These vehicles are being used by Barwon Health staff to travel around the region. Barwon Health will continue to retire older vehicles and replace them with electric vehicles.

As a result of these initiatives our performance in the environmental space has continued to improve; it is anticipated this focus on the impact we have on the environment will remain for the future and be a consideration in all future developments and initiatives.

## GREENHOUSE GAS EMISSIONS





## ELECTRICITY PRODUCTION AND CONSUMPTION

2022-2023

<b>Total electricity consumption (MWh)</b>	
<b>Purchased Electricity - Consolidated</b>	<b>22,125</b>
Residential Aged Care	5,860
Public Hospital - Acute	16,113
Public Hospital - Sub Acute	151
<b>Self-generated</b>	<b>237</b>
Residential Aged Care	162
Public Hospital - Acute	68
Public Hospital - Sub Acute	7
<b>On-site electricity generated (MWh)</b>	<b>5,406</b>
Solar PV	0
<b>Other non-renewable</b>	<b>5,406</b>
Co-Generation	4,732
Co-Generation Export	674
<b>On-site electricity generated capacity (MW)</b>	<b>7</b>
Solar Photovoltaic Systems (PV)	1
<b>Other non-renewable</b>	
Co-Generation	6
<b>Total electricity offsets (MWh)</b>	<b>0.00</b>
Large-scale Generation Certificate's (LGC) voluntarily retired	0.00

## STATIONARY FUEL USE

2022-2023

<b>Total fuels used in buildings &amp; machinery</b>	
<b>Buildings</b>	
Natural Gas (GJ)	206,640
Diesel (L)	2,832
<b>Greenhouse gas emissions from stationary fuel consumption</b>	
Natural Gas (Tonnes CO <sub>2</sub> e)	10,648

## WASTE REDUCTION

The recently established Sustainability Executive Sub-committee provides a centralised governance for the development and implementation of Barwon Health's Environmental Sustainability Strategy and Environmental Management Plan.

Barwon Health is establishing a champions network for environmental sustainability – the Green Champions Network. Green Champions will act to support the development and implementation of Barwon Health's Environmental Sustainability Strategy.

<b>Clinical waste</b>	<b>Total Usage</b>
Clinical waste - incinerated (kg)	18,334
Clinical waste - sharps (kg)	13,502
Clinical waste - treated (kg)	183,137
<b>General waste</b>	
General waste - bins (kg)	783,483
General waste - skips (kg)	424,344
<b>Recycling</b>	
Cardboard (kg)	483,573
Commingled (kg)	143,532
Organics - food (kg)	39,462
Paper - confidential (kg)	101,637
Paper - recycling (kg)	17,073
PVC (kg)	1,269
<b>Greenhouse gas emissions</b>	
CO <sub>2</sub> e (tonnes)	1,842

## TRANSPORTATION

Barwon Health's vehicle fleet consists of 265 vehicles essential to the provision of health support services, including home visits and outreach work for health services delivery within the Barwon South West region. Ninety per cent of these vehicles comprise sedans, wagons and vans, thirty-nine are allocated pool vehicles whilst twenty-eight commercial vehicles are used by Food Services.

Vehicles are used for environmental, engineering and specialised health services, including dental and renal vans and are also used for dedicated community service programs. Of the 237 passenger vehicles comprising 142 internal combustion engines 35 ICE vehicles were replaced with 23 Hybrid and 12 Zero Emission Vehicles (ZEV) as part of the ongoing campaign to change owned fleet to a lease model. The challenge to facilitate further conversion to Hybrid or ZEVs continues to be impacted by global trends on new vehicle supply by vehicle manufacturers along with departmental fit and infrastructure capability.

Energy used in transport fuels continues to decrease year-on-year; and when comparing the periods 2021-2022 and 2022-2023 saw another downward trend in this period by fifteen per cent.

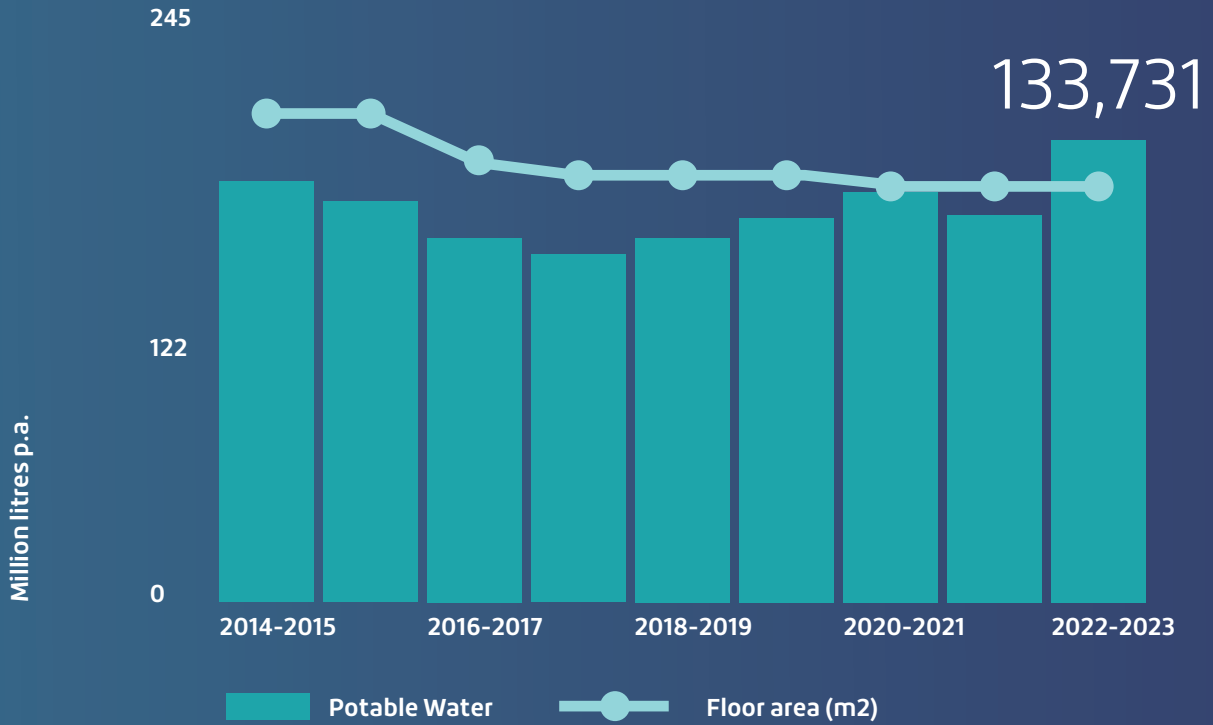
Barwon Health continues to transition its shared fleet to a hybrid and zero emissions model for the shared passenger vehicle fleet in line with the Victorian Government's Roadmap in supporting the transition to net-zero emissions in road transport by 2050.

Fuel usage	2020-2021	2021-2022	2022-2023
<b>Total energy used in transportation</b>			
Petrol (litres)	302,356	242,732	211,006
Diesel (litres)	306,407	347,805	338,107
<b>Fleet vehicle composition</b>		<b>2022-2023</b>	<b>%</b>
<b>Number and proportion of vehicles</b>		<b>265</b>	<b>100%</b>
<b>Road Vehicles</b>		<b>265</b>	<b>100%</b>
<b>Passenger vehicles</b>		<b>237</b>	<b>89%</b>
Internal combustion engines			
Petrol		107	
Diesel		2	
Hybrid		116	
Zero Emission Vehicle		12	
<b>Commercial Vehicles</b>		<b>23</b>	<b>9%</b>
Internal combustion engines			
Goods carrying incl. vans and utes			
Petrol		13	
Diesel		7	
Heavy Commercial			
Diesel		3	
<b>Buses</b>		<b>5</b>	<b>2%</b>
Internal combustion engines			
Petrol		5	
<b>Commercial Air Travel</b>		<b>2022-2023</b>	
<b>Total km's travelled</b>		<b>3,091,506</b>	

Barwon Health's maintenance planner Caleb Hannam with a new Hyundai Kona ZEV.



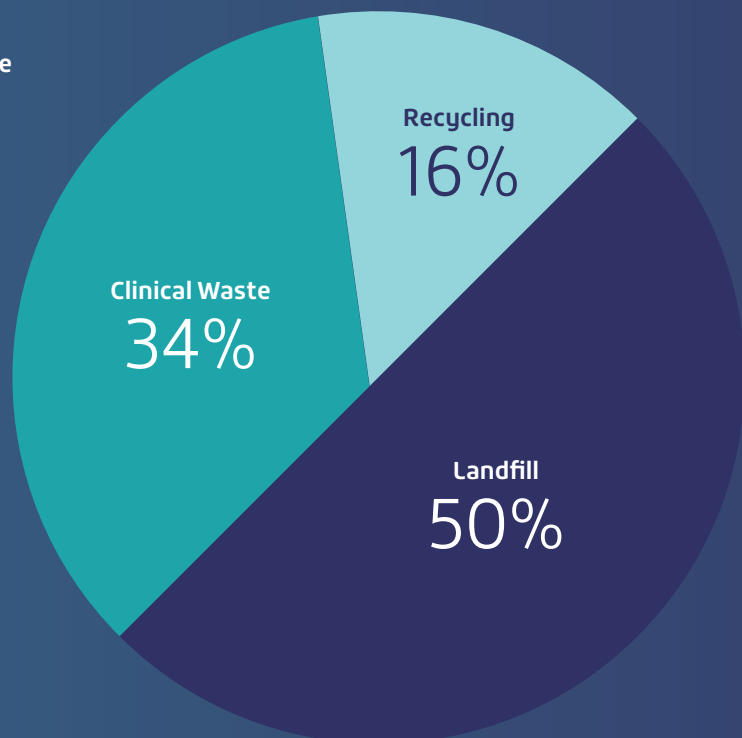
## WATER USAGE



## WASTE

University Hospital Geelong percentage by mass 2022-2023

- Clinical Waste
- Landfill
- Recycling



## ADDITIONAL INFORMATION AVAILABLE ON REQUEST

Details in response of the items listed below have been retained by Barwon Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to Freedom of Information requirements, if applicable).

- A statement of declarations of pecuniary interest has been duly completed by all relevant officers.
- Details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary.
- Details of publications produced by the entity about itself and how these can be obtained.
- Details of changes in prices, fees, charges, rates and levies charged by the entity.
- Details of any major external reviews carried out on the entity.
- Details of major research and development activities undertaken by the entity.
- Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit.
- Details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services.
- Details of assessments and measures undertaken to improve the occupational health and safety of employees.
- A general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes.
- A list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved.
- Details of all consultancies and contractors including:
  - Consultants / contractors engaged.
  - Services provided.
  - Expenditure committed to for each engagement.

## LOCAL JOBS FIRST ACT 2003

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

During 2022-2023, Barwon Health commenced nine local job first standard projects and nil local jobs first strategic projects.

Of those:

- Five were awarded to Australian companies with 100% Australian based operations and servicing from Victorian based infrastructure.
- Four are currently still being evaluated for award.

Barwon Health did not conclude any Local Jobs first standard projects in 2022-2023.

## WORKFORCE INCLUSION POLICY

Barwon Health is working towards creating an inclusive environment where equal opportunity and diversity are valued and reflect the communities we serve.

Consistent with the Gender Equality Act 2020, in 2023 Barwon Health:

- Promoted gender equality through gender impact assessments, workplace gender audits and consultation forums.
- Developed and implemented a Gender Equality Action Plan (GEAP) including establishing targets.
- Monitor progress of the GEAP.

Our 2022-2025 GEAP includes short and longer term strategies and measures to make positive organisational change towards gender equality, based on the results of our workplace gender audit.

## SOCIAL PROCUREMENT

Barwon Health is committed to social procurement and supporting the local community, and is a signatory to Geelong Regional Opportunities for Work (GROW) agreement. This initiative, led by G21 Geelong Region Alliance and Give Where You Live Foundation, seeks to improve the economic and social prosperity of the region by supporting job seekers, spending local, being inclusive and advocating and collaborating for region wide change. Barwon Health has contracts with GenU for the provision of services such as gardeners and general maintenance as an example.

Social procurement spending is tracked and subjected to the ABN Wash Tool. The application of this tool details a total spend with Social Benefit Suppliers of \$8,814,721 across 41 suppliers, including:

- Purchasing from Victorian Aboriginal People - \$21,857 across seven suppliers.
- Purchasing from Victorian and Australian Disability Enterprises - \$4,070,641 across 17 suppliers.
- Purchasing from Victorian Social Enterprises - \$8,617,441 across 19 suppliers.

# ATTESTATIONS AND DECLARATIONS

## FINANCIAL MANAGEMENT COMPLIANCE

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



**The Hon. Lisa Neville**  
Board Chair, Barwon Health  
1 September 2023

## DATA INTEGRITY DECLARATION

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



**Frances Diver**  
Chief Executive, Barwon Health  
1 September 2023

## CONFLICT OF INTEREST DECLARATION

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



**Frances Diver**  
Chief Executive, Barwon Health  
1 September 2023

## INTEGRITY, FRAUD AND CORRUPTION DECLARATION

I, Frances Diver, certify that Barwon Health has put in place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at Barwon Health during the year. No reportable fraud was identified in the 2022-2023 financial year.



**Frances Diver**  
Chief Executive, Barwon Health  
1 September 2023

## COMPLIANCE WITH HEALTHSHARE VICTORIA (HSV) PURCHASING POLICIES DECLARATION

I, Frances Diver, certify that Barwon Health has put in place appropriate internal controls and processes to ensure that it has materially complied with all requirements set out in the HSV Purchasing Policies including mandatory HSV collective agreements as required by the Health Services Act 1988 (Vic) and has critically reviewed these controls and processes during the year.



**Frances Diver**  
Chief Executive, Barwon Health  
1 September 2023

## SAFE PATIENT CARE ACT 2015

Barwon Health rosters in accordance with its obligations under Section 40 of the *Safe Patient Care Act 2015*. There are no matters to report in relation to obligations under section 40 of the *Safe Patient Care Act 2015*.

## CAR PARKING FEES

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

[barwonhealth.org.au/patients-visitors/our-sites/university-hospital-geelong/transport-and-parking](http://barwonhealth.org.au/patients-visitors/our-sites/university-hospital-geelong/transport-and-parking)



**REPORTING OUTCOMES  
FROM STATEMENT OF  
PRIORITIES 2022-2023**

# STATEMENT OF PRIORITIES PART A: PERFORMANCE PRIORITIES

*The Services Act 1988 allows that post 1 October of each financial year the Minister for Health makes a Statement of Priorities which is provided to and agreed with health services. This Statement outlines the goals for the year for Barwon Health.*

## KEEP PEOPLE HEALTHY AND SAFE IN THE COMMUNITY

PRIORITIES	TASK	ACTION(S)	RESULT/ STATUS
Maintain COVID-19 readiness.	<p>Maintain a robust COVID-19 readiness and response, working with the department, Health Service Partnership and Local Public Health Unit (LPHU) to ensure effective responses to changes in demand and community pandemic orders.</p> <p>This includes, but is not limited to, participation in the COVID-19 Streaming Model, the Health Service Winter Response framework and continued support of the COVID-19 vaccine immunisation program and community testing.</p>	<p>A combined effort across the organisation saw Barwon Health continue to lead an integrated COVID-19 response across the Barwon South West Region with its' partners.</p> <p>This effort included a co-ordinated response to outbreaks and supported the ongoing rollout of the COVID-19 vaccine across the region, delivering 14,436 vaccinations and caring for 5,156 people on the COVID-19 Positive Pathway.</p> <p>In addition to direct one-on-one support for outbreaks, the region was supported with regular online information sessions.</p> <p>By working together we were able to re-orient the public health response (including monitoring) to COVID-19 outbreaks as needed and this included planning for future variants.</p> <p>Barwon Health played a key role in the COVID-19 streaming model, modifying activity in response to case numbers and staff furloughing.</p>	Complete
Drive continued improvement of public health outcomes.	<p>Encourage and facilitate partnerships between the Local Public Health Unit (LPHU) and primary and community care networks to equitably improve public health outcomes throughout the LPHU catchment.</p>	<p>The Barwon South West Public Health Unit (BSWPHU) is well advanced in the development of the Barwon South West Public Health Strategy. This strategy has been developed with input from key stakeholders and is due to be published in late 2023. We have seen a strengthening of relationships with stakeholders, including Aboriginal Community Controlled Health Organisations, Traditional Owners, Local Governments, Not-for-profit organisations and other stakeholders.</p>	Complete

## KEEP PEOPLE HEALTHY AND SAFE IN THE COMMUNITY (CONTINUED)

PRIORITIES	TASK	ACTION(S)	RESULT/ STATUS
Drive continued improvement of public health outcomes.	Support the evaluation of services delivered and outcomes achieved by the LPHU as described by the LPHU Outcomes Framework 2022-2023.	<ul style="list-style-type: none"> <li>Quarterly LPHU Outcomes Framework reporting to the Department of Health has been completed.</li> <li>Developed the Catchment Plan for the Barwon South West region.</li> </ul>	Complete

## CARE CLOSER TO HOME

PRIORITIES	TASK	ACTION(S)	RESULT/ STATUS
Drive continued Delivering more care in the home or virtually.	Increase the provision of home-based or virtual care, where appropriate and preferred, by the patient, including via the Better@Home program.	<p>The Better@Home program continues to support treating more patients at home or closer to home and includes an additional 44 beds.</p> <p>Over the past year the following Hospital-in-the-Home (HITH) programs have been embedded into Barwon Health business as usual:</p> <ul style="list-style-type: none"> <li>Maternity HITH provides post-natal care at home for women who have had caesarean sections discharged home with an excellent HITH program providing specialist midwifery care in the home.</li> <li>Neonatal phototherapy utilises a 'bili blanket' allowing patients to receive phototherapy in the home instead of requiring admission.</li> <li>Paediatric eating disorder HITH provides clinical care and support in the home for paediatric eating disorder patients and their families.</li> <li>EEG HITH provides electroencephalogram testing in the comfort of the patient's home from a team of specialised neuroscientists</li> <li>Rehab@Home allows consumers with neurological, orthopaedic or general reconditioning needs to receive tailored intensive rehabilitation services from a team led by a rehabilitation physician.</li> <li>Barwon Health has worked with Colac Area Health to extend a Geriatric Evaluation and Management (GEM) service to patients in Colac via GEM@Home.</li> <li>A new paediatric diabetes stabilisation service has been introduced and is an innovative program aiming to stabilise paediatric Type 1 diabetic patients at home.</li> <li>Commenced an Acute Referral Service to provide secondary consult service for clinicians across the BSW region.</li> </ul>	Complete



## KEEP IMPROVING CARE

PRIORITIES	TASK	ACTION(S)	RESULT/STATUS
Improve quality and safety of care.	Work with Safer Care Victoria (SCV) in areas of clinical improvement to ensure the Victorian health system is safe and delivers best care, including working together on hospital acquired complications, low value care and targeting preventable harm to ensure that limited resources are optimised without compromising clinical care and outcomes.	<p>The Barwon Health Quality Improvement Program has been revitalised, with over 400 quality improvement activities registered on the internal database CGov. These activities range across clinical and non-clinical areas of the organisation.</p> <ul style="list-style-type: none"> <li>• Barwon Health participated in a project to embed the Aged Friendly system (Safer Care Victoria funded project) into the GEM ward at the McKellar Centre. This involved reliably providing a set of four evidence-based elements of high quality care, known as the '4 Ms' (What Matters, Medication, Mind and Mobility) to all older people in our care.</li> <li>• Successful implementation of the Statutory Duty of Candour.</li> <li>• Reduction in Hospital Acquired Complications (HACs) by 15% over the 2022-2023 financial year.</li> </ul>	Complete and ongoing
Contribute to a responsive and integrated mental health and wellbeing system.	Continue to transform Area Mental Health and Wellbeing Services that deliver wellbeing supports and are delivered through partnerships between public health services (or public hospitals) and non-government organisations.	<ul style="list-style-type: none"> <li>• The provision of community-based services has also been enhanced with the opening of the Mental Health and Wellbeing Local in North Geelong; a partnership between Barwon Health, Wathaurong Aboriginal Cooperative, Wellways and ermha365.</li> <li>• Working with partner agencies, Colac Area Health and headspace, we opened headspace Colac in October 2022.</li> </ul>	Complete and ongoing
Contribute to a responsive and integrated mental health and wellbeing system.	Develop/refine services that will be provided across two aged-based streams: infant, child and youth (0-25), and adult and older adult (26+).	Work has commenced to develop and refine how care is delivered across two aged-based streams; infant, child and youth (0-25 years) and adult and older adult (26+ years).	In progress
Contribute to a responsive and integrated mental health and wellbeing system.	Provide integrated treatment, care and support to people living with mental illness and substance use or addiction.	<ul style="list-style-type: none"> <li>• A new manager has been appointed to lead the Integrated, Treatment, Care and Support (ITCS) team and to plan the development and implementation of an expanded service.</li> <li>• The Barwon Alcohol and Other Drugs (AOD) Consortium has been established, a partnership between Barwon Health (lead agency), Colac Area Health and The Salvation Army, for delivery of adult non-residential AOD treatment and care.</li> <li>• The AOD Intake function is embedded within the MHDAS Phone Triage service and localised arrangements to distribute AOD Intakes to external AOD agencies for comprehensive assessments are in place.</li> </ul>	Complete and ongoing

## KEEP IMPROVING CARE (CONTINUED)

PRIORITIES	TASK	ACTION(S)	RESULT/ STATUS
Contribute to a responsive and integrated mental health and wellbeing system.	Subject to the passage of the Mental Health and Wellbeing Bill 2022, actively participate in the implementation of new legislative requirements and embed the legislation's rights-based objectives and principles.	Barwon Health has participated in the implementation of the new Act Mental Health and Wellbeing Act 2022 (MHWA), an Implementation Lead employed and has fully attended all Implementation Lead forums hosted by the Department of Health.	In progress and ongoing
Contribute to a responsive and integrated mental health and wellbeing system.	Work with the department to test ('shadow') and implement activity-based funding (ABF) models initially for bed-based and adult ambulatory mental health and wellbeing services.	Our Mental Health Health Information manager and Director of Strategic Projects are members of the Mental Health and Wellbeing Funding Reform Sector Implementation Group.	In progress
Contribute to a responsive and integrated mental health and wellbeing system.	Continue towards implementation and routine use of the electronic state-wide mental health and well-being record to underpin best practice mental health care and improve the experience of Victorians with lived experience of mental health as they move between providers.	In order to provide a more seamless experience for consumers the digital team have been working with contractors to design a new Electronic Medical Record (EMR).	In progress
Plan update to nutrition and food quality standards.	Develop a plan to implement nutrition and quality of food standards in 2022-2023, implemented by December of 2023.	In May 2023, the Barwon Health Patient and Residents Menu Review Committee was established to evaluate and review the current patient and aged care meals menu, with the goal of developing and implementing a revised menu that will accommodate all patient cohorts and service models and would align and comply with all current local, state and federal nutrition and quality food standards.	In progress

## KEEP IMPROVING CARE (CONTINUED)

PRIORITIES	TASK	ACTION(S)	RESULT/STATUS
Improve Emergency Department access.	Improve access to emergency services by implementing strategies to reduce bed access blockage to facilitate improved whole of system flow, reduce emergency department four hour wait times and improve ambulance to health service handover times.	<p>Extra one off funding initiatives aimed at improving Medical Emergency Response Times (MERT).</p> <p><b>In the Emergency Department (ED):</b></p> <ul style="list-style-type: none"> <li>Additional Registered Nurses to support Ambulance Victoria (AV) triage and transfer.</li> <li>Acute Referral Service establishment aimed at providing secondary consults to Urgent Care Centres, Residential Aged Care Facilities, General Practice and Community Health.</li> <li>Three additional Emergency Department cubicles aimed at improving flow were opened.</li> </ul> <p><b>In Aged Care:</b></p> <ul style="list-style-type: none"> <li>Expanded residential in-reach program.</li> </ul> <p><b>In Community Health:</b></p> <ul style="list-style-type: none"> <li>Additional Community Nursing to enable more patients to receive medical care in the community.</li> </ul> <p><b>In Environmental Services:</b></p> <ul style="list-style-type: none"> <li>Additional funding to support rapid response bed cleaning 24 hours a day.</li> </ul> <p><b>In Access &amp; Resource Unit:</b></p> <ul style="list-style-type: none"> <li>The Access Navigator role has expanded, supporting the After-Hours Nurse Coordinator in the out-of-hours period by primarily managing patient flow and access across University Hospital Geelong.</li> <li>Paediatric Clinical Resource Nurse seven days a week for afternoon shifts, working alongside the paediatric team patients primarily in ED and wards to improve patient flow and access by optimising clinical support and management of paediatric patients.</li> <li>Expanded Complex Care Team to support improved processes for patients experiencing significant complexity, including those needing to access the NDIS.</li> </ul>	In progress
Climate Change Commitments.	Contribute to enhancing health system resilience by improving the environmental sustainability, including identifying and implementing projects and/or processes that will contribute to committed emissions reduction targets through reducing or avoiding carbon emissions and/or implementing initiatives that will help the health system to adapt to the impacts of climate change.	A cross sector agreement with Barwon Water and Geelong Port has seen Barwon Health invest in the Barwon Renewable Energy Partnership (B-REP) to secure a 10-year renewable Power Purchase Agreement with ACCIONA Energia's Mount Gellibrand Wind Farm.	Ongoing

## KEEP IMPROVING CARE (CONTINUED)

PRIORITIES	TASK	ACTION(S)	RESULT/ STATUS
Climate Change Asset Maintenance and Management.	Improve health service and Department Asset Management Accountability Framework (AMAF) compliance by collaborating with Health Infrastructure to develop policy and processes to review the effectiveness of asset maintenance and its impact on service delivery.	<p>The Asset Management Accountability Framework (AMAF) of Barwon Health is current for 2022-2023.</p> <p>Each asset area (see below) also requires their own AMAF this is due to each area governing unique asset classes;</p> <ul style="list-style-type: none"> <li>• Medical Equipment – AMAF document in place and current.</li> <li>• Infrastructure – AMAF document in place and current.</li> <li>• Information Technology – AMAF document in draft but not yet approved.</li> <li>• Capital Works – AMAF document in draft but not yet approved.</li> </ul>	In progress

## IMPROVE ABORIGINAL HEALTH AND WELLBEING

PRIORITIES	TASK	ACTION(S)	RESULT/ STATUS
Improve Aboriginal cultural safety.	Strengthen commitments to Aboriginal Victorians by addressing the gap in health outcomes by delivering culturally safe and responsive health care.	A Cultural Safety Plan has been developed and is being embedded across the organisation.	In progress
Improve Aboriginal cultural safety.	Establish meaningful partnerships with Aboriginal Community-Controlled Health Organisations.	<p>Two key initiatives, the Cherry Creek Youth Justice facility and the Mental Health and Wellbeing Local in North Geelong have benefited from a collaborative approach with Wathaurong Aboriginal Cooperative being our key partners.</p> <p>Collaborative relationships has seen outreach specialists visiting Wathaurong in a variety of specialities, including endocrinology, paediatrics, obstetrics and midwifery.</p>	Complete and ongoing
Improve Aboriginal cultural safety.	Implement strategies and processes to actively increase Aboriginal employment.	<ul style="list-style-type: none"> <li>• Barwon Health is a member of the Geelong Aboriginal Employment Taskforce (along with many other major organisation and companies in Geelong).</li> <li>• 2023-2025 Aboriginal Employment Plan been published.</li> <li>• A dedicated recruitment campaign for the Aboriginal Nursing and Allied Health Cadetship program has been undertaken.</li> <li>• Barwon Health representation at local Employment Summits and Aboriginal Education Aspirations Days.</li> <li>• Strengthening of relationships with Education providers the Gordon TAFE and Deakin University (Aboriginal units) to support First Nations Peoples in gaining employment after study</li> </ul>	Complete and ongoing

## IMPROVE ABORIGINAL HEALTH AND WELLBEING (CONTINUED)

PRIORITIES	TASK	ACTION(S)	RESULT/STATUS
Improve Aboriginal cultural safety.	Improve patient identification of Aboriginal people presenting for healthcare, and to address variances in healthcare and provide equitable access to culturally safe care pathways and environments.	<ul style="list-style-type: none"> <li>Environments are being 'improved' all around the organisation to provide a welcoming and culturally safe space. Recent examples include the University Hospital Geelong Cafeteria, the Allied Health waiting and reception area, and an ongoing art work project in partnership with Corrections Victoria.</li> <li>Establishment of facilitated access to specialist clinics, specifically, ear nose and throat, ophthalmology, dermatology and paediatrics.</li> <li>Continuing outreach services and supports to Wathaurong Health Service.</li> </ul>	In progress
Improve Aboriginal cultural safety.	Develop discharge plans for every Aboriginal patient.	Aboriginal Health Liaison Officers (AHLO's) are included when requested, or based on previous engagement with the patients, to ensure appropriate discharge planning is completed.	In progress

## MOVING FROM COMPETITION TO COLLABORATION

PRIORITIES	TASK	ACTION(S)	RESULT/STATUS
Foster and develop local partnerships.	Strengthen cross-service collaboration, including through active participation in health service partnerships (HSP).	<p>The Barwon South West (BSW) Health Service Partnership (HSP) is governed by the BSW CEO Council. Barwon Health is the HSP Lead, and chairs the CEO Council.</p> <p>The CEO Council meets bi-monthly to agree on and progress the HSP program of work, as reported in the annual HSP work plan.</p> <p>The development of shared / co-located service models continues particularly with Colac Area Health.</p>	Complete and ongoing
Foster and develop local partnerships.	Work together with other HSP members on strategic system priorities where there are opportunities to achieve better and more consistent outcomes through collaboration, including the pandemic response, elective surgery recovery and reform, implementation of the Better@Home program and mental health reform.	<p>BSW CEO Council supported the delivery of the following strategic system priority projects.</p> <ul style="list-style-type: none"> <li>Better@Home.</li> <li>Planned Surgery Recovery and Reform.</li> <li>Residential in Reach.</li> </ul> <p>Regional Steering Committees, with appropriate HSP-wide representation, govern each of these projects.</p>	In progress and ongoing

## MOVING FROM COMPETITION TO COLLABORATION (CONTINUED)

PRIORITIES	TASK	ACTION(S)	RESULT/ STATUS
Planned Surgery Recovery and Reform Program.	Maintain commitment to deliver goals and objectives of the Planned Surgery Recovery and Reform Program, including initiatives as outlined, agreed and funded through the HSP work plan. Health services are expected to work closely with HSP members and the department throughout the implementation of this strategy, and to collaboratively develop and implement future reform initiatives to improve the long term sustainability of safe and high quality planned surgical services to Victorians.	<p>The BSW Planned Surgery Recovery and Reform Program is governed by a regional Steering Committee.</p> <p>All health services that deliver surgical activity are members of the Steering Committee, and supported by the Planned Surgery Recovery and Reform team.</p>	In progress and ongoing
Support mental health and wellbeing.	Support the implementation of recommendations arising from the Royal Commission into Victoria's Mental Health system, by improving compliance with legislative principles supporting self-determination and self-directed care.	<ul style="list-style-type: none"> <li>Increased the Lived Experience workforce across the organisation and focused on enhancing consumer participation in treatment and care planning.</li> <li>Education and training team have provided training regarding supported decision making.</li> </ul>	In progress and ongoing
Support mental health and wellbeing.	Embed consumer, family, carer and supporter lived experience at all levels, in leadership, governance, service design, delivery and improvement.	<ul style="list-style-type: none"> <li>Organisational readiness for Peer Work expansion completed.</li> <li>Employment of Lived Experience Discipline Lead.</li> <li>Lived experience Strategic Plan completed and endorsed by MHDAS executive group. The Plan includes workforce and development strategies.</li> <li>Lived Experience Program Framework developed including role definitions, supervision and line management structures and orientation processes.</li> <li>Peer Scope of Practice and Service Delivery Guides developed.</li> </ul>	Complete and ongoing
Support mental health and wellbeing.	Work towards treatment, care and support being person-centred, rights-based, trauma informed, and recovery orientated, respecting the human rights and dignity of consumers, families, carers and supporters.	<ul style="list-style-type: none"> <li>Increased use of advance statements with consumers to increase participation in their care.</li> <li>Increased use of our Lived Experience workforce across acute and continuing care services with a focus on enhancing consumer participation in treatment and care planning.</li> <li>Introduction of Services Development Framework within the Continuing Care Services Structure.</li> <li>The education team provide trauma informed care training.</li> <li>Embedding consumer, family, carer and supporter lived experience at all levels, in leadership, governance, service design and delivery.</li> </ul>	Complete and ongoing

## A STRONGER WORKFORCE

PRIORITIES	TASK	ACTION(S)	RESULT/STATUS
Improve workforce wellbeing.	Participate in the Occupational Violence and Aggression (OVA) training that will be implemented across the sector in 2022-2023.	Barwon Health staff participated and completed OVA training as provided in 2022-2023.	Complete
Improve workforce wellbeing.	Support the implementation of the Strengthening Hospital Responses to Family Violence (SHRFV) initiative deliverables including health service alignment to MARAM, the Family Violence Multi-Agency Risk Assessment and Management (MARAM) framework.	<ul style="list-style-type: none"> <li>Delivered education to approximately 200 of our managers.</li> <li>Established three family violence contact officers for our staff in our People and Culture team.</li> <li>Supporting our staff to provide appropriate Clinical response to family violence: A comprehensive suite of MARAM aligned procedures are available to assist and support our staff in this work.</li> <li>Embedded the SHRFV family violence (MARAM aligned) on-line education modules and approximately 600 staff completed the training.</li> <li>Embedded MARAM requirement of being an Information Sharing Entity (ISE) and have responded to approximately 1,000 Family Violence Information Sharing and the Child Information Sharing Schemes requests.</li> </ul>	Complete and ongoing
Improve workforce wellbeing.	Prioritise wellbeing of healthcare workers and implement local strategies to address key issues.	The wellbeing of our staff has been an ongoing theme over the year with support offered through an expanded Employee Assistance Program (EAP), key celebratory events to reward staff and a comprehensive upgrade of staff facilities, including tea rooms, cafeterias on the two main sites, bike storage cages and training.	Complete

# STATEMENT OF PRIORITIES PART B: PERFORMANCE PRIORITIES\*

## HIGH QUALITY AND SAFE CARE

KEY PERFORMANCE MEASURE	TARGET	RESULT
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia program	85%	82%
Percentage of healthcare workers immunised for influenza	92%	97%
<b>Continuing care</b>		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay <sup>1</sup>	≥ 0.645	0.812
<b>Healthcare-associated infections (HAIs)</b>		
Rate of patients with surgical site infection (aggregate)	No Outliers	Not met
Rate of central line (catheter) associated bloodstream infections (CLABSI) in intensive care units, per 1,000 central line days	Zero	Zero
Rate of healthcare-associated S. aureus bloodstream infections per 10,000 bed days	≤ 0.7	0.7
<b>Patient experience</b>		
Percentage of patients who reported positive experiences of their hospital stay - Q1	95%	93%
Percentage of patients who reported positive experiences of their hospital stay -Q2	95%	92%
Percentage of patients who reported positive experiences of their hospital stay -Q3	95%	93%
<b>Maternity and Newborn</b>		
Percentage of full-term babies (without congenital anomalies) who are considered in poor condition shortly after birth (APGAR score <7 to 5 minutes)	≤ 1.4%	1.3%
Percentage of singleton babies with severe fetal growth restriction (FGR) delivered at 40 or more weeks gestation	≤ 28.6%	17%
<b>Mental Health</b>		
Percentage of mental health consumers who rated their overall experience of care with a service in the last three months as positive	80%	68%
Percentage of mental health consumers reporting they 'usually' or 'always' felt safe using this service	90%	81%
Percentage of families/carers reporting a positive experience of the service	80%	44%
Percentage of families/carers who report they were 'always' or 'usually' felt their opinions as a carer were respected	90%	69%
Percentage of closed community cases re-referred within six months: CAMHS	<25%	12%
Percentage of closed community cases re-referred within six months: Adults	<25%	24%
Percentage of closed community cases re-referred within six months: Aged Persons	<25%	13%
<b>Post-discharge follow-up</b>		
Percentage of consumers followed up within 7 days of separation - Inpatient (adult)	88%	94%
Percentage of consumers followed up within 7 days of separation - Inpatient (older persons)	88%	97%



The Victorian Health Services Performance Monitoring Framework outlines the Government's approach to overseeing the performance of Victorian health services. Changes to the key performance measures in 2022-2023 strengthen the focus on high quality and safe care and cultural safety.

Further information is available at the Funding, Performance and Accountability webpage:

<https://www.health.vic.gov.au/funding-performance-accountability/performance-monitoring-framework>

## HIGH QUALITY AND SAFE CARE (CONTINUED)

KEY PERFORMANCE MEASURE	TARGET	RESULT
<b>Readmission</b>		
Percentage of consumers re-admitted within 28 days of separation - Inpatient (adult) < 14%	<14%	9.6%
Percentage of consumers re-admitted within 28 days of separation - Inpatient (adult) < 14%	<7%	12.3%
<b>Seclusion</b>		
Rate of seclusion episodes per 1,000 occupied bed days - Inpatient (adult)	≤ 8	9
Rate of seclusion episodes per 1,000 occupied bed days - Inpatient (older persons)	≤ 5	3
<b>Unplanned readmissions</b>		
Unplanned readmissions to any hospital following a hip replacement	<6%	6

## STRONG GOVERNANCE, LEADERSHIP AND CULTURE

KEY PERFORMANCE MEASURE	TARGET	RESULT
<b>Organisational culture</b>		
People matter survey – Percentage of staff with an overall positive response to safety culture survey questions	62%	67%

## TIMELY ACCESS TO CARE

KEY PERFORMANCE MEASURE	TARGET	RESULT
<b>Elective surgery</b>		
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%	82%
Number of patients on the elective surgery waiting list	2,100	1,923
Number of patients admitted from the elective surgery waiting list	8,165	9,644
Number of patients (in addition to base) admitted from the elective surgery waiting list	1,749	1,479
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%	12
Number of hospital-initiated postponements per 100 scheduled elective surgery admissions	≤ 7	6

## TIMELY ACCESS TO CARE (CONTINUED)

KEY PERFORMANCE MEASURE	TARGET	RESULT
<b>Emergency care</b>		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	55%
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%	49%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	44%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
<b>Mental Health</b>		
Percentage of mental health-related emergency department presentations with a length of stay of less than 4 hours	81%	42%
Percentage of triage episodes requiring an urgent response (triage scale C) where a face-to-face response was provided by the mental health service within 8 hours	80%	64%
<b>Specialist clinics</b>		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	76%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	92%

## EFFECTIVE FINANCIAL MANAGEMENT

KEY PERFORMANCE MEASURE	TARGET	RESULT
Operating result (\$m)	0.00	0.36
Average number of days to pay trade creditors	60 days	53 days
Average number of days to receive patient fee debtors	60 days	34 days
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.86
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ \$250,000	41.72
Actual number of days available cash, measured on the last day of each month	14 days	26.4 days

# STATEMENT OF PRIORITIES PART C: STATE FUNDING

FUNDING TYPE	2022/2023 ACTIVITY ACHIEVEMENT
<b>Consolidated Activity Funding</b>	
Acute admitted, subacute admitted, emergency services, non-admitted NWAU	108,495
<b>Acute Admitted</b>	
National Bowel Cancer Screening Program NWAU	0
Acute admitted DVA	267
Acute admitted TAC	588
<b>Acute Non-Admitted</b>	
Home enteral nutrition NWAU	69
Home renal dialysis NWAU	539
Radiotherapy WAUs DVA	349
Radiotherapy WAUs Public	37,100
<b>Subacute / Non-Acute, Admitted and Non-admitted</b>	
Subacute - DVA	49
Transition Care - Bed days	10,775
Transition Care - Home days	5,759
<b>Aged Care</b>	
Residential Aged Care	96,185
HACC	19,335

FUNDING TYPE (CONT.)	2022/2023 ACTIVITY ACHIEVEMENT (CONT.)
<b>Mental Health and Drug Services**</b>	
Mental Health Ambulatory	87,253
Mental Health Inpatient - Available bed days	17,750
Mental Health Inpatient - Secure Unit	0
Mental Health Residential	16,123
Mental Health Service System Capacity	2
Mental Health Subacute	7,300
Drug Services	1,171
<b>Primary Health</b>	
Community health / Primary Care Programs	35,989
Community Health Other	1,469

**Note:** \*Better@Home targets are included in the 'Consolidated Activity Funding' program. Targets for Better@Home do not include target related to 2021-2022 funding carried forward.



**TRIDENT™**  
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AS 4381: 2015 Level 3  
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# FINANCIAL REPORT



Opposite: Linley Moyle, Nurse Unit Manager

# BOARD MEMBERS, ACCOUNTABLE OFFICER'S AND CHIEF FINANCIAL OFFICER DECLARATION

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2023 and the financial position of Barwon Health and the consolidated entity at 30 June 2023.

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

We authorise the attached consolidated financial statements for issue on 1 September 2023.



**Lisa Neville**  
Board Chair



**Frances Diver**  
Chief Executive



**Cobus Lotheringen**  
Chief Financial Officer

Geelong  
1 September 2023

# COMPREHENSIVE OPERATING STATEMENT

## FOR THE YEAR ENDED 30 JUNE 2023

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Revenue and income from transactions</b>					
Operating Activities	2.1	1,119,882	1,043,489	1,124,848	1,044,103
Non-Operating Activities	2.1	5,527	773	6,168	1,508
Share of Revenue from Joint Operation	8.8	10,383	7,511	10,383	7,511
<b>Total revenue and income from transactions</b>		<b>1,135,792</b>	<b>1,051,773</b>	<b>1,141,399</b>	<b>1,053,122</b>
<b>Expenses from transactions</b>					
Employee expenses	3.1	(809,711)	(730,291)	(810,431)	(730,970)
Supplies and consumables	3.1	(175,484)	(153,259)	(175,500)	(153,266)
Depreciation and amortisation	4.6	(70,113)	(61,453)	(70,115)	(61,455)
Other administrative expenses	3.1	(43,203)	(41,822)	(44,786)	(42,305)
Other operating expenses	3.1	(33,815)	(32,082)	(33,815)	(32,085)
Finance costs	3.1	(401)	(291)	(406)	(294)
Share of expenditure from joint operation	8.8	(12,841)	(10,536)	(12,841)	(10,536)
<b>Total expenses from transactions</b>		<b>(1,145,568)</b>	<b>(1,029,734)</b>	<b>(1,147,894)</b>	<b>(1,030,911)</b>
<b>Net result from transactions - net operating balance</b>		<b>(9,776)</b>	<b>22,039</b>	<b>(6,495)</b>	<b>22,211</b>
<b>Other Economic Flows included in Net Result</b>					
Net (loss)/gain on sale of non-financial assets		(1,317)	570	(1,317)	570
Net (loss)/gain on disposal of financial instruments		(4,017)	-	(3,968)	176
Bad Debts written off		(1,329)	(733)	(1,329)	(733)
Loss on revaluation of land		-	(1,186)	-	(1,186)
Net gain on revaluation of long service leave		1,145	282	1,145	282
Share of other economic flows from joint operation		347	(41)	347	(41)
<b>Total Other Economic Flows included in Net Result</b>	<b>3.2</b>	<b>(5,171)</b>	<b>(1,108)</b>	<b>(5,122)</b>	<b>(932)</b>
<b>Net result for year</b>		<b>(14,947)</b>	<b>20,931</b>	<b>(11,617)</b>	<b>21,279</b>

## COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>OTHER COMPREHENSIVE INCOME</b>					
<b>Items that will not be reclassified to Net Result</b>					
Changes in property, plant and equipment revaluation surplus		-	91,339	246	91,339
Changes in the fair value of equity investments at fair value through other comprehensive income		-	-	645	(929)
<b>Items that may be reclassified subsequently to Net Result</b>					
Changes in fair value of available-for-sale financial assets through other comprehensive income		89	(442)	89	(442)
<b>Total Other Comprehensive Income</b>		<b>89</b>	<b>90,987</b>	<b>980</b>	<b>89,968</b>
<b>Comprehensive result for the year</b>		<b>(14,858)</b>	<b>111,828</b>	<b>(10,637)</b>	<b>111,247</b>

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

# BALANCE SHEET

## FOR THE YEAR ENDED 30 JUNE 2023

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>ASSETS</b>					
<b>Current assets</b>					
Cash and Cash Equivalents	6.2	146,306	95,886	148,327	97,343
Receivables and contract assets	5.1	28,972	47,689	29,528	45,978
Prepaid expenses		13,088	1,594	13,088	1,594
Investments and other financial assets	4.1	3,337	4,434	3,337	4,834
Inventories		4,052	5,868	4,052	5,868
Non-financial physical assets held for sale		-	-	450	-
Share of Assets in Joint Operation	8.8	14,112	14,600	14,112	14,600
<b>Total current assets</b>		<b>209,867</b>	<b>170,071</b>	<b>212,894</b>	<b>170,217</b>
<b>Non-current assets</b>					
Property, Plant and Equipment	4.2	853,694	861,551	855,804	861,561
Receivables and contract assets	5.1	64,186	55,882	64,186	55,882
Investments and other financial assets	4.1	15,121	17,966	27,316	28,769
Intangible assets	4.5	3,408	6,343	3,408	6,343
Share of Assets in Joint Operation	8.8	8,920	4,414	8,920	4,414
<b>Total non-current assets</b>		<b>945,329</b>	<b>946,156</b>	<b>959,634</b>	<b>956,969</b>
<b>Total assets</b>		<b>1,155,196</b>	<b>1,116,227</b>	<b>1,172,528</b>	<b>1,127,186</b>



## BALANCE SHEET FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

	NOTES	PARENT ENTITY		CONSOLIDATED	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>LIABILITIES</b>					
<b>Current liabilities</b>					
Employee benefits	3.3	180,225	163,434	180,364	163,546
Payables and contract liabilities	5.2	126,181	109,942	126,224	107,585
Other liabilities (monies held in trust)	5.3	25,529	25,799	25,529	25,799
Borrowings	6.1	3,214	2,588	3,214	2,588
Share of liabilities in joint operation	8.8	15,240	14,201	15,240	14,201
<b>Total current liabilities</b>		<b>350,389</b>	<b>315,964</b>	<b>350,571</b>	<b>313,719</b>
<b>Non-current liabilities</b>					
Employee benefits	3.3	27,383	24,892	27,383	24,892
Borrowings	6.1	17,425	5,672	17,425	5,672
Share of liabilities in joint operation	8.8	2,223	1,301	2,223	1,301
<b>Total non-current liabilities</b>		<b>47,031</b>	<b>31,865</b>	<b>47,031</b>	<b>31,865</b>
<b>Total liabilities</b>		<b>397,420</b>	<b>347,829</b>	<b>397,602</b>	<b>345,584</b>
<b>Net assets</b>		<b>757,776</b>	<b>768,398</b>	<b>774,926</b>	<b>781,602</b>
<b>EQUITY</b>					
Land revaluation surplus		69,243	69,243	69,243	69,243
Buildings revaluation surplus		503,617	503,617	503,863	503,617
Financial Assets at Fair Value through Other Comprehensive Income		64	(25)	735	-
Restricted Specific Purpose Reserve		6,401	5,714	6,401	5,714
Contributed Capital		249,075	245,115	249,075	245,115
Accumulated deficit		(70,624)	(55,266)	(54,391)	(42,087)
<b>Total equity</b>		<b>757,776</b>	<b>768,398</b>	<b>774,926</b>	<b>781,602</b>

This Balance sheet should be read in conjunction with the accompanying notes.

# STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2023

	LAND REVALUATION RESERVE	BUILDING REVALUATION RESERVE	FINANCIAL ASSETS THROUGH OCI REVALUATION SURPLUS	RESTRICTED SPECIAL PURPOSE RESERVE	CONTRIBUTED CAPITAL	ACCUMULATED DEFICIT	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>PARENT</b>							
Balance at 1 July 2022	69,243	503,617	(25)	5,714	245,115	(55,266)	768,398
Net result for the year	-	-	-	-	-	(14,947)	(14,947)
Transfer to Reserves	-	-	-	687	-	(687)	-
Movement in Reserves	-	-	89	-	-	-	89
Contribution from Victorian Government	-	-	-	-	3,960	-	3,960
Prior Year Corrections	-	-	-	-	-	276	276
<b>Balance at 30 June 2023</b>	<b>69,243</b>	<b>503,617</b>	<b>64</b>	<b>6,401</b>	<b>249,075</b>	<b>(70,624)</b>	<b>757,776</b>
Balance at 1 July 2021	66,118	415,402	417	4,951	245,115	(75,397)	656,606
Net result for the year	-	-	-	-	-	20,931	20,931
Land Revaluation Surplus	3,125	-	-	-	-	-	3,125
Transfer to Reserves	-	-	-	763	-	(763)	-
Movement in Reserves	-	-	(442)	-	-	-	(442)
Buildings revaluation Surplus	-	88,215	-	-	-	-	88,215
Prior Year Corrections	-	-	-	-	-	(37)	(37)
<b>Balance at 30 June 2022</b>	<b>69,243</b>	<b>503,617</b>	<b>(25)</b>	<b>5,714</b>	<b>245,115</b>	<b>(55,266)</b>	<b>768,398</b>

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

	LAND REVALUATION RESERVE	BUILDING REVALUATION RESERVE	FINANCIAL ASSETS THROUGH OCI REVALUATION SURPLUS	RESTRICTED SPECIAL PURPOSE RESERVE	CONTRIBUTED CAPITAL	ACCUMULATED DEFICIT	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated</b>							
Balance at 1 July 2022	69,243	503,617	-	5,714	245,115	(42,087)	781,602
Net result for the year	-	-	-	-	-	(11,617)	(11,617)
Transfer to Reserves	-	-	-	687	-	(687)	-
Movement in Reserves	-	-	735	-	-	-	735
Buildings Revaluation Surplus	-	246	-	-	-	-	246
Contribution from Victorian Government	-	-	-	-	3,960	-	3,960
<b>Balance at 30 June 2023</b>	<b>69,243</b>	<b>503,863</b>	<b>735</b>	<b>6,401</b>	<b>249,075</b>	<b>(54,391)</b>	<b>774,926</b>
Balance at 1 July 2021	66,118	415,402	1,371	4,951	245,115	(62,570)	670,387
Net result for the year	-	-	-	-	-	21,279	21,279
Land Revaluation Surplus	3,125	-	-	-	-	-	3,125
Transfer to Reserves	-	-	-	763	-	(763)	-
Movement in Reserves	-	-	(1,371)	-	-	-	(1,371)
Buildings revaluation Surplus	-	88,215	-	-	-	-	88,215
Prior Year Corrections	-	-	-	-	-	(33)	(33)
<b>Balance at 30 June 2022</b>	<b>69,243</b>	<b>503,617</b>	<b>-</b>	<b>5,714</b>	<b>245,115</b>	<b>(42,087)</b>	<b>781,602</b>

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

# CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2023

	NOTES	PARENT		CONSOLIDATED	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Cash flows from operating activities</b>					
Operating Grants from State Government		854,646	759,339	854,646	759,339
Operating Grants from Commonwealth Government		32,675	29,152	32,675	29,152
Capital Grants from State Government		11,243	31,877	11,243	31,877
Capital Grants from Commonwealth Government		7,670	8,951	7,670	8,951
Patient and Resident Fees Received		62,928	57,896	62,928	57,896
Capital Donation and Bequests Received		2,160	1,952	5,881	4,817
GST Received from ATO		18,164	17,836	17,976	17,841
Pharmaceutical Sales		19,221	20,350	19,221	20,350
Pharmaceutical Benefits Scheme		43,796	41,123	43,796	41,123
Private Practice Fees Received		2,043	2,302	2,043	2,302
Investment Income Receipts		5,454	773	6,017	1,384
Other Receipts		55,857	37,634	55,967	38,406
<b>Total receipts</b>		<b>1,115,857</b>	<b>1,009,185</b>	<b>1,120,063</b>	<b>1,013,438</b>
Employee Benefits Paid		(761,006)	(695,343)	(761,657)	(695,934)
Payments for Supplies, Consumables and Purchased Services		(221,015)	(195,636)	(222,171)	(200,642)
Other Payments		(41,996)	(40,243)	(42,024)	(40,271)
<b>Total payments</b>		<b>(1,024,017)</b>	<b>(931,222)</b>	<b>(1,025,852)</b>	<b>(936,847)</b>
<b>Net cash inflow from operating activities</b>	<b>8.1</b>	<b>91,840</b>	<b>77,963</b>	<b>94,211</b>	<b>76,591</b>

## CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2023 (CONTINUED)

	NOTES	PARENT		CONSOLIDATED	
		2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Cash flows from investing activities</b>					
Payments for Property, Plant and Equipment		(42,060)	(34,636)	(43,916)	(34,636)
Proceeds from Sale of Property, Plant and Equipment		164	132	213	308
Purchase of Financial Assets		-	(7)	-	(7)
<b>Net cash outflow used in investing activities</b>		<b>(41,896)</b>	<b>(34,511)</b>	<b>(43,703)</b>	<b>(34,335)</b>
<b>Cash flows from financing activities</b>					
Financing Activities - Lease Repayments		(3,419)	(801)	(3,419)	(801)
Repayment of Borrowings from Government		(119)	(109)	(119)	(109)
Contributed Capital from Government		3,960	-	3,960	-
Receipt of Accommodation Deposits		9,245	6,574	9,245	6,574
Repayment of Accommodation Deposits		(9,191)	(5,817)	(9,191)	(5,817)
<b>Net cash inflow/(outflow) from financing activities</b>		<b>476</b>	<b>(153)</b>	<b>476</b>	<b>(153)</b>
<b>Net increase in cash and cash equivalents</b>		<b>50,420</b>	<b>43,299</b>	<b>50,984</b>	<b>42,103</b>
Cash and cash equivalents at the beginning of the financial year		95,886	52,587	97,343	55,240
<b>Cash and cash equivalents at end of year</b>	<b>6.2</b>	<b>146,306</b>	<b>95,886</b>	<b>148,327</b>	<b>97,343</b>

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

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENT

30 JUNE 2023

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## 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 arrangements
- 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

These consolidated financial statements represent the audited general purpose consolidated financial statements for Barwon Health and its controlled entities for the year ending 30 June 2023. The report provides users with information about Barwon Health's 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 consolidated financial statements are general purpose consolidated 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 consolidated 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.

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

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

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

The financial statements have been prepared on a going concern basis (refer to Note 8.10 Economic dependency).

The financial statements are in Australian dollars.

The amounts presented in the financial statements have been rounded to the nearest thousand dollars. Minor discrepancies in tables between totals and sum of components are due to rounding.

The annual financial statements were authorised for issue by the Board of Barwon Health and its controlled entities on 1 September 2023.

**NOTE 1.2 IMPACT OF COVID-19 PANDEMIC**

The Pandemic (Public Safety) Order 2022 (No. 5) which commenced on 22 September 2022 ended on 12 October 2022 when it was allowed to lapse and was revoked. Long-term outcomes from COVID-19 infection are currently unknown and while the pandemic response continues, a transition plan towards recovery and reform in 2022/23 was implemented. Victoria's COVID-19 Catch-Up Plan is aimed at addressing Victoria's COVID-19 case load and restoring surgical activity.

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

- Note 2: Funding delivery of our service
- Note 3: The cost of delivering our 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
ATO	Australian Taxation Office
DH	Department of Health
DTF	Department of Treasury and Finance
FMA	Financial Management Act 1994
FRD	Financial Reporting Direction
NWAU	National Weighted Activity Unit
SD	Standing Direction
VAGO	Victorian Auditor-General's Office
SWARH	South West Alliance of Rural Health

**NOTE 1.4 PRINCIPLES OF CONSOLIDATION**

The financial statements include the assets and liabilities of Barwon Health and its controlled entities as a whole as at the end of the financial year and the consolidated results and cash flows for the year.

Barwon Health controls the following entities:

- Barwon Health Foundation
- Barwon Health Foundation Limited

Details of the controlled entities are set out in Note 8.7 Controlled entities.

The transactions and balances of the parent entity are not disclosed separately in the notes to the financial statements.

An entity is considered to be a controlled entity where Barwon Health has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable are taken into account.

Barwon Health consolidate the results of its controlled entities from the date on which the health service gains control until the date the health service ceases to have control. Where dissimilar accounting policies are adopted by entities and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

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

#### **NOTE 1.5 JOINT ARRANGEMENTS**

Interests in joint arrangements are accounted for by recognising in Barwon Health's financial statements, its share of assets and liabilities and any revenue and expenses of such joint arrangements.

Barwon Health has the following joint arrangement:

- South West Alliance of Rural Health - joint operation

Details of the controlled entities are set out in Note 8.8 Jointly controlled operation.

#### **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 relate to the following disclosures:

- Note 2.1: Revenue and income from transactions
- Note 3.3: Employee benefits and related on-costs
- Note 4.2: Property, plant and equipment
- Note 4.3: Right-of-use assets
- Note 4.5: Intangible assets
- Note 4.6: Depreciation and amortisation
- Note 4.7: Impairment of assets
- Note 5.1: Receivables and contract assets
- Note 5.2: Payables and contract liabilities
- Note 5.3: Other liabilities
- Note 6.1(a): Lease liabilities
- Note 7.3: Fair value determination

#### **NOTE 1.7 ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE**

Barwon Health has assessed the potential impacts of the accounting standards and interpretations issued by the AASB but are not yet effective to have no material impact on reporting.

#### **NOTE 1.8 GOODS AND SERVICES TAX (GST)**

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

Receivables and payables in the balance sheet are stated inclusive of the amount of GST. 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 included in the cash flow statement on a gross basis, except for the GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, which are disclosed as operating cash flows.

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

#### **NOTE 1.9 REPORTING ENTITY**

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

Barwon Health's principal address is:

Ryrie Street  
Geelong Victoria 3220

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





*Dr Andrew Owen, Interventional Radiologist and Melanie Bourke, Nurse Unit Manager, Medical Imaging.*

## NOTE 2 FUNDING DELIVERY OF OUR SERVICE

Barwon Health's overall objective is to provide quality health services through programs and services that support and enhance the wellbeing of all Victorians within the Barwon region. Barwon Health is predominantly funded by grant funding for the provision of outputs. Barwon Health also receives income from the supply of services.

### Structure

#### 2.1 Revenue and income from transactions

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

Revenue and income recognised to fund the delivery of our services increased during the financial year which was partially attributable to the COVID-19 Coronavirus pandemic. Whilst the COVID-19 public health response during the year ended 30 June 2023 was scaled down, this was offset by additional funding provided under Victoria's COVID-19 Catch-Up Plan, which aims to address Victoria's COVID-19 case load and restore surgical capacity and activity.

Additional funding was also provided to:

- connect COVID-19 patients with the right level of care
- fund the acquisition of assets, to provide continued support for patients in recovery from COVID-19
- target outbreak management in high-risk aged care and health settings via local public health units and multidisciplinary mobile teams
- vaccinate Victorians against COVID-19.

## KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
Identifying performance obligations	Barwon Health applies significant judgement when reviewing the terms and conditions of funding agreements and contracts to determine whether they contain sufficiently specific and enforceable performance obligations. If this criteria is met, the contract/funding agreement is treated as a contract with a customer, requiring Barwon Health to recognise revenue as or when the health service transfers promised goods or services to customers. If this criteria is not met, funding is recognised immediately in the net result from operations.
Determining timing of revenue recognition	Barwon Health applies significant judgement to determine when a performance obligation has been satisfied and the transaction price that is to be allocated to each performance obligation. A performance obligation is either satisfied at a point in time or over time.
Determining time of capital grant income recognition	Barwon Health applies significant judgement to determine when its obligation to construct an asset is satisfied. Costs incurred are used to measure the health service's progress as this is deemed to be the most accurate reflection of the stage of completion.
Assets and services received free of charge or for nominal consideration	Barwon Health applies significant judgement to determine the fair value of assets and services provided free of charge or for nominal value. Plant and equipment received from the State Government is recognised at the value provided by the State Government. Consumables received from the the State Government is recognised at the average cost of current stock on hand in Barwon Health's inventory management systems.

## NOTE 2.1 REVENUE AND INCOME FROM TRANSACTIONS

	NOTES	
	2023 \$'000	2022 \$'000
<b>OPERATING ACTIVITIES</b>		
<b>Revenue from contracts with customers</b>		
Government grants (State) - Operating	857,992	772,852
Government grants (Commonwealth) - Operating	79,167	74,696
Patient and Resident Fees	56,705	48,154
Private Practice Fees	1,859	1,860
Commercial Activities <sup>1</sup>	43,866	35,321
<b>Total revenue from contracts with customers</b>	<b>2.1(a)</b>	<b>1,039,589</b>
<b>Other sources of income</b>		
Government grants (State) - Capital	49,281	68,162
Government grants (Commonwealth) - Capital	3,224	3,865
Other Revenue from Operating Activities (including non-capital donations)	28,036	29,441
Assets received free of charge under State supply arrangements	2.2	4,718
<b>Total other sources of income</b>		<b>85,259</b>
<b>Total revenue and income from operating activities</b>		<b>1,124,848</b>
<b>NON-OPERATING ACTIVITIES</b>		
<b>Income from other sources</b>		
Dividends	593	682
Interest income	5,575	826
<b>Total income from non-operating activities</b>		<b>6,168</b>
<b>Total revenue and income from transactions</b>		<b>1,131,016</b>

<sup>1</sup> Commercial activities represent business activities which Barwon Health enter into to support their operations.

**NOTE 2.1(A) TIMING OF REVENUE FROM CONTRACTS WITH CUSTOMERS**

	2023 \$'000	2022 \$'000
<b>Goods and services transferred to customers</b>		
At a point in time	995,723	897,562
Over time	43,866	35,321
<b>Total</b>	<b>1,039,589</b>	<b>932,883</b>

**HOW WE RECOGNISE REVENUE AND INCOME FROM OPERATING ACTIVITIES****Government operating grants**

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

When both these conditions are satisfied, the health service:

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

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

Where the contract is not enforceable and/or does not have sufficiently specific performance obligations, 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 in accordance with AASB 1058.

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

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

GOVERNMENT GRANT	PERFORMANCE OBLIGATIONS
Activity Based Funding (ABF) paid as National Weighted Activity Unit (NWAU)	NWAU is a measure of health service activity expressed as a common unit against which the national efficient price (NEP) is paid. The performance obligations for NWAU are the number and mix of admissions, emergency department presentations and outpatient episodes, and is weighted for clinical complexity. Revenue is recognised at point in time, which is when a patient is discharged.
Other grants (if funding conditions contain enforceable and sufficiently specific performance obligations)	For other grants with performance obligations Barwon Health exercises judgement over whether the performance obligations have been met, on a grant by grant basis. The individual grant will also depend on whether revenue is recognised at a point in time or over time.

### **Capital grants**

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

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

### **Patient and resident fees**

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

### **Private practice fees**

Private practice fees include recoupments from various private practice practitioners 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, training and seminar fees and cafeteria income. Commercial activity revenue is recognised at a point in time, upon provision of the goods or service to the customer.

### **HOW WE RECOGNISE REVENUE AND INCOME FROM NON-OPERATING ACTIVITIES**

#### **Dividend Income**

Dividend income is recognised when the right to receive payment is established. Dividends represent the income arising from Barwon Health and its controlled entities' investments in financial assets. Barwon Health does not recognise dividends received or receivable from its associates in joint ventures as income. Instead, dividends from associates and joint ventures are adjusted directly against the carrying amount of the investments using the equity method.

#### **Interest Income**

Interest income is recognised on a time proportionate basis that considers the effective yield of the financial asset, which allocates interest over the relevant period.

## NOTE 2.2 FAIR VALUE OF ASSETS AND SERVICES RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

	2023 \$'000	2022 \$'000
Plant and equipment received	-	486
Personal protective equipment received	4,718	9,266
<b>Total fair value of assets and services received free of charge or for nominal consideration</b>	<b>4,718</b>	<b>9,752</b>

### 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 Barwon Health usually obtained control of the asset) as they do not contain sufficiently specific and enforceable performance obligations. Where sufficiently specific and enforceable performance obligations exist, revenue is recorded as and when the performance obligation is satisfied.

#### *Personal protective equipment*

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

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

#### *Contributions of resources*

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

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 Barwon Health as a capital contribution transfer.

#### *Voluntary Services*

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

- patient transport
- patient support
- administrative duties, and
- concierge services supporting patients and visitors when accessing the hospital.

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

Barwon Health greatly values the services contributed by volunteers but it does not depend on volunteers to deliver its services. Hence we have not recognised a fair value contribution from volunteers.

#### *Non-cash contributions from the Department of Health*

The Department of Health make some payments on behalf of Barwon Health as follows:

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

## NOTE 3 THE COST OF DELIVERING OUR SERVICES

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

### Structure

#### 3.1 Expenses from transactions

#### 3.2 Other economic flows

#### 3.3 Employee benefits in the balance sheet

#### 3.4 Superannuation

Expenses incurred to deliver our services increased during the financial year which was attributable to the COVID-19 pandemic. Specifically, additional costs were incurred to deliver additional services under Victoria's COVID Catch-Up Plan aimed at addressing Victoria's COVID-19 case load and restoring surgical capacity and activity.

This includes costs associated with:

- continued support for patients in recovery from COVID-19
- targeted outbreak management in high-risk aged care and health settings via local public health units and multidisciplinary mobile teams
- vaccination of Victorians against COVID-19.

## KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

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

## NOTE 3.1 EXPENSES FROM TRANSACTIONS

	NOTE	2023 \$'000	2022 \$'000
<b>Employee Expenses</b>			
Salaries and Wages		641,486	585,008
On-Costs		147,841	131,340
Workcover Premium		6,893	5,072
Agency Expenses		6,508	3,550
Fee for service		7,703	6,000
<b>Total employee expenses</b>		<b>810,431</b>	<b>730,970</b>
<b>Supplies and Consumables</b>			
Drug Supplies		67,898	64,070
Medical and Surgical Supplies (including Prostheses)		54,287	47,282
Diagnostic and Radiology Supplies		10,309	9,512
Other Supplies and Consumables		43,006	32,402
<b>Total supplies and consumables</b>		<b>175,500</b>	<b>153,266</b>
<b>Finance</b>			
Finance costs		406	294
<b>Total finance costs</b>		<b>406</b>	<b>294</b>
<b>Other</b>			
Other Administrative Expenses		44,786	42,305
<b>Total other administrative expenses</b>		<b>44,786</b>	<b>42,305</b>
<b>Other operating</b>			
Fuel, Light, Power and Water		6,368	7,030
Repairs and Maintenance		7,293	7,346
Maintenance Contracts		8,584	8,260
Medical Indemnity Insurance		10,241	8,472
Expenditure for Capital Purpose		1,329	977
<b>Total other operating expenses</b>		<b>33,815</b>	<b>32,085</b>
<b>Total operating expenses</b>		<b>1,064,938</b>	<b>958,920</b>
Depreciation and amortisation	4.6	70,115	61,455
<b>Total depreciation and amortisation</b>		<b>70,115</b>	<b>61,455</b>
<b>Total non-operating expense</b>		<b>70,115</b>	<b>61,455</b>
<b>Total expenses from transactions</b>		<b>1,135,053</b>	<b>1,020,375</b>

### **Expense Recognition**

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

### **Employee Benefits**

Employee expenses include:

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

### **Supplies and Consumables**

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

### **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)
- finance charges in respect of leases which are recognised in accordance with AASB 16 Leases.

### **Other administrative expenses**

Other administrative expenses include the day-to-day administrative costs incurred in normal operations and include:

- Information technology (IT) costs
- Insurance costs
- Staff training, including senior medical staff continuing medical education costs.

### **Other operating expenses**

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

- Fuel, light and power
- Repairs and maintenance
- Other administrative expenses
- Expenditure for capital purposes (represents expenditure related to the purchase of assets that are below the capitalisation threshold of \$2,000 or for IT related expenditure \$5,000).

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

### **Non-operating expenses**

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



**NOTE 3.2 OTHER ECONOMIC FLOWS**

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Allowance for impairment losses of contractual receivables	(1,329)	(733)
Net (loss)/gain on financial instruments	(3,968)	176
<b>Total net loss on financial instruments</b>	<b>(5,297)</b>	<b>(557)</b>
Net (loss)/gain on disposal of property plant and equipment	(1,317)	570
Net loss on devaluation of land	-	(1,186)
<b>Total net gain/(loss) on non-financial assets</b>	<b>(1,317)</b>	<b>(616)</b>
Share of net profit/(loss) of joint arrangement	13	(41)
Net gain on change in ownership percentage of joint arrangement	334	-
<b>Total share of other economic flows from joint arrangements</b>	<b>347</b>	<b>(41)</b>
Net gain arising from revaluation of long service liability	1,145	282
<b>Total other gains from other economic flows</b>	<b>1,145</b>	<b>282</b>
<b>Total losses from other economic flows</b>	<b>(5,122)</b>	<b>(932)</b>

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

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

### NOTE 3.3 EMPLOYEE BENEFITS IN THE BALANCE SHEET

	2023 \$'000	2022 \$'000
<b>CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS</b>		
<b>Accrued days off</b>		
Unconditional and expected to be settled wholly within 12 months <sup>i</sup>	1,449	1,232
	<b>1,449</b>	<b>1,232</b>
<b>Annual leave</b>		
Unconditional and expected to be settled within 12 months <sup>i</sup>	59,480	51,513
Unconditional and expected to be settled after 12 months <sup>ii</sup>	9,266	8,286
	<b>68,746</b>	<b>59,799</b>
<b>Long service leave</b>		
Unconditional and expected to be settled within 12 months <sup>i</sup>	12,589	11,980
Unconditional and expected to be settled after 12 months <sup>ii</sup>	78,112	73,485
	<b>90,701</b>	<b>85,465</b>
<b>Provisions related to employee benefit on-costs</b>		
Unconditional and expected to be settled within 12 months <sup>i</sup>	8,319	6,913
Unconditional and expected to be settled after 12 months <sup>ii</sup>	11,149	10,137
	<b>19,468</b>	<b>17,050</b>
<b>Total current employee benefits</b>	<b>180,364</b>	<b>163,546</b>
<b>NON-CURRENT PROVISIONS</b>		
Conditional long service leave	24,238	22,080
Provisions related to employee benefit on-costs	3,145	2,812
<b>Total non-current provisions</b>	<b>27,383</b>	<b>24,892</b>
<b>Total employee benefits</b>	<b>207,747</b>	<b>188,438</b>

<sup>i</sup> The amounts disclosed are nominal amounts.

<sup>ii</sup> The amounts disclosed are discounted to present values.

**(A) CONSOLIDATED EMPLOYEE BENEFITS AND RELATED ON-COSTS**

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
<b>CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS</b>		
Unconditional annual leave entitlements	76,457	66,121
Unconditional long service leave entitlements	102,293	96,061
Unconditional accrued days off	1,614	1,364
<b>Total current employee benefits and related on-costs</b>	<b>180,364</b>	<b>163,546</b>
<b>NON-CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS</b>		
Conditional Long Service Leave	27,383	24,892
<b>Total non-current employee benefits and related on-costs</b>	<b>27,383</b>	<b>24,892</b>
<b>Total Employee Benefits and Related On-Costs</b>	<b>207,747</b>	<b>188,438</b>

**Attributable to:**

Employee Benefits	185,134	168,576
Provision for related on-costs	22,613	19,862
<b>Total Employee Benefits and Related On-Costs</b>	<b>207,747</b>	<b>188,438</b>

**(B) PROVISION FOR EMPLOYEE ENTITLEMENTS MOVEMENT SCHEDULE**

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Carrying amount at start of year	188,438	172,016
Additional provisions recognised	91,461	78,756
Amounts utilised during the year	(73,297)	(62,616)
Net gain on revaluation of long service leave	1,145	282
<b>Carrying amount at end of year</b>	<b>207,747</b>	<b>188,438</b>

### ***Employee benefit recognition***

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

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

### ***Annual leave and accrued days off***

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

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

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

### ***Long service leave***

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

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

The components of this current LSL liability are measured at:

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

Conditional LSL is measured at present value and 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.

### ***Termination benefits***

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

### ***Provision for on-costs related to employee benefits***

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

**NOTE 3.4 SUPERANNUATION**

	PAID CONTRIBUTION FOR THE YEAR		CONTRIBUTION OUTSTANDING AT YEAR END	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Defined benefit plans<sup>i</sup></b>				
Aware Super	585	679	-	-
ESS Super	128	155	-	-
<b>Defined contribution plans</b>				
Aware Super	30,658	28,166	-	-
Hesta	27,248	23,304	-	-
Other compliant superannuation funds as selected by employee	9,505	6,134	-	-
<b>Total</b>	<b>68,124</b>	<b>58,438</b>	<b>-</b>	<b>-</b>

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

**Employee Benefit Recognition**

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

**Defined benefit superannuation plans**

The defined benefit plan provides benefits based on years of service and final average salary. The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Barwon Health to the superannuation plans in respect of the services of current Barwon Health's 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.

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

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

The name, details and amounts that have been expensed in relation to the major employee

superannuation funds and contributions made by Barwon Health are disclosed above.

**Defined contribution superannuation plans**

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

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



## NOTE 4 KEY ASSETS TO SUPPORT SERVICE DELIVERY

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

### Structure:

- 4.1 Investments and other financial assets
- 4.2 Property, plant & equipment
- 4.3 Right-of-use assets
- 4.4 Revaluation surplus
- 4.5 Intangible assets
- 4.6 Depreciation and amortisation
- 4.7 Impairment of assets

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

### KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
Estimating useful life and residual value of property, plant and equipment	Barwon Health assigns an estimated useful life to each item of property, plant and equipment. This is used to calculate depreciation of the asset. 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.
Estimating useful life of right-of-use assets	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. Barwon Health applies significant judgement to determine whether or not it is reasonably certain to exercise such purchase options.
Estimating the useful life of intangible assets	Barwon Health assigns an estimated useful life to each intangible asset with a finite useful life, which is used to calculate amortisation of the asset.
Identifying indicators of impairment	<p>At the end of each year, Barwon Health assesses impairment by evaluating the conditions and events specific to the health service that may be indicative of impairment triggers. Where an indication exists, the health service tests the asset for impairment. The health service considers a range of information when performing its assessment, including considering:</p> <ul style="list-style-type: none"> <li>– If an asset's value has declined more than expected based on normal use</li> <li>– If a significant change in technological, market, economic or legal environment which adversely impacts the way the health service uses an asset</li> <li>– If an asset is obsolete or damaged</li> <li>– 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</li> <li>– If the performance of the asset is or will be worse than initially expected.</li> </ul> <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

	CONSOLIDATED					
	OPERATING FUND		CAPITAL FUND		TOTAL	
	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000	2023 \$'000	2022 \$'000
<b>Current</b>						
Australian Dollar Term Deposits > 3 months <sup>i</sup>	-	400	167	167	167	567
Fixed Bonds and Floating Rate Notes <sup>ii</sup>	-	-	3,019	3,337	3,019	3,337
Derivative Financial Instrument <sup>iii</sup>	-	-	151	930	151	930
<b>Total current financial assets</b>	<b>-</b>	<b>400</b>	<b>3,337</b>	<b>4,434</b>	<b>3,337</b>	<b>4,834</b>
<b>Non-current</b>						
Equities at Fair Value <sup>ii</sup>	8,548	7,258	-	-	8,548	7,258
Fixed Bonds and Floating Rate Notes <sup>ii</sup>	3,647	3,545	14,046	13,652	17,693	17,197
Derivative Financial Instrument <sup>iii</sup>	-	-	1,075	4,314	1,075	4,314
<b>Total non-current financial assets</b>	<b>12,195</b>	<b>10,803</b>	<b>15,121</b>	<b>17,966</b>	<b>27,316</b>	<b>28,769</b>
<b>Total other financial assets</b>	<b>12,195</b>	<b>11,203</b>	<b>18,458</b>	<b>22,400</b>	<b>30,653</b>	<b>33,603</b>

#### Represented by:

Barwon Health investments (including monies held in trust)	-	-	18,458	22,400	18,458	22,400
Barwon Health Foundation investments	12,195	11,203	-	-	12,195	11,203
<b>Total other financial assets</b>	<b>12,195</b>	<b>11,203</b>	<b>18,458</b>	<b>22,400</b>	<b>30,653</b>	<b>33,603</b>

<sup>i</sup> Financial assets at amortised cost.

<sup>ii</sup> Financial assets at fair value through other comprehensive income.

<sup>iii</sup> Financial assets at fair value through net result.



### ***How we recognise investments and other financial assets***

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

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

Investments held by Barwon Health Foundation do not fall in the scope of the Standing Directions as they are not public entity funds (i.e. not controlled by the government). However, such investments are consolidated into Barwon Health's financial statements as Barwon Health has control of Barwon Health Foundation. Refer to Note 8.7 for further information.

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

Barwon Health classifies its other financial assets between current and non-current assets based on the Board's intention at balance date with respect to the

timing of disposal of each asset. 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 twelve months are classified as non-current.

Barwon Health 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.

### ***Derivative financial instrument***

On 16 June 2022, Barwon Health entered into a ten year Power Purchasing Agreement (PPA) with a wind farm energy generator.

The PPA contains a contract for difference (CfD) payment mechanism in respect of the electricity generated by the facility.

Refer to Note 7.3(a) for more information about the judgements and assumptions used in measuring fair value determination of derivative financial instruments.

*Remote Patient Monitoring group*



**NOTE 4.2 PROPERTY, PLANT AND EQUIPMENT**  
**(A) GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION**

	AT COST/ VALUATION \$'000	ACCUMULATED DEPRECIATION/ AMORTISATION \$'000	NET ASSETS 2022 \$'000
<b>2023 CONSOLIDATED</b>			
<b>Land and Buildings at Fair Value</b>			
Land at Valuation	69,520	-	69,520
Buildings at Valuation	695,852	(44,894)	650,958
Buildings - right of use	16,096	(3,371)	12,725
	<b>781,468</b>	<b>(48,265)</b>	<b>733,203</b>
Land - right of use at cost	22,114	(10,280)	11,834
	<b>22,114</b>	<b>(10,280)</b>	<b>11,834</b>
Assets Under Construction at Cost	27,468	-	27,468
	<b>27,468</b>	<b>-</b>	<b>27,468</b>
Leasehold Improvements at Fair Value	4,905	(3,036)	1,869
	<b>4,905</b>	<b>(3,036)</b>	<b>1,869</b>
<b>Plant and Equipment at Fair Value</b>			
Plant and Equipment	80,752	(54,787)	25,965
	<b>80,752</b>	<b>(54,787)</b>	<b>25,965</b>
<b>Medical Equipment at Fair Value</b>			
Medical Equipment at Fair Value	107,110	(66,286)	40,825
Medical Equipment - right of use	4,736	(3,300)	1,436
	<b>111,846</b>	<b>(69,586)</b>	<b>42,261</b>
<b>Furniture and fittings at fair value</b>			
Furniture and Fittings at Fair Value	22,838	(9,634)	13,204
	<b>22,838</b>	<b>(9,634)</b>	<b>13,204</b>
<b>Total Property, Plant and Equipment</b>	<b>1,051,391</b>	<b>(195,588)</b>	<b>855,804</b>

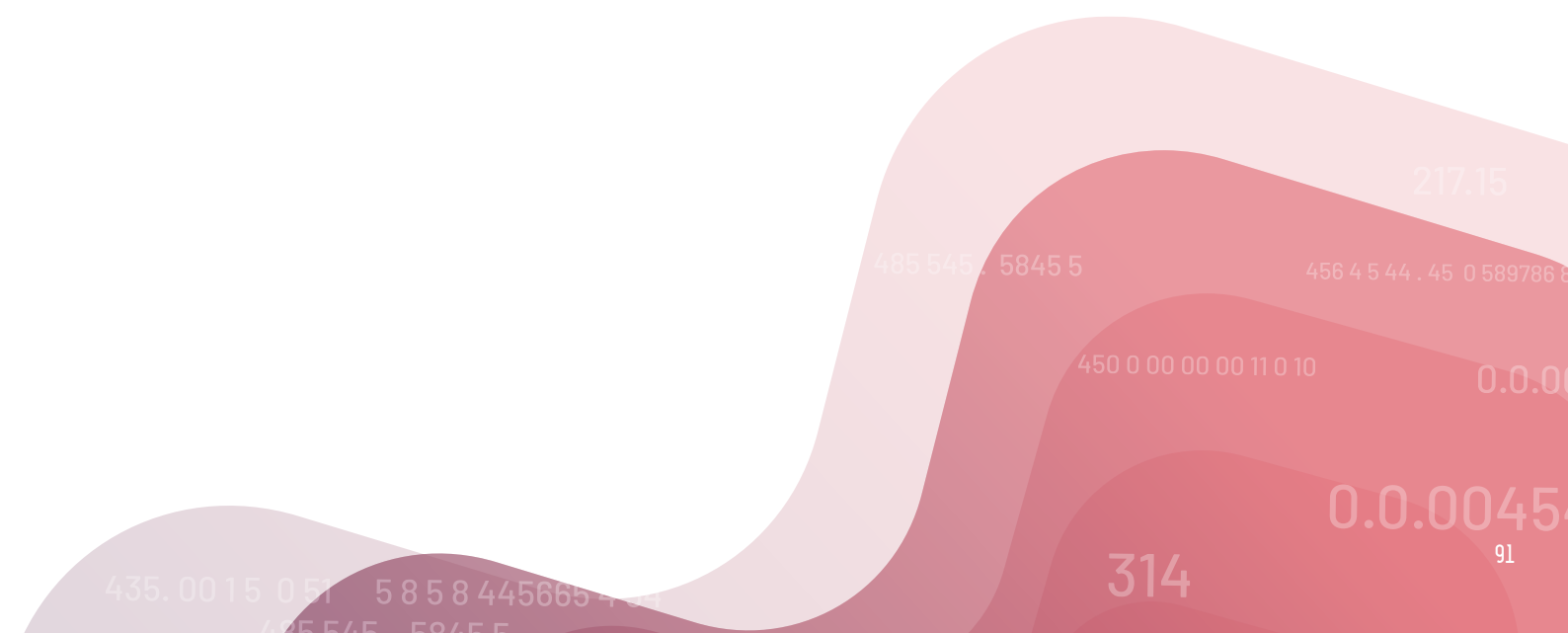
**(A) GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION (CONTINUED)**

	AT COST/ VALUATION \$'000	ACCUMULATED DEPRECIATION/ AMORTISATION \$'000	NET ASSETS 2022 \$'000
<b>2022 CONSOLIDATED</b>			
<b>Land and Buildings at Fair Value</b>			
Land at Valuation	69,460	-	69,460
Buildings at Valuation	621,866	-	621,866
Buildings - right of use	3,484	(2,198)	1,286
	<b>694,810</b>	<b>(2,198)</b>	<b>692,612</b>
Land - right of use	21,139	(7,571)	13,568
	<b>21,139</b>	<b>(7,571)</b>	<b>13,568</b>
Assets Under Construction at Cost	67,531	-	67,531
	<b>67,531</b>	<b>-</b>	<b>67,531</b>
Leasehold Improvements at Fair Value	4,639	(2,429)	2,210
	<b>4,639</b>	<b>(2,429)</b>	<b>2,210</b>
<b>Plant and Equipment at Fair Value</b>			
Plant and Equipment	73,416	(49,171)	24,245
	<b>73,416</b>	<b>(49,171)</b>	<b>24,245</b>
<b>Medical Equipment at Fair Value</b>			
Medical Equipment	105,874	(61,415)	44,459
Medical Equipment - right of use	4,736	(2,514)	2,222
	<b>110,610</b>	<b>(63,929)</b>	<b>46,681</b>
<b>Furniture and fitting at Fair Value</b>			
Furniture and Fittings at Fair Value	22,309	(7,595)	14,714
	<b>22,309</b>	<b>(7,595)</b>	<b>14,714</b>
<b>Total Property, Plant and Equipment</b>	<b>994,454</b>	<b>(132,893)</b>	<b>861,561</b>

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

	NOTE	BUILDINGS \$'000	BUILDINGS - ROU \$'000	LAND \$'000	LAND - ROU \$'000
<b>2023 CONSOLIDATED</b>					
Balance at 1 July 2022		621,865	1,286	69,460	13,568
Additions		15,908	12,612	60	975
Revaluation surplus	4.4	246	-	-	-
Transfers		59,402	-	-	-
Disposals		(1,569)	-	-	-
Depreciation charge	4.6	(44,894)	(1,173)	-	(2,709)
<b>Balance at 30 June 2023</b>	<b>4.2(a)</b>	<b>650,958</b>	<b>12,725</b>	<b>69,520</b>	<b>11,834</b>
<b>2022 CONSOLIDATED</b>					
Balance at 1 July 2021		552,957	1,832	67,522	16,090
Additions		9,541	323	-	-
Revaluation surplus	4.4	88,215	-	1,938	-
Transfers		7,557	-	-	-
Disposals		-	-	-	-
Depreciation charge	4.6	(36,405)	(869)	-	(2,522)
<b>Balance at 30 June 2022</b>	<b>4.2(a)</b>	<b>621,865</b>	<b>1,286</b>	<b>69,460</b>	<b>13,568</b>

LEASEHOLD IMPROVEMENTS \$'000	PLANT AND EQUIPMENT \$'000	MEDICAL EQUIPMENT \$'000	MEDICAL EQUIPMENT - ROU \$'000	FURNITURE AND FITTINGS \$'000	ASSETS UNDER CONSTRUCTION \$'000	TOTAL \$'000
2,211	24,246	44,459	2,221	14,714	67,531	861,561
160	5,665	2,573	-	400	25,403	63,756
-	-	-	-	-	-	246
105	1,767	3,118	-	129	(64,521)	-
-	(97)	(136)	-	-	(945)	(2,747)
(607)	(5,616)	(9,189)	(785)	(2,039)	-	(67,012)
<b>1,869</b>	<b>25,965</b>	<b>40,825</b>	<b>1,436</b>	<b>13,204</b>	<b>27,468</b>	<b>855,804</b>
2,195	25,081	46,982	3,403	15,528	14,289	745,879
508	4,593	5,773	-	885	62,311	83,934
-	-	-	-	-	-	90,153
60	303	645	-	504	(9,069)	-
-	(191)	(2)	(34)	-	-	(227)
(552)	(5,540)	(8,939)	(1,148)	(2,203)	-	(58,178)
<b>2,211</b>	<b>24,246</b>	<b>44,459</b>	<b>2,221</b>	<b>14,714</b>	<b>67,531</b>	<b>861,561</b>



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

#### **Initial recognition**

Items of property, plant and equipment (excluding right-of-use assets) are initially measured at cost. Where an asset is acquired for no or nominal cost, being far below the fair value of the asset, the deemed cost is its fair value at the date of acquisition. Assets transferred as part of an amalgamation/machinery of government change are transferred at their carrying amounts.

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

The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

#### **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, Barwon Health perform a managerial assessment to estimate possible changes in fair value of land and buildings since the date of the last independent valuation with reference to Valuer-General of Victoria (VGV) indices.

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

An independent valuation of Barwon Health's property, plant and equipment was performed by the VGV on 30 June 2019 (and land assets on 30 June 2022). The valuations, 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. As an independent valuation was not undertaken on 30 June 2023, a managerial assessment was performed at 30 June 2023, which indicated an overall:

- decrease in fair value of land of 3.6% (\$3.3m)
- increase in fair value of buildings of 4.5% (\$29.2m)

As the cumulative movement was less than 10% for land and buildings since the last independent revaluation, an interim valuation was not required as at 30 June 2023.

An independent valuation of Barwon Health Foundation buildings asset was performed by PrestonRowePaterson on 30 June 2023. 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 has resulted in an increase of fair value of 13.2% or \$0.2m.

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.

*Armstrong Creek resident Debbie Martin with Disability Liaison Officer Emma McKie*



## NOTE 4.3 RIGHT-OF-USE ASSETS

### (I) GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION

	2023 \$'000	2022 \$'000
Land	22,114	21,139
Less accumulated depreciation	(10,280)	(7,571)
<b>Total right of use land at fair value</b>	<b>11,834</b>	<b>13,568</b>
Buildings	16,096	3,484
Less accumulated depreciation	(3,371)	(2,198)
<b>Total right of use buildings at fair value</b>	<b>12,725</b>	<b>1,286</b>
<b>Total right of use land and buildings</b>	<b>24,559</b>	<b>14,854</b>
Medical Equipment	4,736	4,736
Less accumulated depreciation	(3,300)	(2,514)
<b>Total right of use medical equipment at fair value</b>	<b>1,436</b>	<b>2,222</b>
<b>Total right of use assets</b>	<b>25,995</b>	<b>17,076</b>

### (II) RECONCILIATIONS OF CARRYING AMOUNT BY CLASS OF ASSET

	NOTE	BUILDINGS - ROU \$'000	LAND - ROU \$'000	MEDICAL EQUIPMENT -ROU \$'000	TOTAL \$'000
<b>2023 CONSOLIDATED</b>					
Balance at 1 July 2022		1,286	13,568	2,221	17,075
Additions		12,612	975	-	13,587
Depreciation charge	4.6	(1,173)	(2,709)	(785)	(4,667)
<b>Balance at 30 June 2023</b>		<b>12,725</b>	<b>11,834</b>	<b>1,436</b>	<b>25,995</b>
<b>2022 CONSOLIDATED</b>					
Balance at 1 July 2021		1,832	16,090	3,403	21,325
Additions		323	-	-	323
Disposals		-	-	(34)	(34)
Depreciation charge	4.6	(869)	(2,522)	(1,148)	(4,539)
<b>Balance at 30 June 2022</b>		<b>1,286</b>	<b>13,568</b>	<b>2,221</b>	<b>17,075</b>



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

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

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

CLASS OF RIGHT-OF-USE ASSET	LEASE TERM
Leased medical equipment	one to eight years
Leased land	one to 50 years
Leased buildings	one to 15 years

**Initial recognition**

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

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

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

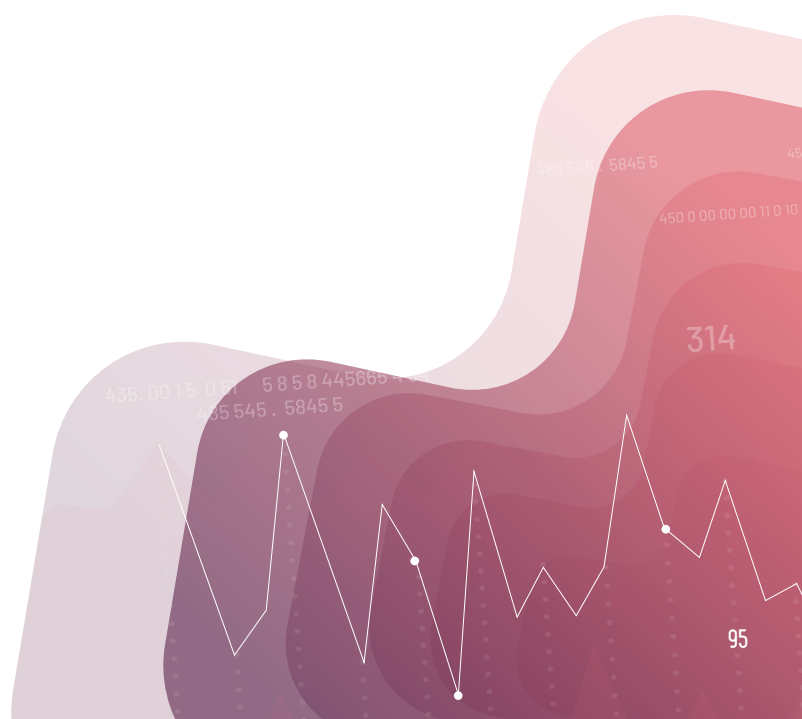
Barwon Health holds lease agreements which contain significantly below-market terms and conditions, which are principally to enable the health service to further its objectives. Refer to Note 6.1 for further information regarding the nature and terms of the concessional lease, and Barwon Health’s dependency on such lease arrangements.

**Subsequent measurement**

Right-of-use assets are subsequently measured at fair value, with the exception of right-of-use asset arising from leases with significantly below-market terms and conditions, which are subsequently measured at cost, less accumulated depreciation and accumulated impairment losses where applicable.

Right-of-use assets are also adjusted for certain remeasurements of the lease liability (for example, when a variable lease payment based on an index or rate becomes effective).

Further information regarding fair value measurement is disclosed in Note 7.3.



#### NOTE 4.4 REVALUATION SURPLUS

		CONSOLIDATED	
	NOTE	2023 \$'000	2022 \$'000
<b>Revaluation increment</b>			
Land	4.2	-	3,125
Buildings	4.2	246	88,215
<b>Total</b>		<b>246</b>	<b>91,340</b>
<b>Represented by</b>			
Land		69,243	69,243
Buildings		503,863	503,617
<b>Total</b>		<b>573,106</b>	<b>572,860</b>

#### NOTE 4.5 INTANGIBLE ASSETS

##### (A) GROSS CARRYING AMOUNT AND ACCUMULATED AMORTISATION

	NOTE	2023 \$'000	2022 \$'000
<b>At cost</b>		<b>22,056</b>	<b>21,887</b>
Less accumulated amortisation	4.6	(18,648)	(15,544)
<b>Total intangible assets</b>		<b>3,408</b>	<b>6,343</b>

##### (B) RECONCILIATION OF THE CARRYING AMOUNT

	2023 \$'000	2022 \$'000
Balance at beginning of financial year	6,343	9,010
Additions	169	610
Amortisation	(3,104)	(3,277)
<b>Balance at end of financial year</b>	<b>3,408</b>	<b>6,343</b>
<b>Total intangible assets</b>	<b>3,408</b>	<b>6,343</b>

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

##### *Initial recognition*

Purchased intangible assets are initially recognised at cost.

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

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

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

##### *Subsequent measurement*

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

**NOTE 4.6 DEPRECIATION AND AMORTISATION**

	2023 \$'000	2022 \$'000
<b>Depreciation</b>		
Buildings	44,894	36,405
Leasehold Improvements	607	552
Plant and Equipment	5,616	5,540
Medical Equipment	9,189	8,938
Furniture and Fittings	2,038	2,204
<b>Total depreciation - property, plant and equipment</b>	<b>62,344</b>	<b>53,639</b>
<b>Right-of-use assets</b>		
Land - right-of-use	1,173	870
Buildings - right-of-use	2,709	2,522
Medical Equipment - right-of-use	785	1,147
<b>Total depreciation - right-of-use assets</b>	<b>4,667</b>	<b>4,539</b>
<b>Total depreciation</b>	<b>67,011</b>	<b>58,178</b>
<b>Amortisation</b>		
Intangible assets - software	3,104	3,277
<b>Total amortisation</b>	<b>3,104</b>	<b>3,277</b>
<b>Total depreciation and amortisation</b>	<b>70,115</b>	<b>61,455</b>

**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.

**Amortisation**

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

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

	2023	2022
Buildings (including right-of-use assets) and Leasehold Improvements	1-50 years	1-50 years
Land (right-of-use assets)	15-50 years	15-50 years
Plant and equipment	5-10 years	5-10 years
Medical Equipment (including right-of-use assets)	1-10 years	1-10 years
Furniture and Fittings	5-10 years	5-10 years
Intangible Assets	4-5 years	4-5 years

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

#### NOTE 4.7 IMPAIRMENT OF ASSETS

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

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

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

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

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

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

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

Barwon Health did not record any impairment losses for the year ended 30 June 2023 (2022: nil).

## NOTE 5 OTHER ASSETS AND LIABILITIES

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

### Structure

#### 5.1 Receivables and contract assets

#### 5.2 Payables and contract liabilities

#### 5.3 Other liabilities

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 JUDGEMENTS AND ESTIMATES	DESCRIPTION
Estimating the provision for expected credit losses	Barwon Health uses a simplified approach to account for the expected credit loss provision. A provision matrix is used, which considers historical experience, external indicators and forward-looking information to determine expected credit loss rates.
Measuring deferred capital grant income	Where Barwon Health has received funding to construct an identifiable non-financial asset, such funding is recognised as deferred capital grant income until the underlying asset is constructed. Barwon Health applies significant judgement when measuring the deferred capital grant income balance, which references the estimated stage of completion at the end of each financial year.
Measuring contract liabilities	Barwon Health applies significant judgement to measure its progress towards satisfying a performance obligation as detailed in Note 2. Where a performance obligation is yet to be satisfied, the health service assigns funds to the outstanding obligation and records this as a contract liability until the promised good or service is transferred to the customer.

**NOTE 5.1 RECEIVABLES AND CONTRACT ASSETS**

	NOTES	2023	2022
		\$'000	\$'000
<b>CURRENT RECEIVABLES AND CONTRACT ASSETS</b>			
<b>Contractual</b>			
Patient Fees		6,169	5,274
Sundry Debtors		11,924	32,182
Less: Allowance for impairment losses of contractual receivables	5.1(a)	(307)	(203)
Accrued Investment Income		433	282
Contract Assets - Other	5.1(b)	6,718	5,654
Contract Assets - State Government	5.1(b)	834	937
		<b>25,771</b>	<b>44,126</b>
<b>Statutory</b>			
GST Receivable		3,757	1,852
<b>Total current receivables and contract assets</b>		<b>29,528</b>	<b>45,978</b>
<b>NON-CURRENT</b>			
<b>Contractual</b>			
Long Service Leave - Department of Health		64,186	55,882
<b>Total non-current receivables</b>		<b>64,186</b>	<b>55,882</b>
<b>Total receivables and contract assets</b>		<b>93,714</b>	<b>101,860</b>

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

Total receivable and contract assets	93,714	101,860
GST receivable	(3,757)	(1,852)
<b>Total financial assets</b>	<b>89,957</b>	<b>100,008</b>

As at 30 June 2023, Barwon Health has contract assets of \$7.6m (2022: \$6.6m) which is net of an allowance for expected credit losses of nil (2022: nil).

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

	CONSOLIDATED	
	2023	2022
	\$'000	\$'000
<b>Balance at beginning of year</b>	<b>(203)</b>	<b>(153)</b>
Amounts written off during year	1,329	733
Increase in allowance	(1,433)	(783)
<b>Balance at end of the year</b>	<b>(307)</b>	<b>(203)</b>

## 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 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.

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

### **Impairment losses of contractual receivables**

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

## (B) CONTRACT ASSETS

	2023 \$'000	2022 \$'000
Balance at the beginning of the year	6,591	8,235
Add: Additional costs incurred that are recoverable from the customer	7,552	6,591
Less: Transfer to trade receivable or cash at bank	(6,591)	(8,235)
<b>Balance at end of the year</b>	<b>7,552</b>	<b>6,591</b>

### **Represented by:**

Current assets	7,552	6,591
Non-current assets	-	-
	<b>7,552</b>	<b>6,591</b>

Contract assets relate to Barwon Health's right to consideration in exchange for goods transferred to customers for works completed, but not yet billed at the reporting date. The contract assets are transferred to receivables when the rights become unconditional, at this time an invoice is issued. Contract assets are expected to be recovered during the next financial year.

**NOTE 5.2 PAYABLES AND CONTRACT LIABILITIES**

	NOTES	2023 \$'000	2022 \$'000
<b>CURRENT PAYABLES AND CONTRACT LIABILITIES</b>			
<b>Contractual</b>			
Trade Creditors		13,770	285
Accrued Expenses		39,495	29,088
Accrued Salaries and Wages		22,339	24,019
Salary Packaging		1,929	1,784
Other		2,152	2,815
Deferred grant income	5.2(a)	33,219	32,761
Contract Liabilities	5.2(b)	1,146	16,701
Superannuation		124	93
		<b>114,174</b>	<b>107,546</b>
<b>Statutory</b>			
GST Payable		12,050	39
		<b>12,050</b>	<b>39</b>
<b>Total payables and contract liabilities</b>		<b>126,224</b>	<b>107,585</b>

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

Total payables and contract liabilities		141,904	107,498
Deferred grant income		(48,899)	(32,761)
Contract liabilities		(1,146)	(16,701)
Superannuation		(124)	(93)
ATO		(12,050)	(39)
<b>Total financial liabilities</b>	<b>7.1(a)</b>	<b>79,685</b>	<b>57,904</b>

**PAYABLES RECOGNITION**

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 the Barwon Health prior to the end of the financial year that are unpaid.
- **statutory payables**, which mostly 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 30 days.

**(A) DEFERRED GRANT INCOME**

	2023 \$'000	2022 \$'000
Opening balance of deferred grant income	32,761	15,916
Grant consideration for capital works/ purchases of assets received during the year	38,185	29,140
Grant revenue for capital works recognised consistent with the capital works undertaken/assets acquired during the year	(37,727)	(12,295)
<b>Closing balance of deferred grant income</b>	<b>33,219</b>	<b>32,761</b>

Grant consideration was received from the State Government to support the construction of capital projects and the purchase of plant & equipment. Capital grant revenue is recognised progressively as the asset is constructed/assets acquired, since this is the time when Barwon Health satisfies its obligations. The progressive percentage of costs incurred is used to recognise income because this most closely reflects the percentage of completion of the building works. As a result, Barwon Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Barwon Health expects to recognise all of the remaining deferred capital grant revenue for capital works by 30 June 2024.

**(B) CONTRACT LIABILITIES**

	2023 \$'000	2022 \$'000
Opening balance of contract liabilities	16,701	8,786
Add: Payments received for performance obligations yet to be completed during the period	6,356	15,837
Less: Revenue recognised in the reporting period for the completion of a performance obligation	(21,911)	(7,922)
<b>Total contract liabilities</b>	<b>1,146</b>	<b>16,701</b>

**Represented by:**

Current contract liabilities	1,146	16,701
Non-current contract liabilities	-	-
<b>Total contract liabilities</b>	<b>1,146</b>	<b>16,701</b>

Contract liabilities include consideration received in advance from the Department of Health and other grant funders. Grant income is recognised as 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.

**Financial guarantees**

Payments that are contingent under financial guarantee contracts are recognised as a liability, at fair value, at the time the guarantee is issued. Subsequently, should there be a material increase in the likelihood that the guarantee may have to be exercised, the liability is recognised at the higher of the amount determined in accordance with the expected credit loss model under AASB 9 *Financial Instruments* and the amount initially recognised less, when appropriate, cumulative amortisation recognised.

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

**Maturity analysis of payables**

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



**NOTE 5.3 OTHER LIABILITIES**

	NOTES	2023 \$'000	2022 \$'000
<b>Current contractual</b>			
Refundable Accommodation Deposits		24,521	24,784
Residential Patient Monies held in Trust		1,008	1,015
<b>Total Monies held in Trust</b>		<b>25,529</b>	<b>25,799</b>

*Represented by the following assets:*

Cash held - Monies held in Trust	6.2	8,464	8,809
Investments and other financial assets		17,065	16,990
<b>Total Monies held in Trust</b>		<b>25,529</b>	<b>25,799</b>

**Refundable Accommodation Deposit (RAD)/ Accommodation Bond liabilities**

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

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

*Refurbished Building B (former Geelong Private) recovery area*



## NOTE 6 FUNDING OF OPERATIONS

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

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

### Structure

#### 6.1 Borrowings

#### 6.2 Cash and cash equivalents

#### 6.3 Commitments for expenditure

#### 6.4 Non-cash financing and investing activities

Our finance and borrowing arrangements were not materially impacted by the COVID-19 Coronavirus pandemic and scaling down of the COVID-19 public health response during the year end 30 June 2023.

### KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

KEY JUDGEMENTS AND ESTIMATES	DESCRIPTION
Determining if a contract is or contains a lease	<p>Barwon Health applies significant judgement to determine if a contract is or contains a lease by considering if the health service:</p> <ul style="list-style-type: none"> <li>– has the right-to-use an identified asset</li> <li>– has the right to obtain substantially all economic benefits from the use of the leased asset and</li> <li>– can decide how and for what purpose the asset is used throughout the lease.</li> </ul>
Determining if a lease meets the short-term or low value asset lease exemption	<p>Barwon Health applies significant judgement when determining if a lease meets the short-term or low value lease exemption criteria. 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. 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>Barwon Health discounts its lease payments using the interest rate implicit in the lease. If this rate cannot be readily determined, which is generally the case for the health service's lease arrangements, Barwon Health uses its incremental borrowing rate, which is the amount the health service would have to pay to borrow funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.</p>
Assessing the lease term	<p>The lease term represents the non-cancellable period of a lease, combined with periods covered by an option to extend or terminate the lease if Barwon Health is reasonably certain to exercise such options. Barwon Health determines the likelihood of exercising such options on a lease-by-lease basis through consideration of various factors including:</p> <ul style="list-style-type: none"> <li>– If there are significant penalties to terminate (or not extend), the health service is typically reasonably certain to extend (or not terminate) the lease.</li> <li>– 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.</li> <li>– The health service considers historical lease durations and the costs and business disruption to replace such leased assets.</li> </ul>

**NOTE 6.1 BORROWINGS**

	NOTES	2023 \$'000	2022 \$'000
<b>Current borrowings</b>			
Lease liabilities <sup>i</sup>	6.1(a)	3,100	2,474
Government loan <sup>ii</sup>		114	114
<b>Total current borrowings</b>		<b>3,214</b>	<b>2,588</b>
<b>Non-current borrowings</b>			
Lease liabilities <sup>i</sup>	6.1(a)	17,425	5,553
Government loan <sup>ii</sup>		-	119
<b>Total non-current borrowings</b>		<b>17,425</b>	<b>5,672</b>
<b>Total borrowings</b>		<b>20,639</b>	<b>8,260</b>

<sup>i</sup> Secured by the assets leased

<sup>ii</sup> These are secured loans which bear no interest

**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 Barwon Health 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.

**(A) LEASE LIABILITIES**

Barwon Health's lease liabilities are summarised below:

	2023 \$'000	2022 \$'000
Total undiscounted lease liabilities	24,750	8,569
Less future finance charges	(4,225)	(542)
<b>Net lease liabilities</b>	<b>20,525</b>	<b>8,027</b>
Not later than one year	3,802	2,624
Later than one year and not later than five years	11,527	4,641
Later than five years	9,421	1,304
<b>Minimum future lease liability</b>	<b>24,750</b>	<b>8,569</b>
Less unexpired finance expenses	(4,225)	(542)
<b>Present value of lease liability</b>	<b>20,525</b>	<b>8,027</b>

**Represented by:**

Current liabilities	3,100	2,474
Non-current liabilities	17,425	5,553
	<b>20,525</b>	<b>8,027</b>

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

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

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

Barwon Health's lease arrangements consist of the following:

TYPE OF ASSET LEASED	LEASE TERM (INCLUDING OPTIONS)
Leased land	one to 50 years
Leased buildings	one to 15 years
Leased plant, equipment, furniture, fittings and vehicles	one to eight years

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

TYPE OF PAYMENT	DESCRIPTION OF PAYMENT	TYPES OF LEASES CAPTURED
Low value lease payments	Leases where the underlying asset's fair value, when new, is no more than \$10,000	Equipment with low value - such as photocopier printers
Short-term lease payments	Leases with a term less than 12 months	Rental leases - buildings

#### **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 Barwon Health incremental borrowing rate. Our lease liability has been discounted by rates of between 1.62% to 5.23%.

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

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

- payments arising from purchase and termination options reasonably certain to be exercised.

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

- Rental property leases - options are agreed contractually for defined period of years with the lease payments based on an index or fixed rate from the lease commencement rate.

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

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

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

### 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 the substance of fixed payments.

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

### Leases with significantly below market terms and conditions

Barwon Health 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 Barwon Health's dependency on such lease arrangements is described below:

DESCRIPTION OF LEASED ASSET	OUR DEPENDENCE ON LEASE	NATURE AND TERMS OF LEASE
Barwon Health North (Land)	The leased land is used for community based service provision. Barwon Health's dependence on this lease is considered high as essential health services are provided from this site.	Lease payments of \$104 are required per annum. The lease commenced in 2019 and has a lease term of 50 years.

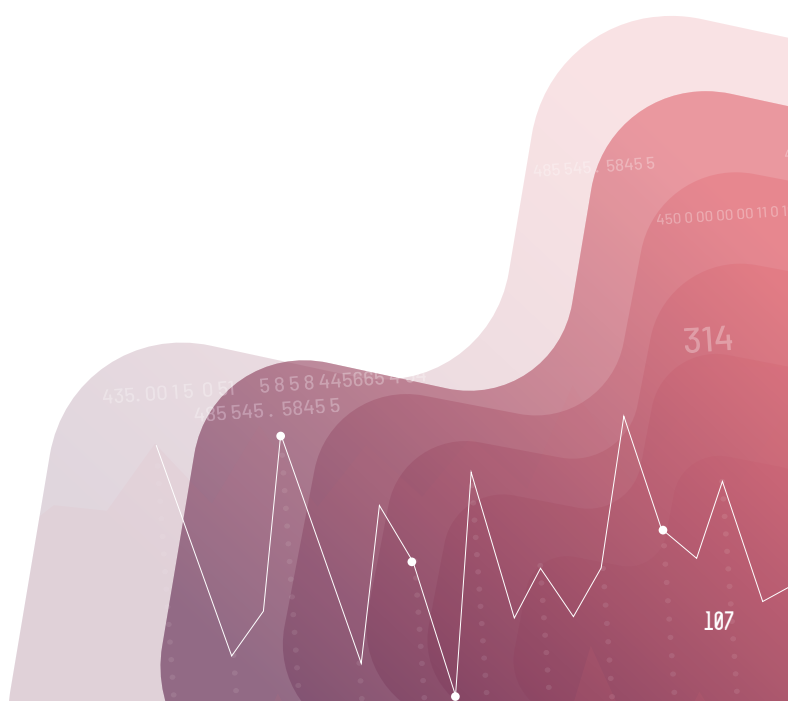
### NOTE 6.2 CASH AND CASH EQUIVALENTS

	NOTES	2023 \$'000	2022 \$'000
Cash on Hand (excluding monies held in trust)		29	28
Cash at Bank (excluding monies held in trust)		2,041	1,478
Cash at Bank - CBS (excluding monies held in trust)		137,793	87,027
<b>Total cash held for operations</b>		<b>139,863</b>	<b>88,533</b>
Cash at Bank - CBS (monies held in trust)		8,464	8,810
<b>Total cash held as monies in trust</b>		<b>8,464</b>	<b>8,810</b>
<b>Total cash and cash equivalents</b>	<b>7.1(a)</b>	<b>148,327</b>	<b>97,343</b>

### Cash and Cash Equivalents

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

For cash flow statement presentation purposes, the cash flow statement includes monies held in trust.



### NOTE 6.3 COMMITMENTS FOR EXPENDITURE

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
<b>Capital expenditure commitments</b>		
Not later than one year	-	2,409
<b>Operating expenditure commitments</b>		
Not later than one year	12,248	14,177
Later than one year but not later than five years	13,822	20,936
Five years or more	490	851
<b>Total</b>	<b>26,560</b>	<b>35,964</b>
<b>Non-cancellable short term and low value lease commitments</b>		
Not later than one year	251	2,294
Later than one year but not later than five years	85	-
<b>Total</b>	<b>336</b>	<b>2,294</b>
<b>Total commitments for expenditure (inclusive of GST)</b>	<b>26,896</b>	<b>40,667</b>
Less GST recoverable from the Australian Taxation Office	2,445	3,697
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>24,451</b>	<b>36,970</b>

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

#### *Short term and low value leases*

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

### NOTE 6.4 NON-CASH FINANCING AND INVESTING ACTIVITIES

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
Acquisition of plant and equipment by means of Leases	13,587	323
<b>Total non-cash financing and investing activities</b>	<b>13,587</b>	<b>323</b>

## NOTE 7 RISK, CONTINGENCIES AND VALUATION UNCERTAINTIES

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

### Structure

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

### KEY JUDGEMENTS AND ESTIMATES

This section contains the following key judgements and estimates:

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

## NOTE 7.1 FINANCIAL INSTRUMENTS

### Financial Instruments

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

### (A) CATEGORISATION OF FINANCIAL INSTRUMENTS

	FINANCIAL ASSETS AT AMORTISED COST	FINANCIAL ASSETS AT FAIR VALUE THROUGH NET RESULT	FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME	CONTRACTUAL FINANCIAL LIABILITIES AT AMORTISED COST	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Consolidated 2023</b>					
<b>Financial assets</b>					
Cash and Cash Equivalents	148,327	-	-	-	148,327
Receivables	89,957	-	-	-	89,957
Investments and other financial assets	167	1,226	29,260	-	30,653
<b>Total financial assets<sup>1</sup></b>	<b>238,451</b>	<b>1,226</b>	<b>29,260</b>	<b>-</b>	<b>268,937</b>
<b>Financial liabilities</b>					
Payables	-	-	-	79,685	79,685
Refundable Accommodation Deposits	-	-	-	24,521	24,521
Residential Patient Monies held in Trust	-	-	-	1,008	1,008
Borrowings	-	-	-	20,639	20,639
<b>Total financial liabilities<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>125,853</b>	<b>125,853</b>
<b>Consolidated 2022</b>					
<b>Financial assets</b>					
Cash and Cash Equivalents	97,332	-	-	-	97,332
Receivables	100,008	-	-	-	100,008
Investments and other financial assets	567	5,244	27,792	-	33,603
<b>Total financial assets<sup>1</sup></b>	<b>197,907</b>	<b>5,244</b>	<b>27,792</b>	<b>-</b>	<b>230,943</b>
<b>Financial liabilities</b>					
Payables	-	-	-	57,904	57,904
Refundable Accommodation Deposits	-	-	-	24,784	24,784
Residential Patient Monies held in Trust	-	-	-	1,015	1,015
Borrowings	-	-	-	8,260	8,260
<b>Total financial liabilities<sup>1</sup></b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>91,963</b>	<b>91,963</b>

<sup>1</sup>The carrying amount excludes statutory receivables (i.e. GST receivable) and statutory payables (i.e. Revenue in Advance and Department of Health payable).



### ***Categories of financial assets***

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

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

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

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

#### **Financial assets at amortised cost**

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

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

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

Barwon Health recognises the following assets in this category:

- cash and deposits,
- receivables (excluding statutory receivables), and
- term deposits.

#### **Financial assets at fair value through other comprehensive income**

A financial asset that meets the following conditions is subsequently measured at fair value through other comprehensive income:

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

Equity investments are measured at fair value through other comprehensive income if the assets are not held for trading and Barwon Health has irrevocably elected at initial recognition to recognise in this category.

Barwon Health recognises the following assets in this category:

- investments in equity instruments.

#### **Financial assets at fair value through net result**

Barwon Health 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.

### ***Categories of financial liabilities***

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

#### **Financial liabilities at amortised cost**

Financial liabilities are 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.

Barwon Health recognises the following liabilities in this category:

- payables (excluding statutory payables and contract liabilities)
- borrowings 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
- Barwon Health retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement or
- Barwon Health has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset or
  - has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

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

### ***Derecognition of financial liabilities***

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

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

### ***Reclassification of financial instruments***

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

A financial liability reclassification is not permitted.

## **NOTE 7.2 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES**

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

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

Barwon Health's main financial risks include credit risk, liquidity risk and market risk. Barwon Health manages these financial risks in accordance with its financial risk management policy.

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

### **(A) CREDIT RISK**

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

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

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

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

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

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

There has been no material change to Barwon Health's credit risk profile in the year ending 30 June 2022.

#### **Impairment of financial assets under AASB 9**

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

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

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

#### **Contractual receivables at amortised cost**

Barwon Health 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. Barwon Health has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on Barwon Health's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

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

	MATURITY DATES				
	LESS THAN 1 MONTH	1 - 3 MONTHS	3 MONTHS - 1 YEAR	1 - 5 YEARS	TOTAL
	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023 CONSOLIDATED</b>					
Expected loss rate	0.4%	1.4%	3.2%	99.4%	1.8%
Gross carrying amount of contractual receivables	9,015	5,489	2,360	115	16,979
<b>Loss Allowance</b>	<b>39</b>	<b>76</b>	<b>77</b>	<b>115</b>	<b>307</b>
<b>2022 CONSOLIDATED</b>					
Expected loss rate	0.0%	0.4%	0.8%	99.8%	1.0%
Gross carrying amount of contractual receivables	16,479	2,513	1,183	179	20,355
<b>Loss Allowance</b>	<b>5</b>	<b>9</b>	<b>9</b>	<b>179</b>	<b>203</b>

### **Statutory receivables and debt investments at amortised cost**

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

Statutory receivables are considered to have low credit risk, taking into account the counterparty's credit rating, risk of default and capacity to meet contractual cash flow obligations in the near term. As a result, no loss allowance has been recognised.

### **(B) LIQUIDITY RISK**

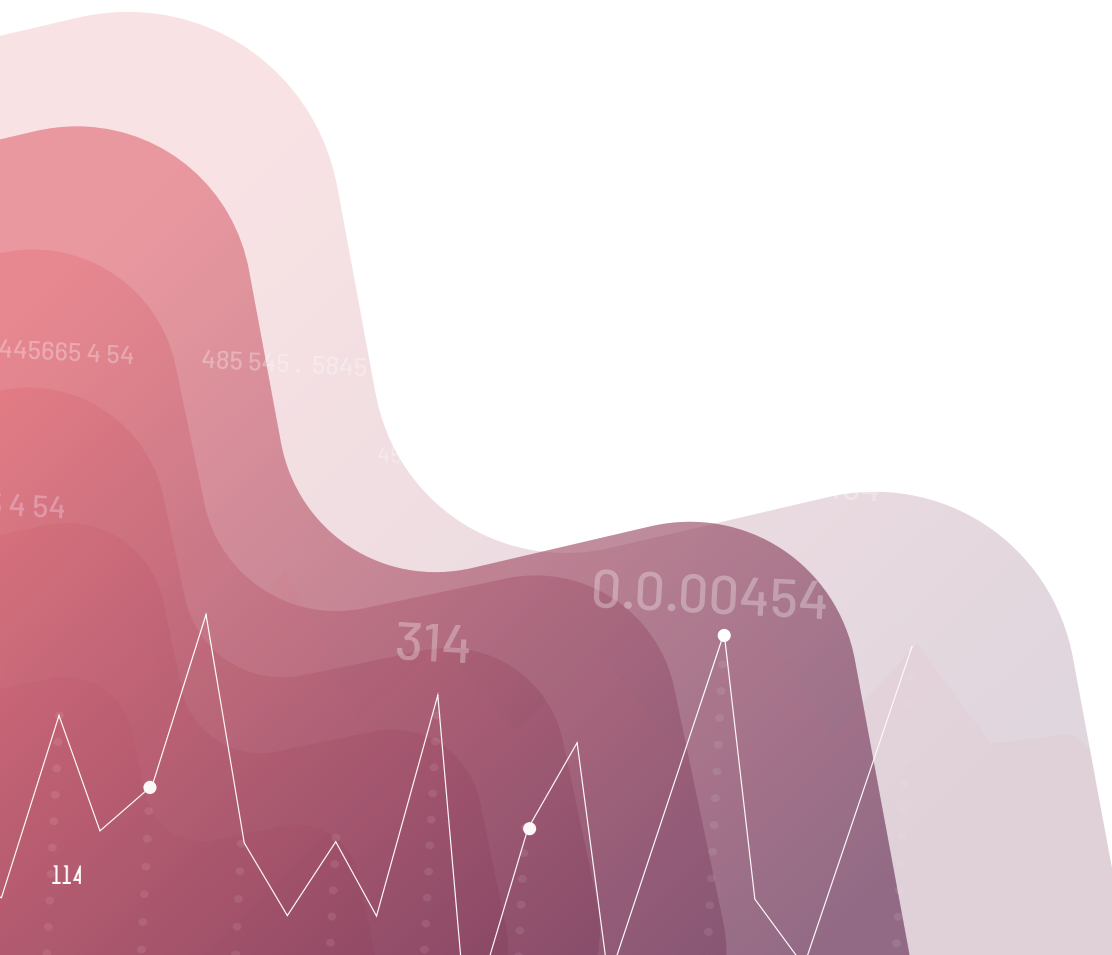
Liquidity risk arises from being unable to meet financial obligations as they fall due.

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

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

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

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



	NOTE	MATURITY DATES						
		CARRYING AMOUNT \$'000	NOMINAL AMOUNT \$'000	LESS THAN 1 MONTH \$'000	1-3 MONTHS \$'000	3 MONTHS - 1 YEAR \$'000	1-5 YEARS \$'000	OVER 5 YEARS \$'000
<b>2023 CONSOLIDATED</b>								
<b>Financial Liabilities</b>								
Trade Creditors and Other Payables	5.2	79,685	79,685	58,223	20,176	1,286	-	-
Refundable Accommodation Deposits	5.3	24,521	24,521	1,022	2,044	9,198	12,257	-
Residential Patient Monies held in Trust	5.3	1,008	1,008	1,008	-	-	-	-
Borrowings	6.1	20,639	20,639	260	517	2,439	9,445	7,977
<b>Total financial liabilities</b>		<b>125,853</b>	<b>125,853</b>	<b>60,513</b>	<b>22,737</b>	<b>12,923</b>	<b>21,702</b>	<b>7,977</b>
<b>2022 CONSOLIDATED</b>								
<b>Financial Liabilities</b>								
Trade Creditors and Other Payables	5.2	57,904	57,904	41,775	14,940	1,189	-	-
Refundable Accommodation Deposits	5.3	24,784	24,784	1,033	2,066	9,297	12,388	-
Residential Patient Monies held in Trust	5.3	1,015	1,015	1,015	-	-	-	-
Borrowings	6.1	8,260	8,260	208	412	1,970	4,496	1,174
<b>Total financial liabilities</b>		<b>91,963</b>	<b>91,963</b>	<b>44,030</b>	<b>17,418</b>	<b>12,456</b>	<b>16,884</b>	<b>1,174</b>

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

### (C) MARKET RISK

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

#### *Sensitivity disclosure analysis and assumptions*

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

- a change in interest rates of 1 to 3% up or down and
- a change in the top ASX 200 index of 15% up or down.

#### *Interest rate risk*

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

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

### Foreign currency risk

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

Barwon Health has minimal exposure to foreign currency risk.

### Equity risk

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

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

		-15%	+15%
CONSOLIDATED ENTITY	CARRYING AMOUNT	NET RESULT	NET RESULT
<b>2023</b>			
Investments and other contractual financial assets	8,548	(1,282)	1,282
<b>2022</b>			
Investments and other contractual financial assets	7,258	(1,089)	1,089

### NOTE 7.3 FAIR VALUE DETERMINATION

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

The following assets and liabilities are carried at fair value:

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

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

### Valuation hierarchy

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

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

Barwon Health 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. There have been no transfers between levels during the period.

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

### Identifying unobservable inputs (level 3) fair value measurements

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

Unobservable inputs 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.

**(A) FAIR VALUE DETERMINATION OF INVESTMENTS AND OTHER FINANCIAL ASSETS**

	CONSOLIDATED CARRYING AMOUNT	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
	AS AT 30 JUNE \$'000	LEVEL 1 <sup>i</sup> \$'000	LEVEL 2 <sup>i</sup> \$'000	LEVEL 3 <sup>i</sup> \$'000
<b>2023</b>				
Investments and other financial assets	30,486	8,548	20,712	1,226
<b>Total financial assets held at fair value through other comprehensive income</b>	<b>30,486</b>	<b>8,548</b>	<b>20,712</b>	<b>1,226</b>
<b>2022</b>				
Investments and other financial assets	33,037	7,258	20,534	5,244
<b>Total financial assets held at fair value through other comprehensive income</b>	<b>33,037</b>	<b>7,258</b>	<b>20,534</b>	<b>5,244</b>

<sup>i</sup> Classified in accordance with the fair value hierarchy

**Fixed bonds and floating rate securities**

In the absence of an active market, the fair value of Barwon Health's fixed bond and floating rate securities are valued using observable inputs, such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves. Adjustments are made to the valuations when necessary to recognise differences in the instrument's terms.

Barwon Health classifies these debt securities as Level 2.

**Equities**

Equities are valued at fair value with reference to a quoted (unadjusted) market price from an active market.

Barwon Health classifies these instruments as Level 1.

**Derivative Financial Instrument**

The fair value of derivative instruments is based on the discounted cash flow technique. The selection of variables requires significant judgement and assumptions in estimating the fair value of derivatives.

In the absence of an active market, the fair value of the CfD derivative is valued using unobservable inputs such as future wholesale electricity prices provided by The Department of Environment, Land, Water and Planning's independent advisor and comparable risk free rates of zero coupon government bonds obtained from the Reserve Bank of Australia.

The assumptions underpinning the estimate of future wholesale electricity prices included factors influencing supply and demand fluctuations, and the economic impact of Covid-19.

In addition, assumptions are applied to forecast the renewable energy generation volumes over the life of the derivative instrument.

To the extent that the significant inputs are unobservable, Barwon Health classifies these derivatives as Level 3 within the fair value hierarchy.

## RECONCILIATION OF LEVEL 3 FAIR VALUE MOVEMENTS

	FINANCIAL ASSET AT FAIR VALUE THROUGH NET RESULT	
	2023 \$'000	2022 \$'000
Opening Balance	5,244	-
Initial recognition of derivative financial instruments	-	5,244
Subsequent measurement of derivative financial instrument	(4,017)	-
<b>Closing Balance</b>	<b>1,227</b>	<b>5,244</b>

## DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATIONS

OTHER FINANCIAL ASSETS (LEVEL 3)	VALUATION TECHNIQUE	SIGNIFICANT UNOBSERVABLE INPUTS	2023 RANGE (WEIGHTED AVERAGE)	SENSITIVITY OF FAIR VALUE MEASUREMENT TO CHANGES IN SIGNIFICANT UNOBSERVABLE INPUTS
Derivative Financial Instrument	Discounted cash flow	Wholesale electricity price forecasts	\$29.77/MWh to \$89.20/MWh (\$57.35/MWh)	An increase/(decrease) in the wholesale electricity price forecasts of 10% would result in an increase/(decrease) fair value by \$610,778
		Discount rate - risk free rates of zero coupon government bonds	0.3333% to 46.4954% (24.5328%)	An increase/(decrease) in the discount rate of 1% would result in an increase/(decrease) fair value by \$69,402
		Credit value adjustment - Australian Corporate Bond Spreads and Yields FNFCBBB10M	\$262.33	An increase/(decrease) in the credit value adjustment of 1% would result in an increase/(decrease) fair value by \$69,402

Opposite: Caroline Poynder, Clinical Coordinator, Barwon Health Immunisation Service and Salvo's Outreach van volunteers, Andy Allen and Brad Ogle taking COVID-19 vaccinations to the vulnerable and people living homeless





THE GEELONG SALVO OUTREACH VAN

THE SALVO OUTREACH ARMY

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**(B) FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS**

	CONSOLIDATED CARRYING AMOUNT	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
	AS AT 30 JUNE \$'000	LEVEL 1 <sup>1</sup> \$'000	LEVEL 2 <sup>1</sup> \$'000	LEVEL 3 <sup>1</sup> \$'000
<b>2023</b>				
<b>Land</b>				
Non-specialised Land	14,150	-	14,150	-
Specialised Land	55,370	-	-	55,370
<b>Total land at fair value</b>	<b>69,520</b>	<b>-</b>	<b>14,150</b>	<b>55,370</b>
<b>Buildings</b>				
Non-specialised buildings	3,486	-	-	3,486
Specialised buildings	647,472	-	-	647,472
Right of use buildings	12,725	-	-	12,725
<b>Total buildings at fair value</b>	<b>663,683</b>	<b>-</b>	<b>-</b>	<b>663,683</b>
<b>Plant and Equipment at Fair Value</b>				
Plant and equipment	25,965	-	-	25,965
Leasehold improvements	1,869	-	-	1,869
Furniture and Fittings	13,204	-	-	13,204
Medical equipment	40,825	-	-	40,825
Medical equipment - right of use	1,436	-	-	1,436
<b>Total Plant and Equipment at Fair Value</b>	<b>83,299</b>	<b>-</b>	<b>-</b>	<b>83,299</b>
	<b>816,502</b>	<b>-</b>	<b>14,150</b>	<b>802,352</b>

<sup>1</sup>Classified in accordance with the fair value hierarchy.

**(B) FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)**

	CONSOLIDATED CARRYING AMOUNT	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING:		
	AS AT 30 JUNE \$'000	LEVEL 1 <sup>1</sup> \$'000	LEVEL 2 <sup>1</sup> \$'000	LEVEL 3 <sup>1</sup> \$'000
<b>2022</b>				
<b>Land</b>				
Non-specialised Land	22,026	-	22,026	-
Specialised Land	47,434	-	-	47,434
<b>Total land at fair value</b>	<b>69,460</b>	<b>-</b>	<b>22,026</b>	<b>47,434</b>
<b>Buildings</b>				
Non-specialised buildings	3,622	-	-	3,622
Specialised buildings	618,244	-	-	618,244
Right of use buildings	1,286	-	-	1,286
<b>Total buildings at fair value</b>	<b>623,152</b>	<b>-</b>	<b>-</b>	<b>623,152</b>
<b>Plant, equipment, furniture, fittings and vehicles</b>				
Plant and equipment	24,245	-	-	24,245
Leasehold improvements	2,210	-	-	2,210
Furniture and Fittings	14,715	-	-	14,715
Medical equipment	44,459	-	-	44,459
Medical equipment - right of use	3,060	-	-	3,060
<b>Total plant, equipment, furniture, fittings and vehicles at fair value</b>	<b>88,689</b>	<b>-</b>	<b>-</b>	<b>88,689</b>
<b>Total property, plant and equipment at fair value</b>	<b>781,301</b>	<b>-</b>	<b>22,026</b>	<b>759,275</b>

<sup>1</sup>Classified in accordance with the fair value hierarchy

### ***Non-specialised land and non-specialised buildings***

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

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

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

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

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

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

An independent valuation of Barwon Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation for specialised buildings was 30 June 2019 and the effective date of the valuation for specialised land was 30 June 2022.

### ***Vehicles***

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

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

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

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

**(A) RECONCILIATION OF LEVEL 3 FAIR VALUE MEASUREMENT**

	SPECIALISED LAND	SPECIALISED BUILDINGS	NON-SPECIALISED BUILDINGS	RIGHT OF USE BUILDINGS	LEASEHOLD IMPROVEMENTS	PLANT AND EQUIPMENT	MEDICAL EQUIPMENT	MEDICAL EQUIPMENT - ROU	FURNITURE AND FITTINGS
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2023 CONSOLIDATED</b>									
Opening balance	47,434	618,244	3,621	1,286	2,210	24,246	44,459	2,221	14,714
Additions	60	75,310	-	12,612	266	7,432	5,691	-	529
Transfers	7,876	-	-	-	-	-	-	-	-
<b>Gains or losses recognised in net result</b>									
Disposals	-	(1,569)	-	-	-	(97)	(136)	-	-
Depreciation	-	(44,759)	(135)	(1,173)	(607)	(5,616)	(9,189)	(785)	(2,039)
<b>Subtotal</b>	<b>55,370</b>	<b>647,226</b>	<b>3,486</b>	<b>12,725</b>	<b>1,869</b>	<b>25,965</b>	<b>40,825</b>	<b>1,436</b>	<b>13,204</b>
<b>Items recognised in other comprehensive income</b>									
Revaluation	-	246	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>55,370</b>	<b>647,472</b>	<b>3,486</b>	<b>12,725</b>	<b>1,869</b>	<b>25,965</b>	<b>40,825</b>	<b>1,436</b>	<b>13,204</b>
<b>2022 CONSOLIDATED</b>									
Opening balance	43,831	549,728	3,229	1,833	2,194	25,080	46,982	3,403	15,529
Additions	-	17,099	-	323	568	4,957	6,358	-	1,389
<b>Gains or losses recognised in net result</b>									
Disposals	-	-	-	-	-	(191)	(2)	(34)	-
Transfers	-	-	-	-	-	(60)	60	-	-
Depreciation	-	(36,267)	(139)	(869)	(552)	(5,540)	(8,939)	(1,148)	(2,204)
<b>Subtotal</b>	<b>43,831</b>	<b>530,560</b>	<b>3,090</b>	<b>1,287</b>	<b>2,210</b>	<b>24,246</b>	<b>44,459</b>	<b>2,221</b>	<b>14,714</b>
<b>Items recognised in other comprehensive income</b>									
Revaluation	3,603	87,684	531	-	-	-	-	-	-
<b>Closing Balance</b>	<b>47,434</b>	<b>618,244</b>	<b>3,621</b>	<b>1,287</b>	<b>2,210</b>	<b>24,246</b>	<b>44,459</b>	<b>2,221</b>	<b>14,714</b>

**(B) FAIR VALUE DETERMINATION OF NON-FINANCIAL PHYSICAL ASSETS (CONTINUED)**

ASSET CLASS	LIKELY VALUATION APPROACH	SIGNIFICANT INPUTS (LEVEL 3 ONLY)
Specialised land (Crown/freehold)	Market approach	Community Service Obligation adjustments <sup>(i)</sup>
Specialised buildings and non-specialised buildings	Current replacement cost approach	Direct cost per square metre & useful life
Plant and equipment at fair value	Current replacement cost approach	Cost per unit & useful life
Medical equipment at fair value	Current replacement cost approach	Cost per unit & useful life
Furniture and fittings at cost	Current replacement cost approach	Cost per unit & useful life

<sup>(i)</sup> A community service obligation (CSO) range of 0% to 20% was applied to Barwon Health's specialised land.

**NOTE 7.4 CONTINGENT ASSETS AND CONTINGENT LIABILITIES**

At balance date, the Board are not aware of any contingent assets or 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 not wholly within the control of the health service or
- 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 this financial report.

### Structure

- 8.1 Reconciliation of net result for the year to net cash from operating activities
- 8.2 Responsible persons disclosures
- 8.3 Remuneration of executives
- 8.4 Related parties
- 8.5 Remuneration of auditors
- 8.6 Events occurring after balance sheet date
- 8.7 Controlled entities
- 8.8 Jointly controlled operation
- 8.9 Equity
- 8.10 Economic dependency

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

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

	NOTE	CONSOLIDATED	
		2023 \$'000	2022 \$'000
Net result of the year		(11,617)	21,279
<b>Non-cash movements</b>			
Depreciation and amortisation	4.6	70,115	61,455
Allowance for impairment losses of contractual receivables	5.1(a)	104	50
Assets received free of charge		-	(486)
Gain on sale of Available-for-Sale Shares		(49)	(176)
Loss/(Gain) on sale of Property, Plant & Equipment		1,317	(89)
Non-cash capital assets acquired		(7,231)	(54,940)
Loss on revaluation of land		-	1,186
Loss / (Gain) on derivative financial asset		4,017	(5,244)
<b>Movements in Assets and Liabilities</b>			
Increase in employee benefits		19,154	16,381
Increase in payables and contract liabilities		24,334	49,395
Increase in receivables and contract assets		(7,482)	(11,244)
Decrease/(increase) in inventories		1,819	(1,574)
(Decrease)/increase in other liabilities (monies held in trust)		(270)	598
<b>Net cash inflow from operating activities</b>		<b>94,211</b>	<b>76,591</b>

## NOTE 8.2 RESPONSIBLE PERSONS DISCLOSURES

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

A caretake period was enacting during the year ended 30 June 2023 which spanned the time the Legislative Assembly expired, until the Victorian election results were clear or a new government was commissioned. The caretaker period for the 2022 Victorian election commenced at 6pm on Tuesday the 1st of November and new ministers were sworn in on the 5th of December.

RESPONSIBLE MINISTERS	PERIOD	
<b>The Honourable Mary-Anne Thomas MP</b>		
Minister for Health	1 July 2022	30 June 2023
Minister for Health Infrastructure	5 December 2022	30 June 2023
Minister for Medical Research	5 December 2022	30 June 2023
Former Minister for Ambulance Services	1 July 2022	5 December 2022
<b>The Honourable Gabrielle Williams MP</b>		
Minister for Mental Health	1 July 2022	30 June 2023
Minister for Ambulance Services	5 December 2022	30 June 2023
<b>The Honourable Lizzy Blandthorn MP</b>		
Minister for Disability, Ageing and Carers	5 December 2022	30 June 2023
<b>The Honourable Colin Brooks</b>		
Former Minister for Disability, Ageing and Carers	1 July 2022	5 December 2022

GOVERNING BOARD	PERIOD	
Brian Cook (Chair of the Board)	1 July 2022	30 June 2023
Jennifer Williams	1 July 2022	30 June 2023
Virginia Todd	1 July 2022	30 June 2023
Jason Trethowan	1 July 2022	30 June 2023
Brendan Crotty	1 July 2022	30 June 2023
Stephen Elder	1 July 2022	30 June 2023
Clare Amies	1 July 2022	30 June 2023
Susan Sdrinis	1 July 2022	30 June 2023
Ian Broadway	1 July 2022	30 June 2023

ACCOUNTABLE OFFICER	PERIOD	
Frances Diver	1 July 2022	30 June 2023

On the 30th June 2023 the Board Chair Brian Cook and Jennifer Williams both retired from the Board of Directors.

On the 1st July 2023 The Hon. Lisa Neville was appointed to the Board of Directors as the Board Chair and Shane Solomon was appointed to the Board of Directors.

*Opposite: Christopher Healy, Karin Krenz Senior Emergency Mental Health Clinicians in the Mental Health, Alcohol and other Drugs Hub in the Emergency Department.*



**Remuneration of Responsible Persons**

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

	2023 NO.	2022 NO.
\$30,000 - \$39,999	-	1
\$40,000 - \$49,999	8	7
\$80,000 - \$89,999	1	1
\$480,000 - \$489,999	-	1
\$510,000 - \$519,999	1	-
<b>Total number of responsible persons</b>	<b>10</b>	<b>10</b>

	2023 \$'000	2022 \$'000
Total remuneration received or due and receivable by Responsible Persons from Barwon Health for the year	946	907

Amounts relating to the Governing Board Members and Accountable Officer of Barwon Health's controlled entities are disclosed in their own financial statements. Amounts relating to Responsible Ministers are reported within the State's Annual Financial Report.

**NOTE 8.3 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.

	2023 \$'000	2022 \$'000
Short-term employee benefits	2,080	2,252
Long-term benefits	23	-
Post-employment benefits	178	185
Termination benefits	24	-
<b>Total remuneration<sup>i</sup></b>	<b>2,305</b>	<b>2,437</b>
<b>Total number of executives</b>	<b>9</b>	<b>9</b>
<b>Total annualised employee equivalent<sup>ii</sup></b>	<b>7</b>	<b>7.9</b>

<sup>i</sup> The total number of executive officers include persons who meet the definition of Key Management Personnel (KMP) of Barwon Health under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

<sup>ii</sup> Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.



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 ceased.

#### **Other long-term benefits**

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

#### **Termination benefits**

Termination of employment payments, such as severance packages.

#### **NOTE 8.4 RELATED PARTIES**

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

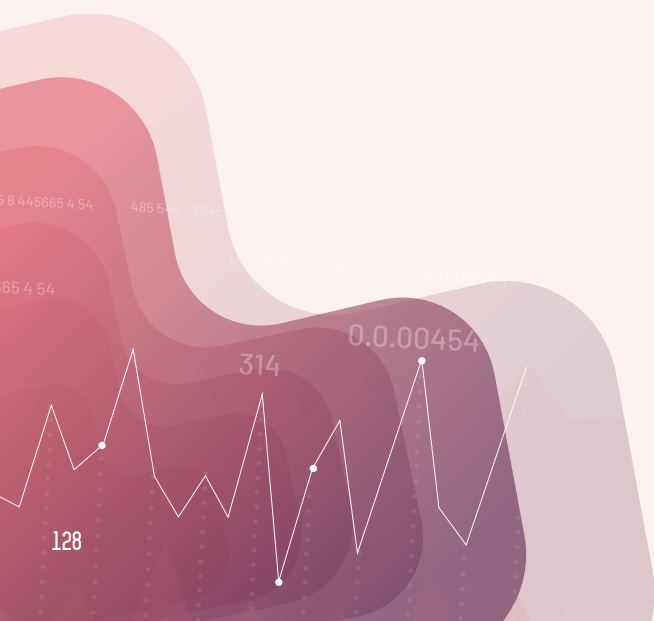
- all key management personnel (KMP) and their close family members and personal business interests
- cabinet ministers (where applicable) and their close family members
- controlled entities - Barwon Health Foundation Limited and the Barwon Health Foundation
- jointly controlled operations - A member of the South West Alliance of Rural Health (SWARH) and
- all health services and public sector entities that are controlled and consolidated into the State of Victoria financial statements.

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

#### **Key Management Personnel**

The Board of Directors and the Executive Directors of Barwon Health are deemed to be KMPs. Refer to Note 8.2 for Board of Directors and Accountable Officer. Executives are as follows:

<b>Amanda Cameron</b>	Chief Operating Officer
<b>Cobus Lotheringen</b>	Chief Financial Officer
<b>Andrew Macfarlane</b>	Chief Information Officer
<b>Simon Woods</b>	Chief Medical Officer (to 28 July 2022)
<b>Anna Burgess</b>	Chief Strategy & Planning Officer
<b>Angela Erwin</b>	Chief Nursing and Midwifery Officer
<b>Lee Jeffery</b>	Chief of Workforce & Culture (to 15 January 2023)
<b>Ajai Verma</b>	Chief of Medical Officer (from 29 July 2022)
<b>Tracy Gilligan</b>	Chief People & Culture Officer (from 16 January 2023)



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

COMPENSATION - KMPS	2023 \$'000	2022 \$'000
Short-term employee benefits	2,960	3,098
Long-term benefits	23	-
Post-employment benefits	244	246
Termination benefits	24	-
<b>Total<sup>i</sup></b>	<b>3,251</b>	<b>3,344</b>

<sup>i</sup> KMPS are also reported in Note 8.2 Responsible Persons and Note 8.3 Remuneration of Executives

### Significant transactions with government related entities

Barwon Health received funding from the Department of Health of \$865.9 (2022: \$788.8m) and indirect contributions of \$20.7m (2022: \$2.4m). Balances outstanding as at 30 June 2023 are \$66.9m (2022: \$56.3m).

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

### Transactions with KMPS and other related parties

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

Outside of normal citizen type transactions with Barwon Health, there were no related party transactions that involved key management personnel, their close family members or their personal business interests, except for the transactions detailed below:

- Revenue for services provided to Colac Area Health, of which Frances Diver's partner is Director - Capital Projects & Compliance - \$2.6m (2022: \$2.8m),
- Services have been provided by Colac Area Health, of which Frances Diver's partner is Director - Capital Projects & Compliance - \$1.5m (2022: \$0.5m),
- Revenue for services provided to G21 - Geelong Region Alliance Ltd, of which Frances Diver is a Director - \$0.1m (2022: \$nil),
- Services have been provided by Health Roundtable Limited of which Frances Diver is a Director - \$0.1m (2022: \$nil),
- Revenue for services provided to Northern Health, of which Jennifer Williams is a Director - \$19,000 (2022: \$17,000),
- Revenue for services provided to Victorian Health Building Authority, of which Jennifer Williams is a Director - \$16.5m (2022: nil), and
- Services have been provided by GenU, of which Clare Amies is a Chief Operating Officer - \$1.0m (2022: \$0.6m),
- Services have been provided by Victorian Managed Insurance Authority, of which Virginia Todd's direct family member is a board member - \$11.5m (2022: \$9.6m).
- Revenue for services have been provided to Victorian Managed Insurance Authority, of which Virginia Todd's direct family member is a board member - \$0.1m (2022: nil).

No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2023 (2022: none).

Except for the transactions listed below, there were no other related party transactions required to be disclosed for the Barwon Health Foundation Board of Directors in 2023 (2022: none).

### Controlled entities related party transactions

#### Barwon Health Foundation

Clare Amies is a director of Barwon Health and director of Barwon Health Foundation.

The transactions between the two entities relate to reimbursements made by the Barwon Health Foundation to Barwon Health for goods and services and the transfer of funds by way of distributions made to the health service. All dealings are in the normal course of business and are on normal commercial terms and conditions.

	2023 \$'000	2022 \$'000
Services provided to Barwon Health Foundation	413	472
Distributions/grants received from Barwon Health Foundation	478	2,207
Intercompany receivable/(payable) from Barwon Health Foundation	-	13

#### NOTE 8.5 REMUNERATION OF AUDITORS

	CONSOLIDATED	
	2023 \$'000	2022 \$'000
<b>Victorian Auditor-General's Office</b>		
Audit of the financial statements	150	165
<b>Total remuneration of auditors</b>	<b>150</b>	<b>165</b>

#### NOTE 8.6 EVENTS OCCURRING AFTER BALANCE SHEET DATE

There were no events occurring after the balance sheet date.

#### NOTE 8.7 CONTROLLED ENTITIES

Barwon Health's interest in controlled operations are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

NAME OF ENTITY	COUNTRY OF INCORPORATION	EQUITY HOLDING
Barwon Health Foundation	Australia	n/a
Barwon Health Foundation Limited	Australia	n/a

The above controlled entities are consolidated in to the Barwon Health Financial Statements in line with AASB 10 *Consolidated Financial Statements* as it is deemed that Barwon Health retains control over the Foundation.

CONTROLLED ENTITIES CONTRIBUTION TO THE CONSOLIDATED NET RESULT FOR THE YEAR (EXCLUDING DISTRIBUTIONS)	2023 \$'000	2022 \$'000
Barwon Health Foundation	3,767	2,559
Barwon Health Foundation Limited	-	-
	<b>3,767</b>	<b>2,559</b>

#### Contingent Liabilities and Capital Commitments

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

**NOTE 8.8 JOINTLY CONTROLLED OPERATION**

NAME OF ENTITY	PRINCIPAL ACTIVITIES	OWNERSHIP INTEREST 2023 %	OWNERSHIP INTEREST 2022 %
South West Alliance of Rural Health (Vic)	Information Systems	58	48

Barwon Health interest in assets and liabilities of the above joint arrangements are detailed below. The amounts are included in the consolidated financial statements:

	2023 \$'000	2022 \$'000
<b>Current assets</b>		
Cash and cash equivalents	10,155	11,236
Inventories	13	24
Receivables	3,944	3,340
<b>Total current assets</b>	<b>14,112</b>	<b>14,600</b>
<b>Non-current assets</b>		
Property, plant and equipment	5,689	3,850
Intangible assets	2,637	123
Other receivables	594	441
<b>Non-current assets</b>	<b>8,920</b>	<b>4,414</b>
<b>Total assets</b>	<b>23,032</b>	<b>19,014</b>
<b>Current Liabilities</b>		
Other current liabilities	7,751	6,891
Payables	4,964	5,070
Lease liabilities	968	830
Employee benefits and related on-cost provisions	1,557	1,410
<b>Total current liabilities</b>	<b>15,240</b>	<b>14,201</b>
<b>Non-current liabilities</b>		
Other non-current liabilities	55	93
Employee benefits and related on-cost provisions	321	144
Lease liabilities	1,847	1,064
<b>Total non-current liabilities</b>	<b>2,223</b>	<b>1,301</b>
<b>Total liabilities</b>	<b>17,463</b>	<b>15,502</b>
<b>Net assets</b>	<b>5,569</b>	<b>3,512</b>
<b>Equity</b>		
Accumulated Surplus	5,569	3,512
<b>Total equity</b>	<b>5,569</b>	<b>3,512</b>

Barwon Health's interest in revenues and expenses resulting from joint arrangements are detailed below. The amounts are included in the consolidated financial statements under their respective categories:

	2023 \$'000	2022 \$'000
<b>Revenue and income from transactions</b>		
Operating activities	10,066	6,668
Non-operating activities	317	843
<b>Total revenue and income from transactions</b>	<b>10,383</b>	<b>7,511</b>
<b>Expenses from transactions</b>		
Operating activities	(12,841)	(10,536)
<b>Total expenses from transactions</b>	<b>(12,841)</b>	<b>(10,536)</b>
<b>Net Result from transactions - Net Operating Balances</b>	<b>(2,458)</b>	<b>(3,025)</b>
<b>Other economic flows included in the Net result</b>		
Revaluation of Long Service Leave	13	(41)
<b>Total Other Economic Flows included in Net Result</b>	<b>13</b>	<b>(41)</b>
<b>Comprehensive result for the year</b>	<b>(2,445)</b>	<b>(3,066)</b>

\* Figures obtained from the unaudited South West Alliance of Rural Health annual report.

### **Contingent Liabilities and Capital Commitments**

There are no known contingent liabilities held by the jointly controlled operations at balance date. There is \$1.9m of capital commitments as at balance date (100% share) (2022: \$2.3m).

### **NOTE 8.9 EQUITY**

#### **Contributed capital**

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

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

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

#### **Financial assets at fair value through comprehensive income revaluation reserve**

The financial assets at fair value through other comprehensive income revaluation reserve arises on the revaluation of financial assets (such as equity instruments) measured at fair value through other comprehensive income.

Where such a financial asset is sold, that portion of the reserve which relates to that financial asset may be transferred to accumulated surplus/deficit.

#### **Specific restricted purpose reserves**

The specific restricted purpose reserve is established where Barwon Health has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

### **NOTE 8.10 ECONOMIC DEPENDENCY**

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

In accordance with the Standing Directions issued by the Minister of Finance, any identified going concern risks should be discussed with the Department of Health. In addition, provision is to be made of steps being taken to mitigate any identified risks, incorporating work with the department and entering into arrangements to address cash flow issues. The Board of Directors have considered the risks noted above and continue to adopt the going concern basis in preparing the financial statements.



# DISCLOSURE INDEX

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

LEGISLATION	REQUIREMENT	PAGE REF.
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<b>Charter and purpose</b>		
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FRD 22	Purpose, functions, powers and duties	1
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LEGISLATION	REQUIREMENT	PAGE REF.
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## Independent Auditor's Report

### To the Board of Barwon Health

<b>Opinion</b>	<p>I have audited the consolidated financial report of Barwon Health (the health service) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> <li>• consolidated entity and health service balance sheets as at 30 June 2023</li> <li>• consolidated entity and health service comprehensive operating statements for the year then ended</li> <li>• consolidated entity and health service statements of changes in equity for the year then ended</li> <li>• consolidated entity and health service cash flow statements for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• board members, accountable officer's and chief financial officer declaration.</li> </ul> <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2023 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>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's 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>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

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

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

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

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

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



Dominika Ryan

*as delegate for the Auditor-General of Victoria*

MELBOURNE  
22 September 2023



**Barwon  
Health**

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