BCH
Bass Coast Health

Annual report

2019–20

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Our Mission

Delivering person centred care to improve health, wellbeing, care experience and health outcomes, with our community.

Our Vision

Excellence in care.

Our Values

Wellbeing

Equity

Compassion

Accountability

Respect

Excellence.

About this report

Bass Coast Health reports on its annual performance in this report of operations. This Annual Financial and Performance Report fulfils the statutory reporting requirements to Government by way of an Annual Report. This document is presented at Bass Coast Health's Annual General Meeting, and is available on the Bass Coast Health website with hard copies made available to the community.

Bass Coast Health is established under the *Health Services Act 1988 (Vic)*.

Relevant Ministers

The relevant Ministers during this reporting period were:

- Jenny Mikakos MP – Minister for Health, Minister for Ambulance Services

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Year in review

In accordance with the Financial Management Act 1994, I am pleased to present the report of operations for Bass Coast Health (BCH) for the year ending 30 June 2020.

This is a year that has been like no other.

Our local Community was hit by a number of highly virulent gastro outbreaks that saw Wonthaggi Hospital locked down for weeks, treating many very sick patients but seeing all of them recover.

We experienced a significant IT outage for several months where the health service ran without access to emails, or other electronic information including patient information, as a result of one of the biggest cybersecurity breaches in Victoria's health history.

We took the whole health service through a number of National Accreditation processes where we were able to have our care validated as safe and high quality by external reviewers.

We faced a momentous change in our Medical Model where we saw our longstanding partnership with our local GP practice morph into a new and contemporary model fitting for a sub-regional health service. Doctors were engaged and employed directly to the health service and there was a growth in the Medical Specialists available to support more complex care.

As if all that were not enough to test the resilience, agility and strength of BCH, March saw the unprecedented influx of the COVID 19 Pandemic which required BCH to respond swiftly and comprehensively. This was the biggest challenge faced by the community and BCH since the Spanish Flu some 100 years prior. The efforts taken by BCH to optimise the safety of our community, our patients and our staff were extraordinary. BCH facilitated transformational change in all aspects of its service to respond as the sub-regional COVID hospital, whilst at the same time maintaining our expanded service offerings for our community.

Throughout this extraordinary year, BCH treated more patients than ever before; our Facilities team worked behind the scenes to improve our Infrastructure including upgrades to our Water Filtration and Disinfection system, replacement of our one and only lift; and complete refurbishment of the Sleeman inpatient ward. We commissioned new services such as the Urgent Care Centre in Cowes and Cancer Services in Wonthaggi. Most pleasingly, we progressed the planning to start building the new Wonthaggi Hospital and also commenced planning the new Phillip Island Community Hospital.

In order to further increase the breadth and complexity of health services available to the Bass Coast community, we expanded our links with Metropolitan and Tertiary services to bring more medical specialists to Bass Coast. As a result of this collaboration, we now have specialists providing high quality care to BCH in:

- Medical oncology and radiation oncology
- Urology
- Cardiology
- Ophthalmology
- Nephrology
- Orthopaedic surgery
- Haematology
- Breast Surgery
- General surgery
- Obstetrics and gynaecology
- Geriatric medicine
- Plastic and reconstructive surgery
- Ear, nose and throat
- Gastroenterology
- Endocrinology

All of this demonstrates what we already know: we have a safe and dynamic sub-regional health service that is more than ever meeting the needs of our local communities.

On behalf of the BCH Board and Executive, we would like to pay tribute to, and sincerely thank our team of skilled, dedicated and passionate employees for their ongoing commitment and extraordinary efforts over the past year. Our staff come to work to serve their local community. They are dedicated to improving health outcomes and providing the sort of care we all expect for our own loved ones. Whilst working through this year of significant change, they have been unwavering in their pursuit of safe, high quality care. We commend them for ensuring our values of Well-being, Equity, Compassion, Accountability, Respect and Excellence are integral to what they do. The high level of agility, expertise and care displayed by BCH staff is a testament to our high-quality people and to all of you, we say a most sincere thanks.

We are indebted to our dedicated medical staff including those who live locally, and those who travel long distances, for their strong focus on providing quality care and contemporary expertise to our community.

To our two hundred and fifty-nine registered volunteers, who selflessly donated an incredible 13,500 hours of their time throughout 2019-20 – thank you. Our Volunteers provide extraordinary support to our service across so many areas. We are very blessed and are truly grateful.

To our five wonderful Auxiliaries who give so much of their time to raise funds for much needed equipment and infrastructure; thank you. This year we welcomed a fifth auxiliary, the Inverloch Fundraising Auxiliary, who along with the Wonthaggi Ladies Auxiliary, the San Remo Op Shop, the Inverloch Art Show Auxiliary and Phillip Island Health Hub Auxiliary raised $185,000 in the last year. These excellent fundraising efforts, along with the generous donations from local community groups, businesses and residents during 2019-20, provided highly valued specialised equipment and service enhancements. We genuinely thank and acknowledge all of our donors for their ongoing generosity and support.

We wish to express our particular appreciation to the many people within our community who have supported BCH through the Pandemic. We received an influx of donations of personal protective equipment and hand sanitiser, offers to sew scrubs, among many other supports. We were buoyed by the thoughtful messages of support given to healthcare workers, particularly via our Facebook page and this made our efforts so much easier.

Importantly, BCH's strong commitment to the delivery of safe, high quality care, is achieved by working in Partnership with others. We pay special tribute to all of our partners who have worked with us to make BCH a better service. This includes:

- the Victorian Government Department of Health and Human Services (DHHS);
- the Commonwealth Department of Health;
- other Federal and State government agencies including the Victorian Health and Human Services Building Authority;
- our local Federal and State members;
- our Metropolitan health service colleagues, in particular Alfred Health and Monash Health;
- our Regional and Sub-Regional health service colleagues in particular South Gippsland Hospital (SGH), Gippsland Southern Health Service (GSHS) and Kooweerup Regional Health Service (KRHS);
- Bass Coast Shire Council;
- Ambulance Victoria;
- our fantastic community organisations – including Lions, Rotary, the Freemasons, Phillip Island Medical and Health Action Group, Men's Sheds;
- local businesses;
- the local media who keep us honest;
- and most importantly, all of our patients, clients, residents, families and community members who provide us frank and fearless feedback to improve our care.

The delivery of health services relies on the contribution and expertise of so many. We feel very privileged to lead Bass Coast Health, and we are very grateful to each and every one for your support.

In 2019-20, BCH partnered with consumers, community members, and employees to deliver on the five key strategic goals for the organisation. These strategic goals aim to improve: Safety and Quality; Service Capability; People; Innovation and Technology; and Financial Health. Below is a list of some of our key achievements against these strategic goals in 2019-20:

Safety and Quality

- We delivered safe, high quality, person centred care by:
  - ✓ achieving accreditation against the National Safety and Quality Health Service Standards and Human Service Standards,
  - ✓ maintaining accreditation against the Aged Care Standards, Australian College of Emergency Medicine and the Post Graduate Medical Council of Victoria,
  - ✓ commencing a Shared Decision-Making project involving representatives of the Consumer Advisory Committee. This project is part of the Partnering in Healthcare Action Plan,
  - ✓ implementing a contemporary Cognition Framework that supports and optimises function and quality of life for patients and residents with cognitive impairment,
  - ✓ being an active member of the Bass Coast Reconciliation Network along with Westernport Water, Phillip Island Nature Parks, Bass Coast Shire Council, Bunurong Land Council Aboriginal Corporation, community members and local elders,
  - ✓ progressing our Reflect Reconciliation Action Plan in consultation with Bunurong Land Council Aboriginal Corporation and local community members,
  - ✓ implementing a new and enhanced medical model for inpatient and outpatient services, and
  - ✓ enhancing our medical credentialing policy and process to align with the state-wide policy.

Service Capability

- We grew service capacity and capability including access to meet local and sub-regional needs by:
  - ✓ implementing the Subregional maternity state-wide capability framework in partnership with our South Coast health service colleagues,
  - ✓ establishing the South Coast Prevention Partnership to provide coordinated strategic oversight, governance and expansion of the South Coast Prevention Team,
  - ✓ transitioning the Phillip Island Minor Illness Clinic to an Urgent Care Centre,
  - ✓ establishing a breast surgery program,
  - ✓ establishing an integrated cancer service and introducing cytotoxic chemotherapy,
  - ✓ implementing the Gippsland South Coast Health Volunteer Transport Program across the sub-region,
  - ✓ exploring a telehealth model with Latrobe Regional Hospital as part of an innovative model of mental health care for the Bass Coast region,
  - ✓ continuing to implement the Change for Sam strategy to facilitate a coordinated family violence prevention and response strategy across the catchment,
  - ✓ refurbishing an additional ward which has enabled us to treat more patients, and
  - ✓ commencing BCH preoperative anaesthetic and maternity clinics.

People

- We enabled a skilled, motivated workforce that is highly valued by:
  - ✓ growing our workforce from 425.3 full-time equivalent (FTE) staff in June 2019 to 482.8 (FTE) staff in June 2020,
  - ✓ expanding the medical specialists appointed to BCH to increase our outpatient clinics at Phillip Island and Wonthaggi,
  - ✓ appointing Dr Renee Kelsall to job share the Chief Medical Officer role,
  - ✓ appointing Dr Doseena Fergie in the role of Strategic Advisor, Aboriginal and Torres Strait Islander services, a joint position between BCH and Bass Coast Shire Council,
  - ✓ increasing awareness of bullying and harassment behaviour and encouraged elimination of this behaviour by implementing the DHHS / Worksafe 'Know Better Be Better' campaign,
  - ✓ expanding our Geriatrician service to provide increased inpatient and outpatient care,
  - ✓ expanding the Operations Director team to further support governance and leadership,
  - ✓ continuing the Leadership Development Program for our leadership group, expanding skills in coaching, change management and capacity building,
  - ✓ increasing numbers through the Nurse Graduate and Transition Year Programs, including introducing Enrolled Endorsed Nurses and providing rotations through a range of clinical areas, and
  - ✓ continuing to increase our junior medical workforce.

Innovation and Technology

- We embraced innovation and technology by:
  - ✓ commencing work on the new Cancer Centre,
  - ✓ continuing to advance the $115 million Wonthaggi Hospital Expansion project in collaboration with the Victorian Health and Human Services Building Authority (VHHSBA),
  - ✓ developing an Information and Communication Technology strategic plan,
  - ✓ enhancing our Information technology infrastructure to meet increased demands across the network,
  - ✓ developing telehealth options across a range of services to continue to meet patient needs,
  - ✓ expanding the Master Care patient and client management system for outpatient and community care services,
  - ✓ establishing a fibre connection to our Wonthaggi site ensuring reliable connectivity.
  - ✓ installing a new access control system at San Remo Community Health,
  - ✓ collaborating with the Alfred Hospital to deliver telemedicine aged care services to our community,
  - ✓ embedding the Victorian Stroke Telemedicine (VST) program as a key service in the Wonthaggi Emergency Department,
  - ✓ being actively involved in a number of research projects, and
  - ✓ implementing an electronic Human Resource system to support recruitment and credentialing.

Financial Health

- We demonstrated strong financial governance, viability and sustainability by:
  - ✓ completing a waste review to develop improved sustainability for Wonthaggi Hospital, including waste management options for management of compostable waste and energy conservation,
  - ✓ implementing our financial sustainability plan,
  - ✓ negotiating new pathology service with Monash Pathology,

- ✓ expending over $3.6m in funds received from DHHS and generous donations in capital works to improve the fabric of our infrastructure,
- ✓ developing and delivering on a strong capital management plan,
- ✓ treating significantly more patients, and sicker patients, which resulted in a significant funding increase,
- ✓ welcoming the Commonwealth Government funding announcement of $3.5m for capital works, and
- ✓ spending funding received for infrastructure upgrades for the Urgent Care Centre at Phillip Island, Kirrak House, violence prevention funding and San Remo security upgrades.

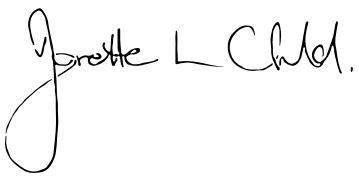
The year 2020 has seen BCH face significant challenges, whilst achieving much. We have been extremely agile and responsive as we grew our services, and our local community has been immensely supportive, as have our patients, residents, volunteers and staff.

The Board and Executive are immensely proud of everyone in the BCH team and we are grateful to those who have partnered to support us.

Our focus has, and will continue to be on the safety and quality of care we provide; there is nothing more important. We are continually working to ensure there are strong foundations for excellent care, whilst also making sure we are growing our services to better meet the needs of our patients and their families. The years ahead will see the strong investment in our Infrastructure deliver more care. Our Cancer Centre will open in February and bring local Cancer treatment. Our Wonthaggi Hospital Expansion will commence construction to bring additional Theatre, ED and inpatient capacity in 2022. Our Public Sector Residential Aged Care services will be refurbished to optimise our resident experience; and our public Outpatient capacity will expand with a focus on Women's and Children's services and Aged Care. We will continue to partner with others to expand our services and deliver high quality health care to our local community. This growth will meet our key goal of delivering more services locally, and will expand our role as a sub-regional leader.

It is a privilege to serve our community and we are very pleased to present this Annual Report. The report showcases the outstanding care, commitment and achievements of the BCH team over the last 12 months and we thank you all for the part you played in making us better.

Don Paproth, Chair, Board of Directors



Jan Child, Chief Executive Officer

Our service profile

Acute Services

- 54 registered beds
- 4 day surgery beds
- Close Observation Unit
- Clinical services
  - Emergency
  - Haemodialysis
  - Hospital in the Home
  - Maternity
  - Medical
  - Medical Day Unit
  - Minor Injury and Illness Clinic
  - Operating Suite
  - Palliative Care
  - Short Stay Unit
  - Surgical
  - Integrated Cancer Unit for oncology

Sub-Acute Services

- Armitage House – Sub-acute services include Geriatric Evaluation and Management (GEM), Rehabilitation, Palliative Care

Residential Aged Care

- Kirrak House – 30 beds
- Griffiths Point Lodge – 29 beds.

Clinical Support Services

- Breast screening (Gippsland BreastScreen)
- Pathology (Monash Pathology)
- Pharmacy
- Radiology and ultrasonography (I-MED Radiology Network)
- South West Gippsland Community Mental Health Service (Latrobe Regional Hospital)
- Acute/ Aged Persons Mental Health Service (Latrobe Regional Hospital).

Volunteer Programs

- Meals on Wheels
- Medical transport driving
- Ward visitors
- Palliative care support
- Administration
- Residential aged care support
- Pastoral care
- Car washing
- Men's Shed (The San Remo Shack)
- Planned Activity Groups
- Auxiliaries (fundraising)
- Advisory groups.

Primary and Community Care Programs and Services

- Allied Health Paediatric Service: individual and group
- Antenatal education
- Autism and mental health program
- Best Start
- Breast Care Nurse
- Cancer Support Group
- Cardiac Rehabilitation Program
- Communication Skills Support Group
- Community Rehabilitation Program
- Continence Clinic
- Counselling services: general, family violence, alcohol and other drugs, sexual assault, psychological therapies
- Dental service
- Diabetes Self-Management Group
- Dietetics
- Domiciliary care
- Falls Prevention / Falls and Balance Clinic
- Family Day Care
- Health Promotion
- Home Care Packages (Flexihealth)
- Hospital Admission Risk Program
- Hip and Knee Joint Rehabilitation Group
- Integrated Family Services
- Lactation Services
- Maternal and Child Health
- Meals on Wheels
- Needle and Syringe Program
- Nursing programs: district and palliative care nursing, asthma and respiratory, stop smoking program, stomal therapy, chronic disease management, continence, Residential In-Reach and diabetes education.
- Occupational Therapy, including hand therapy
- Pastoral care
- Power Girls Group (women specific)
- Cardiac/ Pulmonary Rehabilitation Support
- Physiotherapy, including lymphoedema management, hydrotherapy and Strength Training Group
- Planned Activity Groups: general, men and dementia
- Podiatry and footcare
- Post Acute Care
- Pregnancy Care Clinic
- Pulmonary Rehabilitation Program
- School Focused Youth Service
- Social Work
- Speech Pathology
- Supported Playgroups
- Transition Care Program in the home
- Trauma and mental health program
- Walking groups (Heart Foundation)
- Weight Wise Group
- Wonthaggi Wheezers (Pulmonary Rehabilitation Support Group).

Medical Specialists

- Cardiology
- General Surgery
- Geriatric Medicine
- Haematology
- Nephrology
- Gynaecology
- Oncology
- Radiation Oncology
- Obstetrics
- Plastic and reconstructive surgery
- Breast surgery
- Urology
- Ophthalmology
- Orthopaedics
- Ear, nose and throat
- Gastroenterology
- Endocrinology

Corporate governance

Board of Directors

The Board of Directors (the 'Board') of BCH is accountable to the Minister for Health. The role of the Board is to steer the entity on behalf of the Minister in accordance with government policy. This governance role broadly involves strategic leadership of the organisation, monitoring performance against agreed objectives and ensuring accountability and compliance.

Functions of the Board include:

- develop a statement of priorities and strategic plan for the operation of BCH and monitor its compliance;
- develop financial and business plans, strategies and budgets to ensure accountable and efficient provision of health services and long-term financial viability of BCH;
- establish and maintain effective systems to ensure that BCH meets the needs of the community, ensuring the views of users and providers of health services are taken into account; and
- monitor the performance of BCH.

Chair

Don Paproth BA, Dip Ed

Don joined the BCH Board in July 2015 and has been the Chair of the Board of Directors for the last five years. Prior to that he had 48 years of experience in education, working as a secondary teacher, principal, deputy regional director and as the director of major projects in the Gippsland Region with the Department of Education and Early Childhood Development. He was Chair of the Council of the Victorian Institute of Teaching, the body which regulates the teaching profession across the state. Don is a member of the Finance, Audit and Risk and Remuneration Committees, the Development Council and the Master Planning Project Control Group. He is also on the committee charged with the development of a University presence in the Bass Coast..

Deputy Chair

Christine Hammond Adv Cert Mgt, GAICD

Christine has strong experience in business management in both public and private sectors, including 21 years in the health industry. Christine is a former director of Bass Coast Community Health Service and was appointed to the Board of BCH in July 2014. Christine is a member of the Finance, Audit and Risk Committee, Quality and Clinical Governance Committee, and the Remuneration Committee.

Mim Kershaw

Mim has more than 31 years' management experience in both private and public listed companies. Mim has experience in setting and achieving budgets, strategic planning, team development and retention, ethical sourcing and Quality Assurance and Quality Control. Mim is a former director of Bass Coast Community Health Service. She joined the BCH Board in July 2014 and is a member of the Development Council and the Remuneration Committee.

Mary Whelan B. App Sc (Physiotherapy), Grad Dip Man Therapy, Cert App Ergonomics for Injury Mgt, Cert IV Workplace Training.

Mary Whelan is a former clinical physiotherapist with 38 years' experience in public health and private practice. She founded a company to design and develop mobility aides to address the needs of patients and the occupational health and safety of staff in hospitals and aged care facilities. Mary joined the BCH Board in August 2015 is the Chair of the Quality and Clinical Governance Committee and is also a member of the Community Advisory Committee. Mary also joined the Finance, Audit and Risk Committee in March 2020.

Ian Thompson BBus (Accounting), Grad Dip (Corp Finance), CPA, GAICD.

Ian is a risk professional with more than 30 years' experience in financial markets, having worked in various credit, economic, quality, risk management and governance roles here in Australia and in the UK. Ian spent the bulk of his career with Standard and Poor's Rating Services, most recently as a Senior Managing Director and Global Chief Credit Officer. Ian is a board member of Snowdome Foundation (charity focussed on blood cancer) and the Australian College of Critical Care Nurses. Additionally Ian is an independent member of Audit and Risk Committees of State Sport Centre Trust, Australia College of Optometry and the Uniting Church's (Vic and Tas Synod). Ian joined the BCH Board in July 2016 and chairs the Finance, Audit and Risk Committee and is also a member of the Quality and Clinical Governance Committee and Development Council.

Kate Mccullogh LLB, BCom (Accounting), Grad Dip (Intellectual Property Law), Advanced Diploma (Mechanical Engineering)

Kate is an experienced legal practitioner who was appointed to the BCH Board in July 2017. Kate has significant expertise in the health and disability sectors having acted as legal counsel for a Victorian public health service, a pharmaceutical company and a non-for-profit disability service provider. Kate also has experience advising on commercial contracting, tendering and procurement, legislative and regulatory compliance, business acquisitions, sale of assets, intellectual property, privacy and freedom of information matters. Kate is currently the General Counsel at BlueCross and is a member of the Finance, Audit and Risk Committee and the Community Advisory Committee.

Dr Richard King AM, MBBS, FRACP

Dr Richard King is an Honorary Physician at Monash Health. Before his retirement he was Head of Investigative Services and Pharmacy at Monash Health. Prior to that he was Head of Medicine for 20 years. He is on the Board of Goulburn Valley Health and on the Board Quality Committee of the Northern Hospital. He chairs the Committee of Chairs of Board Quality Committee at DHHS. He is past Chair of the Council of the Australian Medical Association Victoria and past Chair of the State Committee of the College of Physicians. He received the AM for services to medicine and teaching. Richard joined the BCH Board in September 2017 and is a member of the Finance, Audit and Risk and Quality and Clinical Governance Committees.

Simon Jemmett BHSc Grad Cert Mgt, Dip Proj Mgt, MAICD

Simon has more than 30 years' experience in health, initially working in the public and private hospital systems before moving to Ambulance Victoria. Simon has substantial experience across both the metropolitan and rural health sectors in clinical and operational management, education, audit, clinical governance and telecommunications. Simon is the former Regional Director Gippsland for Ambulance Victoria and is now leading some of Ambulance Victoria's transformative technology projects. Simon is also a member of the Governance Committee for the Emergency Care Clinical Network. Simon joined the BCH Board in July 2017 and is a member of the Quality and Clinical Governance Committee.

Ian Leong Bach Bldg (QS) (Hons), Grad Dip Comp Sc, MBA, GAICD

Ian has more than 40 years in the industry, working in both government and private sectors. Ian has significant experience as a property/building consultant, but more recently has managed his own general consultancy firm, providing advice to private and government clients. Ian is currently the Executive Director Redevelopment, Planning and Infrastructure at the Royal Victorian Eye and Ear Hospital, his role having overarching responsibility for capital redevelopment, future strategy/health service delivery and patient experience. Ian joined the BCH Board in August 2018 and is a member of the Finance, Audit and Risk Committee and the Quality and Clinical Governance Committee.

Tony Gabbert MBA; PG Dip HSM, B App Science Medical Radiation, Dip Radiography and Fellow of the Fairly Leadership Program (Goulburn Murray Community Leadership) and with Certificates in Executive Healthcare Leadership and Healthcare Change Leadership, Cornell University

Tony Gabbert is the current General Manager of Imaging at Monash Health and has sat on a number of state-wide working groups. Tony has a background managing multi-site public and private radiology services, including Health IT, and is MBA and Health Service Management qualified with experience in health care operations. Tony joined the Board in July 2019 and is a member of the Finance, Audit and Risk Committee and the Quality and Clinical Governance Committee.

Julia Oxley MBusMktg, BA, GAICD

Julia Oxley works at Monash Health as General Manager Community and is a member of the Monash Health Executive Committee. With ten years' experience in the public sector Julia has held executive leadership roles with South East Water and Knox City Council, and was CEO and COO of the Emergency Services Telecommunications Authority, leading the Triple Zero call-taking and dispatch service for Victoria. Julia brings a strong commercial lens with 25 years private sector experience in operations, customer service, marketing and business management. A member of the Victorian Council of Social Service, she takes an active interest in social justice and health equity. Julia joined the Board in July 2019 and is a member of the Finance, Audit and Risk Committee and the Quality and Clinical Governance Committee.

Board committees

Finance Audit and Risk Committee

Chairperson: Ian Thompson

The Finance, Audit and Risk Committee is a sub-committee of the Board responsible for oversight, advice and recommendations to the Board regarding:

- financial management, including asset management;
- risk management, including compliance management; and
- internal and external audit.

Independent Members

Carol Clarke BA (Public Policy Management), Cert Investigation Services, Cert Government (Investigations)

Carol is a member of the Institute of Internal Auditors and has substantial experience in internal audit, risk, strategic governance, investigations and fraud, supported by a background in compliance and quality assurance within the public sectors of Australia and Ireland.

Carol is an independent external member of BCH Finance, Audit and Risk Committee.

Carol's term as an Independent external member of the Finance, Audit and Risk Committee ended on 27 February 2020.

Joanne Harris BA (Business), CPA, Master of Taxation

Joanne is an experienced finance professional with more than 20 years of experience across a variety of sectors from private, through to health, education and local government in Australia, UK and Ireland. Carol is an independent external member of BCH Finance, Audit and Risk Committee.

Joanne's term as an Independent external member of the Finance, Audit and Risk Committee ended on 27 February 2020.

Quality and Clinical Governance Committee

Chairperson: Mary Whelan

The Quality and Clinical Governance Committee is a sub-committee of the Board responsible for implementation of a strong quality and clinical governance framework, encompassing the domains of quality and safety:

- Leadership and culture
- Consumer partnerships
- Workforce
- Risk management
- Clinical Practice.

Remuneration Committee

Chairperson: Don Paproth

The Remuneration Committee is a sub-committee of the Board responsible for facilitating the remuneration and performance processes for the Chief Executive Officer.

Development Council

The Development Council is responsible for the development, implementation, and monitoring of BCH's fundraising strategy.

This committee is currently in abeyance.

Community Advisory Committee

Chairperson: Hilary Kerrison

The primary role of the Community Advisory Committee is to bring the voice of consumers, carers and community members into BCH's decision-making processes, ensuring their involvement in planning, design, delivery and evaluation of healthcare at individual level, as well as program, department and health service level.

Retirements, re-appointments and appointments to the Board of Directors

The following occurred in 2019–20:

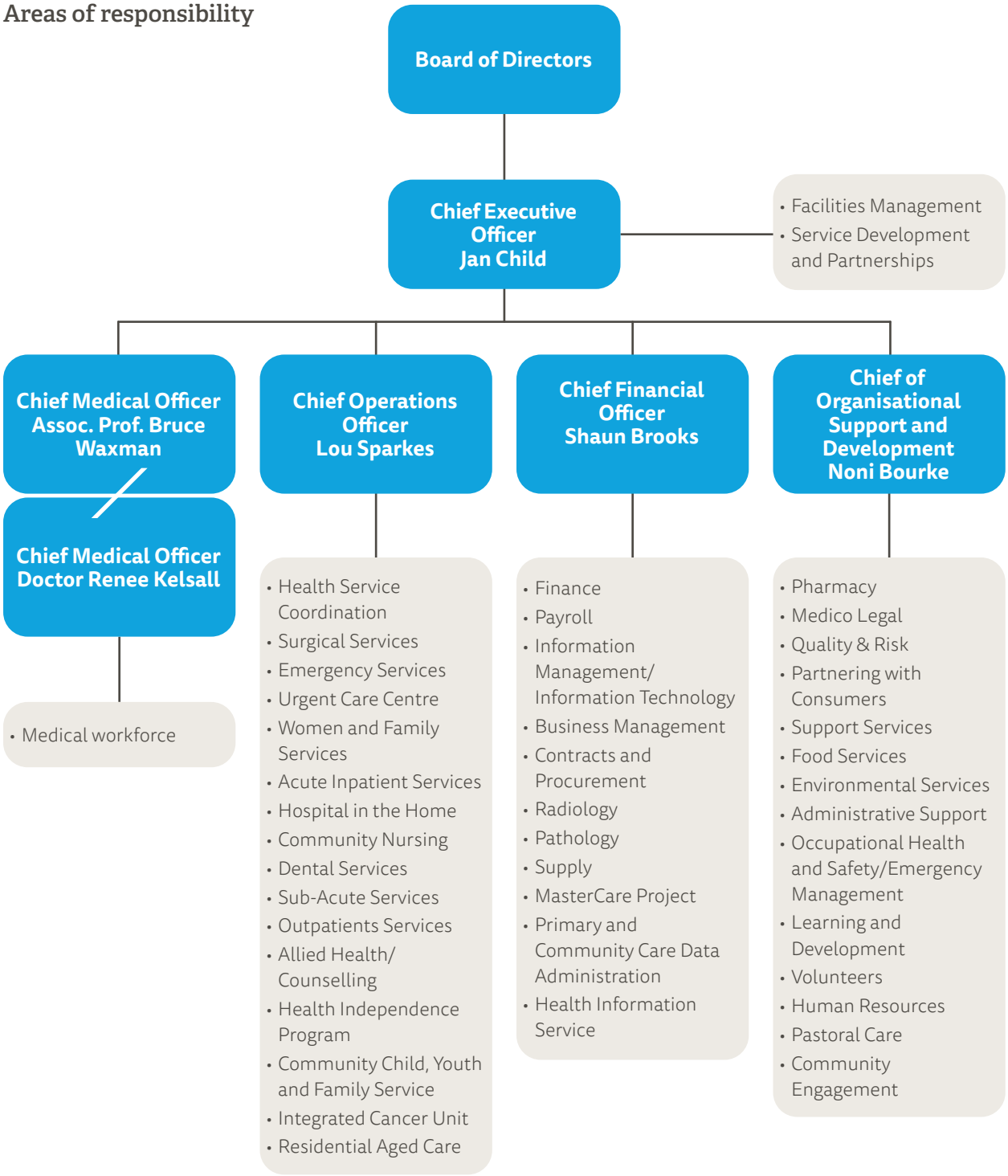
Retirements	
Christine Hammond	25 November 2011 (BCRH) to 30 June 2020
Richard King	12 September 2017 to 30 June 2020
Reappointments	
Mim Kershaw	1 July 2019 to 30 June 2022
Ian Thompson	1 July 2019 to 30 June 2022
Appointments	
Julia Oxley	1 July 2019 to 30 June 2022
Tony Gabbert	1 July 2019 to 30 June 2022

Board membership and meeting attendance

Board member	Board of Directors	Finance, Audit and Risk Committee	Quality and Clinical Governance Committee	Community Advisory Committee
Don Paproth	100%	100%	–	–
Christine Hammond	73%	63%	60%	–
Mim Kershaw	91%	–	–	–
Simon Jemmett	100%	–	100%	–
Kate McCullough	100%	88%	–	100%
Mary Whelan	91%	100%	100%	100%
Ian Leong	82%	75%	80%	–
Ian Thompson	100%	100%	100%	–
Tony Gabbert	73%	75%	60%	–
Julia Oxley	91%	88%	80%	–
Richard King	91%	88%	80%	–
Independent members				
Carol Clarke	–	71%	–	–
Joanne Harris	–	71%	–	–

Organisation chart

Areas of responsibility



BCH executive

Jan Child

Chief Executive Officer
Reg Nurse, Grad Dip Behavioural Science, Masters Public Health, GAICD

Jan is a Registered Nurse with post graduate qualifications in behavioural sciences, health administration and a Masters in Public Health. She is a graduate of the Australian Institute of Company Directors and a surveyor with the Australian Council of Healthcare Services. She has more than 30 years' experience in public health, having trained in rural western Victoria, and then worked across metropolitan Melbourne including at Peninsula Health, Alfred Health, DHHS, alcohol and drug agencies and the community health sector. Jan was appointed as Chief Executive Officer in September 2016, following a six-month interim role commencing in March 2016.

Assoc. Professor Bruce P Waxman OAM

Chief Medical Officer
BMedSc (Hons), MBBS (Hons), FRACS, FRCS, FACS, AFRACMA, MAICD

Bruce is an honours medical graduate of Monash University, trained in general and colorectal surgery and was in consultant surgical practice, both in the public and private sectors for 30 years – 20 years of which as Associate Professor at Monash University. He retired from surgical practice in 2014 and transitioned into medical administration and has been Executive Director of Medical Services and now Chief Medical Officer at BCH since July 2016. Bruce is also an assessor with the Australian Council on Health Care Standards (ACHS) and a surveyor with the Postgraduate Medical Council of Victoria (PMCV).

Doctor Renee Kelsall

Chief Medical Officer
MBBS (Hons), FRACP, RACMA Candidate

Doctor Renee Kelsall graduated from Monash University with honours in 2007 and obtained her Fellowship in Geriatrics in 2015. Renee worked at Monash Health as a Geriatrician, with roles including Deputy Clinical Lead of InReach, Geriatrician in the Falls and Balance Clinic, falls education across Monash Health, and providing assessments for rehabilitation and aged care. Renee returned to South Gippsland, where she was raised, in 2015 to provide a private Geriatric outpatient service. Renee was appointed as the Chief Medical Officer at Bass Coast Health in February 2020 and has commenced a Fellowship in Medical Administration as well as a Masters in Health Administration at Monash University.

Shaun Brooks

Chief Financial Officer / Chief Procurement Officer
B Commerce, Grad Dip Charted Accounting

Shaun is a Chartered Accountant who has worked in the Victorian public health sector for more than 7 years. He has held leadership positions in the financial professional services industry, with a subsequent appointment as Deputy Director of Finance at Peninsula Health. Shaun brings a broad range of commercial and financial management skills and joined BCH in 2017.

Noni Bourke

Chief of Organisational Support and Development
B App Sc (Speech Pathology), Grad Cert Gerontology, Grad Cert Health Professional Education, Dip Project Management, Masters Health Services Management

Noni has more than 30 years' experience in public health, working initially as a Speech Pathologist and then within quality and safety across acute, sub-acute, aged care and community health services. She has worked in clinical and leadership roles in metropolitan, rural and remote health services. Noni commenced with BCH in 2016.

Louise Sparkes

Chief Operating Officer/Chief Nurse and Midwifery Officer
Reg Nurse, Grad Cert Emergency Nursing, Master of Nursing

Louise has been part of the Executive team at Bass Coast Health since 2016, initially as Executive Director of Access and Emergency before being appointed Executive Director for Acute Services. In 2018 Louise commenced in her current role as Chief Operating Officer providing Executive leadership to all clinical services across the health service. Louise has an extensive background as a Registered Nurse with a number of post graduate qualifications in Emergency Nursing and Nursing Education. Louise brings more than 30 years' experience in health care service provision in tertiary, metropolitan and rural health settings across diverse acute and community services, as well as experience and publications in tertiary nursing education, research and academia.

Legislative compliance

Freedom of Information Act 1982

In accordance with the *Freedom of Information Act 1982*, the public can request access to documents held at BCH via a written application directly to BCH's Principal Freedom of Information (FOI) Officer, or by completing the *Freedom of Information Access Request Form* available on the BCH website. A valid request must clearly identify what types of documents are being sought and to whom the information is to be released. The valid request must also be accompanied by an application fee. BCH are required to respond to the applicant within 30 days of receiving a valid request.

Requests are to be addressed to:

Principal FOI Officer
Bass Coast Health
PO Box 120
Wonthaggi Vic. 3995

BCH's Principal Officer is the Chief Executive Officer.

An application fee of $29.60 applies and other charges may be incurred associated with collating the information levied strictly in accordance with the Freedom of Information (Access Charges) Regulation 2004.

During 2019–20, BCH received 71 requests. Access to 66 were granted in full and 5 are in progress. Of these requests, 58 were from lawyers, Victoria Police and insurance agencies and the remainder from the general public.

Building Act 1993

BCH is subject to, and complies with, the *Building Act 1993* under the guidelines for publicly owned buildings issued by the Minister for Finance (1994) in all redevelopment and maintenance matters.

Protected Disclosure Act 2012

BCH is subject to, and complies with, the *Protected Disclosure Act 2012* that replaced the former *Whistleblowers Protection Act 2001*. The *Protected Disclosure Act 2012* came into effect with a purpose to facilitate disclosures of improper conduct by public officers, public bodies and to provide the appropriate level of protection for people who make disclosures without fear of reprisal.

Statement on National Competition Policy

BCH is subject to and complies with the National Competition Policy. All procurement activities* are undertaken in an open and fair manner and these principles are embedded in BCH's Procurement Policy.

*On the 16th March 2020, BCH invoked its' Critical Incident Procurement Process (CIPP) in response to the Covid 19 pandemic. The CIPP enables procurement activities to be undertaken to address clinical and infection control emergencies which arise as a direct result of and in response to the pandemic. This enables purchases to be made without delay and the process of obtaining alternative pricing for these transactions may be waived. This is in accordance with Health Purchasing Victoria's Procurement Framework.
The CIPP commencement was formalised by BCH Chief Executive Officer giving notice to BCH Board Chair on the 16th March 2020. The CIPP will remain in place for the duration of the State of Emergency in Victoria.

Carers Recognition Act 2012

In accordance with the *Carers Recognition Act 2012*, BCH takes all practical measures to ensure that employees and volunteers respect and recognise carers, support them as individuals; recognise their efforts and dedication; take into account their views and cultural identity; recognise their social wellbeing; and provide due consideration of the effect of being a carer on matters of employment and education.

Safe Patient Care Act 2015

BCH is subject to the *Safe Patient Care Act 2015* and has no matters to report in relation to its obligations under Section 40 of the Act.

Local Jobs First Act 2003

In 2019-2020 there were no contracts requiring disclosure under the Local Jobs First Policy.

Workforce data

Full Time Equivalent (FTE) employees

	Current Month FTE June		Year to date (YTD) FTE	
	2019	**2020**	**2019**	**2020**
Nursing	191.6	183.7	185.9	196.3
Administration and Clerical	88.5	81.2	81.4	95.4
Medical Support	45.6	45.4	45.9	46.2
Hotel and Allied Services	56.1	54.6	55.1	62.6
Medical Officers	0	0	0	0
Hospital Medical Officers	13.8	15.9	16.1	16.8
Sessional Clinicians	7	5.9	5.9	6.8
Ancillary Staff (Allied Health)	67.7	65.0	65.0	58.7

Note: Employees have been correctly classified in workforce data collections.

Occupational violence statistics

Occupational violence statistics	2019-20
Workcover accepted claims with an occupational violence cause per 100 FTE	0.2
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked	0.86
Number of occupational violence incidents reported	163
Number of occupational violence incidents reported per 100 FTE	33.76
Percentage of occupational violence incidents resulting in staff injury, illness or condition	17.18%

Occupational Health and Safety (OHS) statistics

OHS statistics	2019-20	2018–19	2017–18
# of reported hazards/incidents per 100 FTE staff	59.4	42.4	43.5
# of 'lost time' standard claims per 100 FTE staff	1.86	1.32	3.12
Average cost per claim (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	$163,905	$205,473	$67,875
Circumstances / details of fatalities (where applicable)	Nil	Nil	Nil

Equal Employment Opportunity

BCH actively promotes the principles of Equal Employment Opportunity (EEO) and has established processes to ensure that EEO principles are upheld and applied to all Human Resource (HR) activity including recruitment, promotion and employee education. BCH is committed to ensuring that HR activities are carried out in a fair and equitable manner and that they comply with all EEO legislative requirements.

Orientation and Credentialing

All employees commencing with BCH or returning to duty after a period of leave greater than 12 months, are required to participate in an orientation program ensuring they understand their role and the broader organisation. Credentialing for senior clinical employees is undertaken via the interdisciplinary Senior Appointments Committee.

Employee Assistance Program

BBCH acknowledges the importance of supporting employees, volunteers and their immediate families with the provision of a confidential Employee Assistance Program (EAP), providing free access to external counselling and support with experienced and qualified professionals.

Environmental performance

BCH's Environmental Sustainability Policy and Sustainability Plan incorporate a suite of Key Performance Indicators (KPIs) regarding waste and energy conservation. Initiatives include a formal waste management review for the Wonthaggi expansion incorporating strategies to further reduce carbon emissions and energy consumption and an ongoing program for the segregation and collection of waste streams,. Consideration to environmental sustainability is specified for all renovations to existing, and construction of new facilities with a significant focus on sustainability in the upcoming BCH capital works. Solar panels have been installed at Wonthaggi Hospital and Griffiths Point Lodge Residential Aged Care, as well as a replacement program to efficient LED lights and upgraded air handling units.

Following the installation of solar panels at Wonthaggi Hospital and Griffith Point Lodge (GPL) Residential Aged Care in June 2019, significant reductions in power usage and costs have been achieved at both sites. An analysis of electricity consumption in 2019/20 shows that reductions of 23% & 32% kWh usage and 25% & 34% costs savings based on 2018/19 consumption have been captured at Wonthaggi Hospital and GPL respectively.

Statement of Priorities

Part A: Strategic Priorities

In 2019-20 BCH will contribute to the achievement of the Government's commitments within *Health 2040: Advancing health, access and care* by:

Better Health

Goals:	Strategies:
• A system geared to prevention as much as treatment • Everyone understands their own health and risks • Illness is detected and managed early • Healthy neighbourhoods and communities encourage healthy lifestyles	• Reduce State-wide risks • Build healthy neighbourhoods • Help people to stay healthy • Target health gaps

Deliverable	Outcome
Establish the South Coast Prevention Partnership to provide coordinated strategic oversight and governance of the South Coast prevention team.	**Achieved**: Prevention team established and facilitating integrated health promotion / prevention activities across the sub-region.
Deliver a social marketing campaign targeted at reducing consumption of sugar sweetened beverages and increasing consumption of tap water of teenage males (13-18 years) in the South Coast.	**Achieved**: Successful campaign with demonstrated reduction in sugar sweetened beverage consumption and marked increase in consumption of tap water.
Create an outdoor eating area at Wonthaggi Hospital that will support a healthy food and drink environment and promote the positive choices provided in Café 1910.	**Partially Achieved**: Plans for outdoor deck area and café renovations on track for completion in November 2020.

Better Access

Goals:	Strategies:
• Care is always being there when people need it • Better access to care in the home and community • People are connected to the full range of care and support they need • Equal access to care	• Plan and invest • Unlock innovation • Provide easier access • Ensure fair access

Deliverable	Outcome
Implement the Gippsland South Coast Health Volunteer Transport Program across the Sub Region.	**Achieved**: Gippsland South Coast Health Volunteer Transport Program established and extremely well used for local transport.
In partnership with our South Gippsland Coast health service colleagues, implement and evaluate the agreed South Gippsland Coast Partnership Maternity Capability Framework across the sub-region.	**Achieved**: Sub-regional Maternity Capability Framework developed and implemented.
Develop and commence implementation of an agreed South Gippsland Coast Partnership Surgery & Anaesthetics Capability Framework with support from the Safer Care Victoria Gateway Leadership program.	**Partially Achieved**: Sub-regional Surgery and Anaesthetics Capability Framework drafted based on the provisional surgical and procedural capability designated by DHHS for each health service.

Better Care

Goals:	Strategies:
• Targeting zero avoidable harm • Healthcare that focuses on outcomes • Patients and carers are active partners in care • Care fits together around people's needs	• Put quality first • Join up care • Partner with patients • Strengthen the workforce • Embed evidence • Ensure equal care

Deliverable	Outcome
Establish, implement and evaluate an enhanced medical model for inpatient acute and subacute services.	**Achieved**: Medical model well established with core medical team including GPs, geriatricians and further support from Older Persons Nurse Practitioner.
Develop and commence implementation of a Partnering in Healthcare Action Plan focusing on Shared Decision Making and Effective Communication.	**Achieved**: Successful participation in Safer Care Victoria Shared Decision-Making Project. Proactive focus on health literacy.
Develop and implement a sub-regional medical credentialing, scope of practice and competency framework.	**Partially Achieved**: Sub-regional medical credentialing, scope of practice and competency framework documentation developed with implementation delayed secondary to impact of Covid19 pandemic.

Specific Priorities

In 2019-20 BCH will contribute to the achievement of the Government's priorities by:

Supporting the Mental Health System

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

Deliverable	Outcome
Engage with Latrobe Regional Hospital in the development of an innovative model of mental health care for the Bass Coast region.	**Partially Achieved**: Telehealth model developed with implementation delays secondary to impact of cybersecurity incident and Covid19 pandemic.

Addressing Occupational Violence

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

Deliverable	Outcome
Implement the security risk assessment recommendations including the establishment of appropriate on-site presence and response times for security.	**Achieved**: Recommendations complete including 24/7 on site security with ongoing monitoring of effectiveness through OHS/Security Committee.

Addressing Bullying and Harassment

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

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

Deliverable	Outcome
Increase workplace awareness of bullying and harassment behaviour and elimination of same through implementation of the DHHS/ Worksafe 'Know Better, Be Better campaign.	**Achieved**: Appropriate policy, staff education and training and HR support in place with ongoing reinforcement of zero tolerance of bullying and harassment behaviour.

Supporting Vulnerable Patients

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

Deliverable	Outcome
Develop and implement a contemporary Cognition Framework that supports and optimises function and quality of life for patients and residents with cognitive impairment.	**Achieved**: Cognition Framework developed, implemented and incorporated into clinical care.

Supporting Aboriginal Cultural Safety

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

Deliverable	Outcome
Develop and implement a Reflect Reconciliation Action Plan in consultation with Bunurong Land Council and local community members.	**Achieved**: Reflect Reconciliation Plan developed in consultation with Bunurong Land Council and local community members and submitted to Reconciliation Australia.

Addressing Family Violence

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

Deliverable	Outcome
Implement the Change for Sam strategy which will facilitate coordinated prevention and response across the catchment, in collaboration with other service providers and community representatives.	**Achieved**: Change for Sam Committee established and coordinator recruited following successful funding submission via Family Safety Victoria.

Implementing Disability Action Plans

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

Deliverable	Outcome
Implement the South Gippsland Coast Partnership Disability Action Plan Framework including development and implementation of subregional and local initiatives to meet the priority areas including: • Promoting positive attitudes and practices • Physical Access and equipment • Provision of care • Promoting employment and community engagement.	**Partially Achieved**: Implementation plan established including community consultation and employment forum with progress limited secondary to Covid19 pandemic.

Supporting Environmental Sustainability

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

Deliverable	Outcome
Implement the Bass Coast Health Sustainability Plan with a focus on clinical and general waste management, water and energy use and enhanced reporting.	**Partially Achieved**: Ongoing consultation re sustainability focus in WHE planning including waste management and energy conservation. Implementation of all aspects of Sustainability Plan impacted by Covid19 pandemic response.

Part B: Performance Priorities

High quality and safe care

Key performance indicator	Target	2019–20 Result
Accreditation		
Compliance with the Aged Care Standards	Full compliance	Achieved
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	83%	91%*
Percentage of healthcare workers immunised for influenza	84%	95%
Patient experience		
Data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	97%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	97%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	97%

*Hand hygiene – Quarter 4 data is not available due to COVID-19. Result is based on available data.

Key performance indicator	Target	2019–20 Result
Patient experience (continued)		
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75%	82%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75%	85%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	80%
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 1	70%	86%
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 2	70%	91%
Victorian Healthcare Experience Survey – patient's perception of cleanliness – Quarter 3	70%	82%
Adverse events		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Achieved
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	2.1%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	N/A*
Continuing Care		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	0.514

* Less than 10 cases of severe foetal growth restriction in singleton pregnancy recorded.

Strong governance, leadership and culture

Key performance indicator	Target	2019–20 Result
Organisational culture		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	89%
People matter survey – percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	96%
People matter survey – percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	94%
People matter survey – percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	94%
People matter survey – percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	90%

Key performance indicator	Target	2019–20 Result
Organisational culture (continued)		
People matter survey – percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	93%
People matter survey – percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	74%
People matter survey – percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	79%
People matter survey – percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	91%

Timely access to care

Key performance indicator	Target	2019–20 Result
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 mins	90%	91%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen with clinically recommended time	80%	83%
Percentage of emergency patients with length of stay in the emergency department less than 4 hours	81%	75%
Number of patients with a length in the emergency department greater than 24 hours	0	0
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	84.3%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	99.8%

Effective financial management

Key performance indicator	Target	2019–20 Result
Finance		
Operating Result ($m)	$0.00	$1.518m
Average number of days to pay trade creditors	60 days	51 days
Average number of days to receive patient fee debtors	60 days	15 days
Public and Private WIES* activity performance to target	100%	90.04%
Adjusted current asset ratio	0.7 or 3 % improvement from health service base target	1.11

*WIES is a Weighted Inlier Equivalent Separation.

Key performance indicator	Target	2019–20 Result
Finance (continued)		
Forecast number of days available cash (based on end of year forecast)	14 days	15 days
Actual number of days available cash, measured on the last day of each month.	14 days	Achieved
Variance between forecast and actual Net result from transactions (NRFT) for the current financial year ending 30 June.	Variance ≤ $250, 000	Not Achieved

Part C: Activity and funding

Key performance indicator	2019–20 Result
Acute Admitted	
Acute WIES	4,753
WIES DVA	78
WIES TAC	7
Acute Non-Admitted	
Home Enteral Nutrition	47
Specialist Clinics	9,541
Sub-Acute and Non-Admitted	
Sub-Acute WIES – Rehabilitation Public	160
Sub-Acute WIES – Rehabilitation Private	7
Sub-Acute WIES – GEM Public	198
Sub-Acute WIES – GEM Private	12
Sub-Acute WIES – Palliative Care Public	59
Sub-Acute WIES – Palliative Care Private	0
Sub-Acute WIES - DVA	11
Sub-Acute Non-Admitted	
Health Independence Program - Public	17,987
Aged Care	
Residential Aged Care	19,390
HACC	5,490
Primary Health	
Community Health/ Primary Care programs	39,771

Statutory requirements

Finance

The information within this Report is based on the Standing Directions of the Minister for Finance (Section 4 Financial Management Reporting) and Financial Reporting Directions under the *Financial Management Act 1994* and has been prepared and is available to the relevant Minister, Member of Parliament and the public, upon request.

Additional information available on request

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

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

Competitive neutrality

BCH's policies and procedures complied with competitive neutrality requirements.

Summary of financial results

The following table provides a summary of the financial results for the year, with comparative results for the preceding four financial years. Previous years' data is included on the same basis where possible for comparative purposes.

Operating result for the year ending 30 June 2020

Operating result	2020	2019	2018	2017	2016
	$'000	$'000	$'000	$'000	$'000
Total revenue	93,313	79,404	75,609	66,508	55,772
Total expenses	88,922	77,606	66,494	61,459	57,779
Net result from transactions	**4,391**	**1,798**	**9,115**	**5,049**	**(2,007)**
Total other economic flows	(22)	271	(143)	(4)	60
Net result	**4,369**	**2,069**	**8,972**	**5,045**	**(1,947)**
Total assets	89,939	81,445	75,027	58,297	54,693
Total liabilities	29,738	26,491	24,736	20,802	22,243
Net assets / Total equity	**60,201**	**54,954**	**50,291**	**37,495**	**32,450**

Reconciliation of Net Result from Transactions and Operating Result

Reconciliation items	2019-20
	$'000
Net operating result*	**1,518**
Capital purpose income	**7,047**
Specific income	0
COVID 19 State Supply Arrangements - Assets received free of charge or for nil consideration under the State Supply	134
State supply items consumed up to 30 June 2020	(134)
Assets provided free of charge	0
Assets received free of charge	0
Expenditure for capital purpose	0
Depreciation and amortisation	(4,156)
Impairment of non-financial assets	0
Finance costs (other)	(18)
Net result from transactions	**4,391**

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

Operational and budgetary objectives and factors affecting performance

BCH's financial performance in 19-20, along with achievement of activity-based targets, was impacted by the COVID-19 pandemic. The operating result for the year, a surplus from operations of $1.518m, is largely attributable to funding received from the Department of Health and Human Services to address COVID-19 impacts. The surplus generated from net transactions enabled capital development and new capital items for the health service to be funded. Notwithstanding the impact of COVID-19 on the operations of Bass Coast Health in the future, the health service remains committed to maintaining its financial sustainability, through the ongoing delivery of safer and more expanded services with the ongoing support from DHHS.

Events subsequent to balance date

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Bass Coast Health at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Bass Coast Health, its operations, its future results and financial position. The state of emergency in Victoria was extended on 13 September 2020 until 11 October 2020 and the state of disaster still in place.

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

Consultancies disclosure

Consultancies under $10,000

In 2019-20, there were 3 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2019–20 in relation to these consultancies is $19,280 (excl. GST).

Consultancies over $10,000

In 2019-20, there were 2 consultancies where the total fees payable to the consultant was $10,000 or greater. The total expenditure incurred during 2019–20 in relation to these consultancies is $91,750 (excluding GST).

Consultant	Purpose of consultancy	Start Date	End Date	Total approved project fee (ex GST)	Expenditure 2019–20 (ex GST)	Future Expenditure 2020–21 (ex GST)
Health Economics	Financial Services	1/07/2019	30/06/2020	$24,150	$24,150	$0
Digital Hospital Experts	IT Infrastructure Review	1/07/2019	30/06/2020	$67,600	$67,600	$0

Information and Communication Technology (ICT) disclosure

The total ICT expenditure incurred during 2019–20 is $2,056,713 (excluding GST) with the details shown below:

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) (a) + (b)	Operational expenditure (excluding GST) (a)	Capital expenditure (excluding GST) (b)
$1,608,983	$447,730	$163,831	$283,898

Attestations

Financial Management Compliance

I, Don Paproth, on behalf of the Responsible Body, certify that BCH has no Material Compliance Deficiency with respect to the applicable Standing Directions 2018 under the *Financial Management Act 1994* and Instructions

Don Paproth, Chair, Board of Directors
Bass Coast Health
9 October 2020

Data integrity

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

Jan Child, Chief Executive Officer
Bass Coast Health
9 October 2020

Conflict of interest

I, Jan Child, certify that BCH has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within BCH and members of the Board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.

Jan Child, Chief Executive Officer
Bass Coast Health
9 October 2020

Integrity, fraud and corruption

I, Jan Child, certify that BCH has put it place appropriate internal controls and processes to ensure that integrity, fraud and corruption risks have been reviewed and addressed at BCH during the year.

Jan Child, Chief Executive Officer
Bass Coast Health
9 October 2020

Disclosure index

The Annual Report of BCH 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.

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Financial Statements – Financial Year ended 30 June 2020

Board members, accountable officers and chief finance and accounting officers' declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2020 and the financial position of Bass Coast Health at 30 June 2020.

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

We authorise the attached financial statements for issue on 9 October 2020.

Member of Responsible Body

Don Paproth
Chair
Wonthaggi
9 October 2020

Accountable Officer

Jan Child
Chief Executive Officer
Wonthaggi
9 October 2020

Chief Finance and Accountable Officer

Shaun Brooks
Chief Finance and Accounting Officer
Wonthaggi
9 October 2020

Independent auditor's report from VAGO

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Bass Coast Health

Opinion	I have audited the financial report of Bass Coast Health (the health service) which comprises the: • balance sheet as at 30 June 2020 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board member's, accountable officer's and chief finance & accounting officer's declaration. In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2020 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (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. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	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 *Financial Management Act 1994*, 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. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
15 October 2020

Travis Derricott
as delegate for the Auditor-General of Victoria

Start of financials

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

		Total 2020 $'000	Total 2019 $'000
Income from transactions			
Operating activities	2.1	93,039	78,962
Non-operating activities	2.1	274	442
Total Income from Transactions		**93,313**	**79,404**
Expenses from Transactions			
Employee expenses	3.1	(65,581)	(57,241)
Supplies and consumables	3.1	(10,974)	(10,655)
Finance costs	3.1	(22)	-
Depreciation and amortisation	4.2	(4,156)	(2,057)
Other administrative expenses	3.1	(5,466)	(4,930)
Other operating expenses	3.1	(2,723)	(2,677)
Other non-operating expenses	3.1	-	(46)
Total Expenses from Transactions		**(88,922)**	**(77,606)**
Net Result from Transactions - Net Operating Balance		**4,391**	**1,798**
Other Economic Flows included in Net Result			
Net Gain/(Loss) on sale of non-financial assets	3.2	8	490
Net Gain/(Loss) on financial instruments at fair value	3.2	-	(106)
Other Gain/(Loss) from other economic flows	3.2	(30)	(113)
Total Other Economic Flows included in Net Result		**(22)**	**271**
Net Result for the year		**4,369**	**2,069**
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in property, plant and equipment revaluation surplus	4.1(b)	-	2,592
Total Other Comprehensive Income		**-**	**2,592**
Comprehensive Result for the Year		**4,369**	**4,661**

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

Bass Coast Health
Balance Sheet as at 30 June 2020

	Note	Total 2020 $'000	Total 2019 $'000
Current Assets			
Cash and cash Equivalents	6.2	24,958	23,697
Receivables	5.1	1,326	1,653
Inventories	4.3	226	161
Other Assets		461	308
Total Current Assets		**26,971**	**25,819**
Non-Current Assets			
Receivables	5.1	2,394	2,074
Property, plant and equipment	4.1 (a)	60,574	53,471
Total Non-Current Assets		**62,968**	**55,545**
TOTAL ASSETS		**89,939**	**81,364**
Current Liabilities			
Payables	5.2	5,878	7,092
Borrowings	6.1	3,104	1,575
Provisions	3.4	11,870	9,996
Other liabilities	5.3	6,499	5,538
Total Current Liabilities		**27,351**	**24,201**
Non-Current Liabilities			
Borrowings	6.1	660	629
Provisions	3.4	1,727	1,580
Total Non-Current Liabilities		**2,387**	**2,209**
TOTAL LIABILITIES		**29,738**	**26,410**
NET ASSETS		**60,201**	**54,954**
EQUITY			
Property, plant and equipment revaluation surplus	4.1(f)	25,012	25,012
Restricted specific purpose surplus		293	293
Contributed capital		16,774	15,896
Accumulated surpluses		18,122	13,753
TOTAL EQUITY		**60,201**	**54,954**

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

Bass Coast Health
Statement of Changes in Equity
For the Financial Year Ended 30 June 2020

Total	Note	Property, Plant and Equipment Revaluation Surplus $'000	Restricted Specific Purpose Surplus $'000	Contributed Capital $'000	Accumulated Surpluses $'000	Total $'000
Balance at 1 July 2018		**22,420**	**293**	**15,894**	**11,684**	**50,291**
Net result for the year		-	-	-	2,069	2,069
Other comprehensive income for the year		2,592	-	-	-	2,592
Return of contributed capital		-	-	2	-	2
Balance at 30 June 2019		**25,012**	**293**	**15,896**	**13,753**	**54,954**
Net result for the year		-	-	-	4,369	4,369
Return of contributed capital		-	-	878	-	878
Balance at 30 June 2020		**25,012**	**293**	**16,774**	**18,122**	**60,201**

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

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

	Note	Total 2020 $'000	Total 2019 $'000
Cash Flows from Operating Activities			
Operating grants from government		79,185	67,589
Capital grants from government - State		6,326	3,919
Patient fees received		3,525	2,423
Donations and bequests received		47	19
GST received from/(paid to) ATO		(128)	199
Interest and investment income received		278	443
Commercial Income Received		260	273
Other Receipts		2,309	1,846
Total Receipts		**91,802**	**76,711**
Employee expenses paid		(64,989)	(55,861)
Payments for supplies and consumables		(11,662)	(10,645)
Payments for medical indemnity insurance		(844)	(844)
Payments for repairs and Maintenance		(1,075)	(614)
Finance Costs		(22)	-
Cash outflow for leases		(2)	-
Other payments		(4,519)	(3,709)
Total Payments		**(83,113)**	**(71,673)**
Net Cash Flows from/(used in) Operating Activities	8.1	**8,689**	**5,038**
Cash Flows from Investing Activities			
Purchase of non-financial assets		(10,950)	(3,602)
Capital Donations and Bequests Received		721	611
Proceeds from disposal of non-financial assets		8	2,698
Proceeds from disposal of investments		-	2,020
Net Cash Flows from/(used in) Investing Activities		**(10,221)**	**1,727**
Cash Flows from Financing Activities			
Advance from Government		2,840	-
Repayment of borrowings		(1,557)	(1,704)
Contributed Capital from Government		878	-
Net receipt of Monies Held in Trust		702	5,538
Net Cash Flows from /(used in) Financing Activities		**2,863**	**3,834**
Net Increase/(Decrease) in Cash and Cash Equivalents Held		**1,331**	**10,599**
Cash and cash equivalents at beginning of year		**22,972**	**12,373**
Cash and Cash Equivalents at End of Year	6.2	**24,303**	**22,972**

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

Basis of preparation

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

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

Note 1 – Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Bass Coast Health for the year ended 30 June 2020. The report provides users with information about Bass Coast Health's stewardship of resources entrusted to it.

(a) Statement of Compliance

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

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

Bass Coast Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Service under the AASBs.

(b) Reporting Entity

The financial statements include all the controlled activities of Bass Coast Health.

Its principal address is:
235-237 Graham Street
Wonthaggi, Victoria 3995

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

(c) Basis of Accounting Preparation and Measurement

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

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

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

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

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

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

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

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

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

- The fair value of land, buildings and plant and equipment (refer to Note 4.1 Property, Plant and Equipment), and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet).

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

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

In response, Bass Coast Health placed restrictions on non-essential visitors, implemented reduced visitor hours, deferred elective surgery and reduced patient flow through the service, relocated services when available, performed COVID-19 testing and implemented work from home arrangements where appropriate.
For further details refer to Note 2.1 Funding delivery of our services and Note 4.1 (b) Property, plant and equipment.

Goods and Services Tax (GST)

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the Balance Sheet.
Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented separately in the operating cash flow.

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

(d) Jointly Controlled Operation

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

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

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

Bass Coast Health is a member of the Gippsland Health Alliance Joint Venture and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.7 Jointly Controlled Operations)

(e) Equity
Contributed Capital

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

Note: 2 Funding delivery of our services

The Health Service's overall objective is to provide quality health service that support and enhance the wellbeing of all Victorians. Bass Coast Health is predominantly funded by accrual based grant funding for the provision of outputs. Bass Coast Health also receives income from the supply of services.

Structure
2.1 Analysis of revenue by source

Note 2.1: Income from Transactions

	Total 2020 $'000	Total 2019 $'000
Government grants (State) - Operating [1]	70,310	59,428
Government grants (Commonwealth) - Operating	8,150	8,691
Government grants (State) - Capital	6,326	3,919
Patient and resident fees	3,211	2,429
Commercial activities [2]	260	273
Assets received free of charge or for nominal consideration	855	611
Other revenue from operating activities (including non-capital donations)	3,927	3,611
Total Income from Operating Activities	**93,039**	**78,962**
Other interest	274	442
Total Income from Non-Operating Activities	**274**	**442**
Total Income from Transactions	**93,313**	**79,404**

[1.] Government grants (State) - Operating includes funding of $5.16m which was spent due to the impacts of COVID-19.

[2.] Commercial activities represent business activities which the health service enters into to support their operations.

Revenue Recognition
Income is recognised in accordance with either:

a) contributions by owners, in accordance with AASB 1004;
b) income for not-for-profit entities, in accordance with AASB 1058;
c) revenue or a contract liability arising from a contract with a customer, in accordance with AASB 15;
d) a lease liability in accordance with AASB 16;
e) a financial instrument, in accordance with AASB 9; or
f) a provision, in accordance with AASB 137 *Provisions, Contingent Liabilities and Contingent Assets.*

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

Government Grants
Income from grants to construct a Behavioural Assessment Room is recognised when (or as) Bass Coast Health satisfies its obligations under the transfer. This aligns with the Health Service's obligation to construct the asse. The progressive percentage costs incurred is used to recognise income because this most closely reflects the construction's progress to completion as costs are incurred as the works are done.
Income from grants that are enforceable and with sufficiently specific performance obligations are accounted for under AASB 15 as revenue from contracts with customers, with revenue recognised as these performance obligations are met.

Income from grants without any sufficiently specific performance obligations, or that are not enforceable, is recognised when Bass Coast Health has an unconditional right to receive the cash which usually coincides with receipt of cash. On initial recognition of the asset, Bass Coast Health recognises any related contributions by owners, increases in liabilities, decreases in assets, and revenue ('related amounts') in accordance with other Australian Accounting Standards. Related amounts may take the form of:

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

Note 2.1: Income from Transactions

As a result of the transitional impacts of adopting AASB 15 and AASB 1058, a portion of the grant revenue has been deferred. If the grant income is accounted for in accordance with AASB 15, the deferred grant revenue has been recognised in contract liabilities whereas grant revenue in relation to the construction of capital assets which the health service controls has been recognised in accordance with AASB 1058 and recognised as deferred grant revenue (refer note 5.2).

If the grant revenue was accounted for under the previous accounting standard AASB 1004 in 2019-20, the total grant revenue received would have been recognised in full, pending satisfaction of specific performance obligations.

Performance Obligations

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

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

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

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

Previous accounting policy for 30 June 2019

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

Some grants are reciprocal in nature (i.e. equal value is given back by the recipient of the grant to the provider). Bass Coast Health recognises income when it has satisfied its performance obligations under the terms of the grant.

For non-reciprocal grants, Bass Coast Health recognises revenue when the grant is received.

Grants can be received as general purpose grants, which refers to grants which are not subject to conditions regarding their use. Alternatively, they may be received as specific purpose grants, which are paid for a particular purpose and/or have conditions attached regarding their use.

Patient and Resident Fees

The performance obligations related to patient fees are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions of providing the services. Revenue is recognised as these performance obligations are met.

Resident fees are recognised as revenue over time as Bass Coast Health provides accommodation. This is calculated on a daily basis and invoiced monthly.

Private Practice Fees

The performance obligations related to private practice fees are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions agreed with the private provider. Revenue is recognised as these performance obligations are met. Private practice fees include recoupments from the private practice for the use of hospital facilities.

Performance obligations related to commercial activities are based on the delivery of services. These performance obligations have been selected as they align with the terms and conditions per the contract with the provider of the commercial activities.

Commercial activities

Revenue from commercial activities includes items such as provision of meals, property rental and fundraising activities.

2.1 (b) Fair value of assets and services received free of charge or for nominal consideration

	2020 $'000	2019 $'000
Cash donations and gifts	721	611
Assets received free of charge under State supply arrangements	134	-
Total fair value of assets and services received free of charge or for nominal consideration	855	611

Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the recipient obtains control over the resources, irrespective of whether restrictions or conditions are imposed over the use of the contributions.

In order to meet the State of Victoria's health network supply needs during the COVID-19 pandemic, arrangements were put in place to centralise the purchasing of essential personal protective equipment and essential capital items such as ventilators.

The general principles of the State Supply Arrangement were that Health Purchasing Victoria sourced, secured and agreed terms for the purchase of the products, funded by the department, while Monash Health and the department took delivery and distributed the products to health services as resources provided free of charge.

The exception to this would be when the resource is received from another government department (or agency) as a consequence of a restructuring of administrative arrangements, in which case such a transfer will be recognised at its carrying value in the transferring department or agency as a capital contribution transfer.

Voluntary Services: Contributions in the form of services are only recognised when a fair value can be reliably determined, and the services would have been purchased if not donated. Bass Coast Health operates with volunteer services and does not consider a reliable fair value can be determined.

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

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

- The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services
- Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular
- Public Private Partnership (PPP) lease and service payments are paid directly to the PPP consortium. Revenue and the matching expense are recognised in accordance with the nature and timing of the monthly or quarterly service payments made by the Department of Health and Human Services.
- Fair value of assets and services received free of charge or for nominal consideration
- Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying amount. Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

Performance obligations and revenue recognition policies

Revenue is measured based on the consideration specified in the contract with the customer. Bass Coast Health recognises revenue when it transfers control of a good or service to the customer i.e. revenue is recognised when, or as, the performance obligations for the sale of goods and services to the customer are satisfied.

- Customers obtain control of the supplies and consumables at a point in time when the goods are delivered to and have been accepted at their premises.
- Income from the sale of goods are recognised when the goods are delivered and have been accepted by the customer at their premises
- Revenue from the rendering of services is recognised at a point in time when the performance obligation is satisfied when the service is completed; and over time when the customer simultaneously receives and consumes the services as it is provided.

2.1 (c) Other income

	2020 $'000	2019 $'000
Other interest	274	442
Total other income	274	442

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

Interest Income

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

Note 3: The cost of delivering our services

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

Structure

3.1 Expenses from Transactions
3.2 Other Economic Flows
3.3 Analysis of expenses and revenue by internally managed and restricted specific purpose funds
3.4 Employee benefits in the Balance Sheet
3.5 Superannuation

Note 3.1: Expenses from Transactions

	Total 2020 $'000	Total 2019 $'000
Salaries and wages	51,983	45,650
On-costs	4,428	3,916
Agency expenses	3,927	2,924
Fee for service medical officer expenses	4,623	4,236
Workcover premium	620	515
Total Employee Expenses	**65,581**	**57,241**
Drug supplies	1,282	1,016
Medical and surgical supplies (including Prostheses)	2,623	2,732
Diagnostic and radiology supplies	2,694	2,493
Other supplies and consumables	4,375	4,414
Total Supplies and Consumables	**10,974**	**10,655**
Finance costs	22	-
Total Finance Costs	**22**	**-**
Other administrative expenses	5,466	4,930
Total Other Administrative Expenses	**5,466**	**4,930**
Fuel, light, power and water	801	841
Repairs and maintenance	690	551
Maintenance contracts	385	378
Medical indemnity insurance	844	844
Expenses related to short term leases	1	2
Expenses related to leases of low value assets	2	61
Total Other Operating Expenses	**2,723**	**2,677**
Total Operating Expense	**84,766**	**75,503**
Depreciation and amortisation (refer Note 4.2)	4,156	2,057
Total Depreciation and Amortisation	**4,156**	**2,057**
Assets and services provided free of charge or for nominal consideration	-	46
Total Other Non-Operating Expenses	**-**	**46**
Total Non-Operating Expense	**4,156**	**2,103**
Total Expenses from Transactions	**88,922**	**77,606**

Impact of COVID-19 on expenses

As indicated at Note 1, Bass Coast Health's daily activities were impacted by the pandemic. This resulted in additional direct and indirect costs being incurred, such as increased salaries and wages, agency costs for additional clinical and nursing staff consumables including medical supplies and personal protective equipment and domestic and cleaning supplies.

Note 3.1: Expenses from Transactions

Employee Expenses

Employee expenses include:

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

Supplies and consumables

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

Other Operating Expenses

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

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

The Department of Health and Human Services also makes certain payments on behalf of Bass Coast 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.

Operating lease payments

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

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

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

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

Note 3.2: Other economic flows included in net result

	Total 2020 $'000	Total 2019 $'000
Net gain/(loss) on non-financial assets		
Net gain on disposal of property plant and equipment	8	490
Total Net Gain/(Loss) on Non-Financial Assets	**8**	**490**
Net gain/(loss) on financial instruments		
Other Gains/(Losses) from Other Economic Flows	-	(106)
Total Net Gain/(Loss) on Financial Instruments	**-**	**(106)**
Other gains/(losses) from other economic flows		
Net gain/(loss) arising from revaluation of long service liability	(30)	(113)
Total other Gains/(Losses) from Other Economic Flows	**(30)**	**(113)**
Total Gains/(Losses) From Other Economic Flows	**(22)**	**271**

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 available-for-sale financial instruments from the reserves to net result due to a disposal or derecognition of the financial instrument. This does not include reclassification between equity accounts due to machinery of government changes or 'other transfers' of assets.

Net gain/ (loss) on non-financial assets

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

- Revaluation gains/ (losses) of non-financial physical assets (Refer to Note 4.1 Property plant and equipment.)
- Net gain/ (loss) on disposal of non-financial assets
- Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal.

Net gain/ (loss) on financial instruments

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

- realised and unrealised gains and losses from revaluations of financial instruments at fair value; and
- disposals of financial assets and derecognition of financial liabilities.

Amortisation of non-produced intangible assets

Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

Impairment of non-financial assets

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

Other gains/ (losses) from other economic flows

Other gains/ (losses) include:

- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

Note 3.3: Analysis of expense and revenue by internally managed and restricted specific purpose funds

	Expense		Revenue	
	Total 2020 $'000	**Total 2019 $'000**	**Total 2020 $'000**	**Total 2019 $'000**
Commercial Activities				
Cafeteria	259	237	260	273
Total Commercial Activities	**259**	**237**	**260**	**273**
TOTAL	**259**	**237**	**260**	**273**

Note 3.4: Employee Benefits in the Balance Sheet

	Total 2020 $'000	Total 2019 $'000
CURRENT PROVISIONS		
Employee Benefits [i]		
Accrued days off		
- unconditional and expected to be settled wholly within 12 months [ii]	167	156
Annual leave		
- unconditional and expected to be settled wholly within 12 months [ii]	3,967	3,226
- unconditional and expected to be settled wholly after 12 months [iii]	693	621
Long service leave		
- unconditional and expected to be settled wholly within 12 months [ii]	616	736
- unconditional and expected to be settled wholly after 12 months [iii]	5,226	4,246
	10,669	**8,985**
Provisions related to Employee Benefit On-Costs		
Unconditional and expected to be settled within 12 months [ii]	535	463
Unconditional and expected to be settled after 12 months [iii]	666	548
	1,201	**1,011**
TOTAL CURRENT PROVISIONS	**11,870**	**9,996**
NON-CURRENT PROVISIONS		
Conditional long service leave	1,553	1,420
Provisions related to employee benefit on-costs	174	160
TOTAL NON-CURRENT PROVISIONS	**1,727**	**1,580**
TOTAL PROVISIONS	**13,597**	**11,576**

[i] Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.
[ii] The amounts disclosed are nominal amounts.
[iii] The amounts disclosed are discounted to present values.

Note 3.4: Employee Benefits in the Balance Sheet

(a) Employee Benefits and Related On-Costs

	Total 2020 $'000	Total 2019 $'000
Current Employee Benefits and Related On-Costs		
Unconditional long service leave entitlements	6,499	5,542
Annual leave entitlements	5,185	4,280
Accrued days off	186	174
Total Current Employee Benefits and Related On-Costs	**11,870**	**9,996**
Non-Current Employee Benefits and Related On-Costs		
Conditional long service leave entitlements	1,727	1,580
Total Non-Current Employee Benefits and Related On-Costs	**1,727**	**1,580**
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	**13,597**	**11,576**

(b) Movement in On-Costs Provision

	Total 2020 $'000	Total 2019 $'000
Balance at start of year	**1,171**	**1,008**
Additional provisions recognised	307	681
Unwinding of discount and effect of changes in the discount rate	(30)	(11)
Reduction due to transfer out	(73)	(507)
Balance at end of year	**1,375**	**1,171**

Employee Benefit Recognition

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

Provisions

Provisions are recognised when Bass Coast Health has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.
The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Note 3.4: Employee Benefits in the Balance Sheet

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 Bass Coast 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 Bass Coast Health expects to wholly settle within 12 months; or

Present value – if Bass Coast 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 the Health Service 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 Bass Coast Health expects to wholly settle within 12 months; or
- Present value – if Bass Coast Health does not expect to wholly settle within 12 months.

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

Termination Benefits

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

On-Costs Related to Employee Benefits

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

Note 3.5: Superannuation

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Total 2020 $'000	**Total 2019 $'000**	**Total 2020 $'000**	**Total 2019 $'000**
Defined Benefit Plans:[i]				
First State Super	105	110	14	14
Defined Contribution Plans:				
First State Super	2,340	2,198	311	269
Hesta	1,353	1,186	172	155
Other	581	390	93	58
Total	**4,379**	**3,884**	**590**	**496**

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

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

Note 3.5: Superannuation

Defined Benefit Superannuation Plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Bass Coast Health to the superannuation plans in respect of the services of current Bass Coast Health staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

Bass Coast 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 Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.
However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Bass Coast Health.

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

Defined Contribution Superannuation Plans

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

Note 4: Key Assets to support service delivery

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

Structure

4.1 Property, plant & equipment
4.2 Depreciation and amortisation
4.3 Inventories

Note 4.1: Property, plant and equipment

Initial Recognition

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

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

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

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

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

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

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

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

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

Right-of-use asset – Subsequent measurement

Bass Coast Health depreciates the right-of-use assets on a straight line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful life of the right-of-use assets are determined on the same basis as property, plant and equipment, other than where the lease term is lower than the otherwise assigned useful life. The right-of-use assets are also subject to revaluation as required by FRD 103H however as at 30 June 2020 right-of-use assets have not been revalued.

In addition, the right-of-use asset is periodically reduced by impairment losses, if any and adjusted for certain remeasurements of the lease liability.

Revaluations of Non-Current Physical Assets

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

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

Revaluation decrements are recognised in 'Other Comprehensive Income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

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

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

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

Note 4.1: Property, plant and equipment (continued)

Fair value measurement

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

For the purpose of fair value disclosures, Bass Coast Health has determined classes of assets on the basis of the nature, characteristics and risks of the asset and the level of the fair value hierarchy as explained above.

In addition, Bass Coast 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.

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

The estimates and underlying assumptions are reviewed on an ongoing basis.

Valuation hierarchy

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

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

Identifying unobservable inputs (level 3) fair value measurements

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

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

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

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

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

Non-Specialised Land, Non-Specialised Buildings and Cultural Assets

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

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

Specialised Land and Specialised Buildings

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

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

For Bass Coast 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 Bass Coast 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 is 30 June 2019.

Vehicles

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

Plant and Equipment

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

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

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

Note 4.1: Property, Plant and Equipment

(a) Gross carrying amount and accumulated depreciation

	Total 2020 $'000	Total 2019 $'000
Land - Freehold	7,674	7,674
TOTAL LAND AT FAIR VALUE	**7,674**	**7,674**
Buildings Under Construction		
Buildings at cost	2,639	-
Less accumulated depreciation	(8)	-
Sub-totals Buildings at Cost	**2,631**	**-**
Buildings at fair value	38,948	38,948
Less accumulated depreciation	(3,005)	-
Sub-totals Buildings at Fair Value	**35,943**	**38,948**
TOTAL BUILDINGS	**38,574**	**38,948**
Plant and equipment at fair value	8,075	6,589
Less accumulated depreciation	(4,761)	(4,383)
TOTAL PLANT AND EQUIPMENT	**3,314**	**2,206**
Motor vehicles at fair value	1,388	1,365
Less accumulated depreciation	(1,269)	(1,214)
TOTAL MOTOR VEHICLES	**119**	**151**
Medical equipment at fair value	6,511	5,860
Less Accumulated Depreciation	(4,153)	(3,790)
TOTAL MEDICAL EQUIPMENT	**2,358**	**2,070**
Computers and communication equipment at fair value	1,508	1,392
Less accumulated depreciation	(1,256)	(1,089)
TOTAL COMPUTERS AND COMMUNICATION EQUIPMENT	**252**	**303**
Furniture and fittings at fair value	955	955
Less accumulated depreciation	(623)	(553)
TOTAL FURNITURE AND FITTINGS	**332**	**402**
Right of use- plant, equipment, furniture and fittings and vehicles	316	-
Less accumulated depreciation	(86)	-
TOTAL RIGHT OF USE - PLANT, EQUIPMENT, FURNITURE AND FITTINGS AND VEHICLES	**230**	**-**
OTHER ASSETS UNDER CONSTRUCTION AT COST	**7,721**	**1,717**
TOTAL PROPERTY, PLANT AND EQUIPMENT	**60,574**	**53,471**

Note 4.1: Property, Plant and Equipment (Continued)

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

Total	Note	Land $'000	Buildings $'000	Plant & equipment $'000	Motor vehicles $'000	Medical Equipment $'000	Computers & Communication Equipment $'000	Furniture & Fittings $'000	Right of use - PPE, F&V $'000	Assets under construction $'000	Total $'000
Balance at 1 July 2018		**9,277**	**37,653**	**1,335**	**211**	**1,487**	**187**	**475**	**-**	**919**	**51,544**
Additions		-	-	1,297	23	953	265	-	-	1,061	3,599
Disposals		(1,925)	(208)	(69)	(5)	-	-	-	-	-	(2,207)
Revaluation increments/(decrements)		322	2,270	-	-	-	-	-	-	-	2,592
Net Transfers between classes		-	263	-	-	-	-	-	-	(263)	-
Depreciation	4.2	-	(1,030)	(357)	(78)	(370)	(149)	(73)	-	-	(2,057)
Balance at 30 June 2019	4.1 (a)	**7,674**	**38,948**	**2,206**	**151**	**2,070**	**303**	**402**	**-**	**1,717**	**53,471**
Recognition of right-of-use assets on initial application of AASB 16		-	-	-	-	-	-	-	155	-	155
Adjusted balance at 1 July 2019		**7,674**	**38,948**	**2,206**	**151**	**2,070**	**303**	**402**	**155**	**1,717**	**53,626**
Additions		-	934	1,509	23	651	117	-	161	7,709	11,104
Disposals		-	-	-	-	-	-	-	-	-	-
Assets provided free of charge		-	-	-	-	-	-	-	-	-	-
Revaluation increments/(decrements)		-	-	-	-	-	-	-	-	-	-
Net Transfers between classes		-	1,705	-	-	-	-	-	-	(1,705)	-
Depreciation	4.2	-	(3,013)	(401)	(55)	(363)	(168)	(69)	(86)	-	(4,157)
Balance at 30 June 2020	4.1 (a)	**7,674**	**38,574**	**3,314**	**119**	**2,358**	**252**	**333**	**230**	**7,721**	**60,573**

Land and Buildings and Leased Assets Carried at Valuation - impact of COVID-19

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

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

The VGV indices, which are based on data to March 2020, indicate an average increase of 4% across all land parcels and a 3% increase in buildings.

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

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

There was no material financial impact on change in fair value of buildings.

The land and building balances are considered to be sensitive to market conditions. To trigger a managerial revaluation a decrease in the land index of 14% and a decrease in the building index of 13% would be required.

Note 4.1: Property, Plant and Equipment (Continued)

(c) Fair value measurement hierarchy for assets

	Note	Total Carrying Amount	Fair value measurement at end of reporting period using: Level 1 [i]	Level 2 [i]	Level 3 [i]
Balance at 30 June 2020		**$'000**	**$'000**	**$'000**	**$'000**
- Specialised land		7,674	-	-	7,674
Total Land at Fair Value	4.1 (a)	**7,674**	**-**	**-**	**7,674**
- Specialised buildings		35,943	-	-	35,943
Total Building at Fair Value	4.1 (a)	**35,943**	**-**	**-**	**35,943**
Plant and equipment at fair value	4.1 (a)	3,314	-	-	3,314
Motor vehicles at fair value	4.1 (a)	119		119	-
Medical equipment at Fair Value	4.1 (a)	2,358	-	-	2,358
Computers and communication equipment at fair value	4.1 (a)	252	-	-	252
Furniture and fittings at fair value	4.1 (a)	332	-	-	332
Right of use PPE, furniture & fittings and vehicles	4.1 (a)	230		230	-
Total Other Plant and Equipment at Fair Value		**6,605**	**-**	**349**	**6,256**
Total Property, Plant and Equipment		**50,222**	**-**	**349**	**49,873**

[i] Classified in accordance with the fair value hierarchy.

		Total Carrying Amount	Fair value measurement at end of reporting period using: Level 1 [i]	Level 2 [i]	Level 3 [i]
Balance at 30 June 2019		**$'000**	**$'000**	**$'000**	**$'000**
- Specialised land		7,674	-	-	7,674
Total Land at Fair Value	4.1 (a)	**7,674**	**-**	**-**	**7,674**
- Specialised buildings		38,948	-	-	38,948
Total Building at Fair Value	4.1 (a)	**38,948**	**-**	**-**	**38,948**
Plant and equipment at fair value	4.1 (a)	2,206	-	-	2,206
Motor vehicles at fair value	4.1 (a)	151		151	-
Medical equipment at Fair Value	4.1 (a)	2,070	-	-	2,070
Computers and communication equipment at fair value	4.1 (a)	303	-	-	303
Furniture and fittings at fair value	4.1 (a)	402	-	-	402
Total other plant and equipment at fair value		**5,132**	**-**	**151**	**4,981**
Total Property, Plant and Equipment		**51,754**	**-**	**151**	**51,603**

[i] Classified in accordance with the fair value hierarchy.

ii There have been no transfers between levels during the period. In the prior year, there is a transfer between non-specialised land and specialised land to reflect the correct fair value as per the managerial revaluation in 2019.

Note 4.1: Property, Plant and Equipment (Continued)

(d) Reconciliation of Level 3 Fair Value [i]

Total	Note	Land $'000	Buildings $'000	Plant & Equipment $'000	Medical Equipment $'000	Computers & Comm $'000	Furniture & Fittings $'000
Balance at 1 July 2018	4.1 (b)	**7,352**	**37,424**	**1,335**	**1,487**	**187**	**475**
Additions/(Disposals)	4.1 (b)	-	284	1,228	953	265	-
Gains/(Losses) recognised in net result							
- Depreciation and amortisation	4.2	-	(1,030)	(357)	(370)	(149)	(73)
Items recognised in other comprehensive income							
- Revaluation		322	2,270	-	-	-	-
Balance at 30 June 2019	4.1 (c)	**7,674**	**38,948**	**2,206**	**2,070**	**303**	**402**
Additions/(Disposals)	4.1 (b)	-	934	1,509	651	117	-
Net Transfers between classes	4.1 (b)	-	1,705	-	-	-	-
Gains/(Losses) recognised in net result							
- Depreciation and Amortisation	4.2	-	(3,013)	(401)	(363)	(168)	(69)
Balance at 30 June 2020	4.1 (c)	**7,674**	**38,574**	**3,314**	**2,358**	**252**	**333**

[i] Classified in accordance with the fair value hierarchy, refer Note 4.1(c).

Note 4.1 (e): Property, Plant and Equipment (Fair value determination)

Asset class	Likely valuation approach	Significant inputs (Level 3 only)[(c)]
Specialised land (Crown / Freehold)	Market approach	Community Service Obligations Adjustments [(a)]
Specialised buildings	Depreciated replacement cost approach	- Cost per square metre - Useful life
Vehicles	Market approach	n.a.
Plant and equipment	Depreciated replacement cost approach	- Cost per unit - Useful life

[a] A community Service Obligation (CSO) of 20% was applied to the health services specialised land Classified in accordance with the fair value hierarchy.

Note 4.1: Property, Plant and Equipment (Continued)

Note 4.1 (f): Property, Plant and Equipment Revaluation Surplus

	Note	Total 2020 $'000	Total 2019 $'000
Property, Plant and Equipment Revaluation Surplus			
Balance at the beginning of the reporting period		25,012	22,420
Revaluation Increment			
- Land	4.1 (b)	-	322
- Buildings	4.1 (b)	-	2,270
Balance at the end of the Reporting Period*		**25,012**	**25,012**
*** Represented by:**			
- Land		5,318	5,318
- Buildings		19,694	19,694
		25,012	**25,012**

Note 4.2: Depreciation and Amortisation

	Total 2020 $'000	Total 2019 $'000
Depreciation		
Buildings	3,013	1,030
Plant and equipment	401	357
Motor vehicles	55	78
Medical equipment	363	370
Computers and communication equipment	168	149
Furniture and fittings	69	73
Leased assets (low value and short term)	4	-
Right of use assets		
- Right of use plant, equipment and vehicles	82	-
Total Depreciation	**4,156**	**2,057**
Total Depreciation and Amortisation	**4,156**	**2,057**

Depreciation

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

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

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.

Note 4.2 (a): useful life of non-current assets

	2020	2019
Buildings		
- Structure shell building fabric	7 to 45 Years	37 to 42 Years
- Site engineering services and central plant	7 to 25 Years	27 Years
Central Plant		
- Fit out	7 Years	12 Years
- Trunk reticulated building system	7 to 25 years	17 years
Plant and equipment	5 to 10 years	5 to 10 years
Medical equipment	5 to 20 years	5 to 20 years
Computers and communication	3 to 5 years	4 years
Motor vehicles	5 years	5 years
Leasehold improvements	5 to 10 years	5 to 10 years

Note 4.3: Inventories

	Total 2020 $'000	Total 2019 $'000
Pharmacy supplies at cost	90	60
General stores at cost	136	101
Total Inventories	**226**	**161**

Inventories

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

Note 5: Other assets and liabilities

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

Structure
5.1 Receivables and contract assets
5.2 Payables
5.3 Other liabilities

Note 5.1: Receivables

	Notes	Total 2020 $'000	Total 2019 $'000
CURRENT			
Contractual			
Trade Debtors		414	739
Patient Fees		107	164
Accrued Investment Income		-	4
Accrued Revenue		177	200
Amounts receivable from governments and agencies		227	255
GHA IT Alliance		90	113
Less allowance for impairment losses of contractual receivables			
Trade Debtors	7.1(c)	(49)	(52)
Patient Fees	7.1(c)	(78)	(103)
Sub-Total Contractual Receivables		**888**	**1,320**
Statutory			
Accrued Revenue - Department of Health and Human Services		196	219
GST Receivable		242	114
Sub-Total Statutory Receivables		**438**	**333**
TOTAL CURRENT RECEIVABLES		**1,326**	**1,653**
NON-CURRENT			
Statutory			
Long service leave - Department of Health and Human Services		2,394	2,074
Sub-Total Statutory Receivables		**2,394**	**2,074**
TOTAL NON-CURRENT RECEIVABLES		**2,394**	**2,074**
TOTAL RECEIVABLES		**3,720**	**3,727**

Note 5.1: Receivables

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

	Total 2020 $'000	Total 2019 $'000
Balance at beginning of year	**155**	**208**
Reversal of allowance written off during the year as uncollectable	-	(148)
Increase/(Decrease) in allowance recognised in the net result	(28)	95
Balance at end of year	**127**	**155**

Increase/(Decrease) in allowance recognised in the net result	(28)	95

Contractual 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 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* .

Bass Coast 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.

Note 5.2: Payables

	Notes	Total 2020 $'000	Total 2019 $'000
CURRENT			
Contractual			
Trade creditors		315	2,079
Accrued salaries and wages		280	1,681
Accrued expenses		3,394	2,387
GHA IT Alliance		244	323
Deferred grant revenue	5.2(a)	491	-
Grant Consideration	5.2(b)	955	394
		5,679	**6,864**
Statutory			
Department of Health and Human Services		199	228
		199	**228**
TOTAL CURRENT PAYABLES		**5,878**	**7,092**
TOTAL PAYABLES		**5,878**	**7,092**

Payables consist of:

- **contractual payables**, classified as financial instruments and measured at amortised cost. Accounts payable and salaries and wages payable represent liabilities for goods and services provided to Bass Coast Health prior to the end of the financial year that are unpaid; and
- **statutory payables**, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

The normal credit terms for accounts payable are usually Nett 60 days.

Note 5.2 (a) Deferred grant revenue	2020 $'000
Grant consideration for capital works recognised that was included in the deferred grant liability balance (adjusted for AASB 1058) at the beginning of the year	-
Grant consideration for capital works received during the year	491
Grant revenue for capital works recognised consistent with the capital works undertaken during the year	-
Closing balance of deferred grant consideration received for capital works	**491**

Grant consideration was received for major infrastructure works. Grant revenue is recognised progressively as the asset is constructed, since this is the time when Bass Coast Health satisfies its obligations under the transfer by controlling the asset as and when it is constructed. The progressive percentage costs incurred is used to recognise income because this most closely reflects the progress to completion as costs are incurred as the works are done. (see note 2.1) As a result, Bass Coast Health has deferred recognition of a portion of the grant consideration received as a liability for the outstanding obligations.

Note 5.2 (b) Operating grant consideration

	2020 $'000
Revenue recognised from performance obligations satisfied in previous periods	394
Transaction price allocated to the remaining performance obligations from contracts with customers to be recognised in:	
Not longer than one year	955
Longer than one year but not longer than five years	-
Longer than five years	-
Total	**955**

In addition, grant consideration was also received from the State Government in support of Community Health initiatives and programs. Grant income is recognised as service obligations are met. Differences in the number of some services provided may be adjusted in the funding provided annually. The remaining grant revenue is recognised when the service obligations are delivered in the following year.

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 accordance with AASB 118.

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 and Human Services by way of funding should the probability of default increase, probability of default by the guaranteed party and the likely loss to the Department in the event of default.

Maturity analysis of payables

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

Note 5.3: Other liabilities

	Total 2020 $'000	Total 2019 $'000
CURRENT		
Monies held in trust*: Patient monies held in trust	47	44
Monies held in trust*: Refundable accommodation deposits	5,863	5,161
Other	589	333
Total Current	**6,499**	**5,538**
Total Other Liabilities	**6,499**	**5,538**

*** Total Monies Held in Trust Represented by the Following Assets:**		
Cash assets	6,499	5,538
TOTAL	**6,499**	**5,538**

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

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

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

Note 6: How we finance our operations

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

Note 6.1: Borrowings

	Total 2020 $'000	Total 2019 $'000
CURRENT		
Lease liability [(i)]	101	-
Advance from government	2,840	-
Loans from government (ii)	163	1,575
Total Current Borrowings	**3,104**	**1,575**
NON CURRENT		
Lease liability [(i)]	176	-
Loans from government (ii)	484	629
Total Non Current Borrowings	**660**	**629**
Total Borrowings	**3,764**	**2,204**

(i) Secured by the assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default.

(ii) These are unsecured loans which bear no interest.

(a) Maturity Analysis of Borrowings
Please refer to Note 7.1 for the ageing analysis of borrowings.
(b) Defaults and Breaches
During the current and prior year, there were no defaults and breaches of any of the borrowings.

(c) Lease Liabilities
Repayments in relation to leases are payable as follows:

	Minimum future lease payments		Present value of minimum future lease payments	
	2020 $'000	2019 $'000	2020 $'000	2019 $'000
Not later than one year	105	-	101	-
Later than 1 year and not later than 5 years	179	-	176	-
Later than 5 years	-	-	-	-
Minimum lease payments	**284**	**-**	**277**	**-**
Less future finance charges	(7)	-	-	-
TOTAL	**277**	**-**	**277**	**-**
Included in the financial statements as:				
Current borrowings - lease liability			101	-
Non-current borrowings - lease liability			176	-
TOTAL	**-**	**-**	**277**	**-**

The weighted average interest rate implicit in the finance lease is 2.03% (2019: 2.07%).

Note 6.1: Borrowings (continued)

Leases

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

Bass Coast Health leasing activities

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

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

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

Separation of lease and non-lease components

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

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

Lease Liability – initial measurement

The lease liability is initially measured at the present value of the lease payments unpaid at the commencement date, discounted using the interest rate implicit in the lease if that rate is readily determinable or Bass Coast Health's incremental borrowing rate.

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

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

Lease Liability – subsequent measurement

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification, or if there are changes in-substance fixed payments.
When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right of use asset is already reduced to zero.

Short-term leases and leases of low value assets

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

Below market/Peppercorn lease

Bass Coast Health has no material below market/peppercorn leases.

Right-of-use assets under leases at significantly below-market terms and conditions that are entered into principally to enable Bass Coast Health to further its objectives, are initially and subsequently measured at cost.

These right-of-use assets are depreciated on a straight line basis over the shorter of the lease term and the estimated useful lives of the assets.

Presentation of right-of-use assets and lease liabilities

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

Note 6.1: Borrowings (continued)

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

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

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

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

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

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

Operating lease payments up until 30 June 2019 (including contingent rentals) are recognised on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset.
From 1 July 2019, the following lease payments are recognised on a straight-line basis:

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

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

Other leasing arrangements in 2019: The other leases relate to equipment with lease terms of varying years. Bass Coast Health has options to purchase the equipment at the conclusion of the lease agreements. Some leases provide for additional rent payments based on changes in a local price index.

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition depends on whether the Health Service has categorised its liability as either 'financial liabilities designated at fair value through profit or loss', or financial liabilities at 'amortised cost'.

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'.

Note 6.2: Cash and Cash Equivalents

	Total 2020 $'000	Total 2019 $'000
Cash on Hand (excluding monies held in trust)	4	3
Cash at Bank (excluding monies held in trust)	1,325	834
Cash at Bank (monies held in trust)	47	43
Cash at Bank - CBS (excluding monies held in trust)	16,478	16,598
Cash at Bank - CBS (monies held in trust)	6,449	5,494
TOTAL CASH AND CASH EQUIVALENTS (HEALTH SERVICE OPERATIONS)	**24,303**	**22,972**
Cash at Bank (GHA IT Alliance)	655	725
TOTAL CASH AND CASH EQUIVALENTS	**24,958**	**23,697**

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

Note 6.3 : Commitments for expenditure

	2020 $'000	2019 $'000
Capital Expenditure Commitments		
Less than 1 year	138	1,664
Longer than 1 year but not longer than 5 years	-	-
5 years or more	-	-
Total Capital Expenditure Commitments	**138**	**1,664**
Operating Expenditure Commitments		
IT Computers and Printers payable as follows:		
Less than 1 year	131	131
Longer than 1 year but not longer than 5 years	33	164
5 years or more	-	-
Total Operating Expenditure Commitments	**164**	**295**
Non-cancellable Short Term and low value lease commitments		
Less than 1 year	125	37
Longer than 1 year but not longer than 5 years	-	-
5 years or more	-	-
Total Non-cancellable Lease Commitments	**125**	**37**
Total Commitments for Expenditure (inclusive of GST)	**427**	**1,996**
Less GST recoverable from the Australian Tax Office	(39)	(181)
TOTAL COMMITMENTS FOR EXPENDITURE (exclusive of GST)	**388**	**1,815**

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

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

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

Note 7: Risks, contingencies and valuation uncertainties

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

Structure

7.1 Financial Instruments
7.2 Contingent Assets and Contingent Liabilities

Note 7.1 (a): Financial Instruments

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

(a) Categorisation of financial instruments

Total 2020	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	24,958	-	24,958
Receivables - Trade Debtors	5.1	394	-	394
Other Receivables	5.1	494	-	494
Total Financial Assets [i]		**25,846**	**-**	**25,846**
Financial Liabilities				
Payables	5.2	-	5,679	5,679
Borrowings	6.1	-	3,764	3,764
Other Financial Liabilities - Refundable Accommodation Deposits	5.3	-	5,863	5,863
Other Financial Liabilities - Patient monies held in trust	5.3	-	47	47
Other Financial Liabilities	5.3	-	589	589
Total Financial Liabilities [i]		**-**	**15,942**	**15,942**

Note 7.1 (a): Financial Instruments

(a) Categorisation of financial instruments

Total 2019	Note	Financial Assets at Amortised Cost $'000	Financial Liabilities at Amortised Cost $'000	Total $'000
Contractual Financial Assets				
Cash and Cash Equivalents	6.2	23,697	-	23,697
Receivables - Trade Debtors	5.1	748	-	748
Other Receivables	5.1	572	-	572
Total Financial Assets [i]		**25,017**	**-**	**25,017**
Financial Liabilities				
Payables	5.2	-	6,864	6,864
Borrowings	6.1	-	2,204	2,204
Other Financial Liabilities - Refundable Accommodation Deposits	5.3		5,161	5,161
Other Financial Liabilities - Patient monies held in trust	5.3	-	44	44
Other Financial Liabilities	5.3	-	333	333
Total Financial Liabilities [i]		**-**	**14,606**	**14,606**

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

Categories of Non-Derivative Financial Instruments

Financial assets at amortised cost

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

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

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

Bass Coast Health recognises the following assets in this category:

- cash and deposits;
- receivables (excluding statutory receivables);
- term deposits; and
- certain debt securities.

Categories of Non-Derivative Financial Instruments

Financial assets at fair value through other comprehensive income

Debt investments are measured at fair value through other comprehensive income if both of the following criteria are met and the assets are not designated as

- the assets are held by Bass Coast 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 Bass Coast Health has irrevocably elected at initial recognition to recognise in this category.

These assets are initially recognised at fair value with subsequent change in fair value in other comprehensive income.

Upon disposal of these debt instruments, any related balance in the fair value reserve is reclassified to profit or loss. However, upon disposal of these equity instruments, any related balance in fair value reserve is reclassified to retained earnings.

Bass Coast Health recognises certain unlisted equity instruments within this category.

Financial assets at fair value through net result

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

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

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

Categories of financial liabilities

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through net result on the basis that the financial assets form part of a group of financial assets that are managed based on their fair values and have their performance evaluated in accordance with documented risk management and investment strategies. Financial instruments at fair value through net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows unless the changes in fair value relate to changes in the Health Service's own credit risk. In this case, the portion of the change attributable to changes in Bass Coast Health's own credit risk is recognised in other comprehensive income with no subsequent recycling to net result when the financial liability is derecognised. Bass Coast Health recognises some debt securities that are held for trading in this category and designated certain debt securities as fair value through net result in this category.

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

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

Derivative financial instruments are classified as held for trading financial assets and liabilities. They are initially recognised at fair value on the date on which a derivative contract is entered into. Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative. Any gains or losses arising from changes in the fair value of derivatives after initial recognition are recognised in the consolidated comprehensive operating statement as an 'other economic flow' included in the net result.

Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, Bass Coast Health has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Bass Coast Health does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

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

Bass Coast 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

Bass Coast 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 Bass Coast Health has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of Bass Coast 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: Subsequent to initial recognition reclassification of financial liabilities is not permitted. Financial assets are required to reclassified between fair value through net result, fair value through other comprehensive income and amortised cost when and only when Bass Coast Health's business model for managing its financial assets has changes such that its previous model would no longer apply.

Note 7.1 (b): Payables and Borrowings Maturity Analysis

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

Maturity analysis of Financial Liabilities as at 30 June

				Maturity Dates				
2020	Note	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
Financial Liabilities at amortised cost								
Payables	**5.2**	5,679	5,679	4,234	-	954	491	-
Borrowings	**6.1**	3,764	3,764	20	11	3,073	660	-
Other Financial Liabilities - Refundable Accommodation Deposits	**5.3**	5,863	5,863	-	-	5,863	-	-
Other Financial Liabilities - Patient monies held in trust	**5.3**	47	47	-	47	-	-	-
Other Financial Liabilities	**5.3**	589	589	-	-	589	-	-
Total Financial Liabilities		**15,942**	**15,942**	**4,254**	**58**	**10,479**	**1,151**	**-**
2019								
Financial Liabilities at amortised cost								
Payables	**5.2**	6,864	6,864	6,735	129	-	-	-
Borrowings	**6.1**	2,204	2,204	125	250	1,201	628	-
Other Financial Liabilities - Refundable Accommodation Deposits	**5.3**	5,161	5,161	-	-	5,161	-	-
Other Financial Liabilities - Patient monies held in trust	**5.3**	44	44	-	44	-	-	-
Other Financial Liabilities	**5.3**	333	333	-	-	333	-	-
Total Financial Liabilities		**14,606**	**14,606**	**6,860**	**423**	**6,695**	**628**	**-**

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

Note 7.1 (c)
Contractual receivables at amortised cost

30-Jun-19	Note		Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate			0.0%	7.0%	10.0%	35.0%	70.0%	
Gross carrying amount of contractual receivables ($'000s)	5.1	1,475	991	121	51	218	94	**1,475**
Loss allowance			**-**	**8**	**5**	**76**	**66**	**155**

30-Jun-20			Current	Less than 1 month	1–3 months	3 months –1 year	1–5 years	Total
Expected loss rate			0.0%	0.0%	10.0%	25.0%	80.0%	
Gross carrying amount of contractual receivables	5.1	1,015	654	25	31	219	86	**1,015**
Loss allowance			**-**	**-**	**3**	**55**	**69**	**127**

Impairment of financial assets under AASB 9 *Financial Instruments*

Bass Coast Health records the allowance for expected credit loss for the relevant financial instruments, in accordance with AASB 9 *Financial Instruments* 'Expected Credit Loss' approach. Subject to AASB 9 *Financial Instruments,* impairment assessment includes the Health Service's contractual receivables, statutory receivables and its investment in debt instruments.

Equity instruments are not subject to impairment under AASB 9 *Financial Instruments* . Other financial assets mandatorily measured or designated at fair value through net result are not subject to impairment assessment under AASB 9 *Financial Instruments* . While cash and cash equivalents are also subject to the impairment requirements of AASB 9 *Financial Instruments* , any identified impairment loss would be immaterial.

Contractual receivables at amortised cost

The Health Service applies AASB 9 *Financial Instruments* 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. The Health Service has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Department's past history, existing market conditions, as well as forward-looking estimates at the end of the financial year.

On this basis, the Health Service determines the opening loss allowance and the closing loss allowance at end of the financial year as disclosed above.

Note 7.1 (c)
Contractual receivables at amortised cost (Continued)

Reconciliation of the movement in the loss allowance for contractual receivables

	Note	*2020*	*2019*
Balance at beginning of the year ($'000s)		**155**	**208**
Opening retained earnings adjustment on adoption of AASB 9		-	-
Opening Loss Allowance	5.1	**155**	**208**
Increase/(Decrease) in provision recognised in the net result	5.1	(28)	95
Reversal of provision of receivables written off during the year as uncollectible		-	(148)
Balance at end of the year	5.1	**127**	**155**

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

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

Statutory receivables and debt investments at amortised cost

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

The Health Service also has investments in: Centralised Banking System (CBS).

Both the statutory receivables and investments in debt instruments 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, the loss allowance recognised for these financial assets during the period was limited to 12 months expected losses.

Note 7.2: Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are not recognised in the Balance Sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

There are no known contingent assets or contingent liabilities for Bass Coast Health at the date of this report.

Note 8: Other disclosures

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

Structure

8.1 Reconciliation of Net Result for the Year to Net Cash Flow from Operating Activities
8.2 Responsible persons disclosure
8.3 Remuneration of Executive Officers
8.4 Related Parties
8.5 Remuneration of Auditors
8.6 Events Occurring after the Balance Sheet Date
8.7 Jointly Controlled Operations
8.8 Economic Dependency
8.9 Correction of prior period error and revision of estimates
8.10 AASBs Issued that are not yet Effective

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

	Note		Total 2020 $'000	Total 2019 $'000
Net Result for the Year		**OS**	4,369	2,069
Non-Cash Movements:				
Depreciation and amortisation		4.2	4,156	2,057
Provision for Doubtful Debts		5.1 (a)	(28)	95
Share of net results in associates		8.7	(131)	(98)
Movements included in Investing and Financing Activities:				
Net (Gain)/Loss from Disposal of Non-Financial Physical Assets			(8)	(490)
Less cash inflow/outflow from Capital Donations			(721)	(611)
Movements in Assets and Liabilities:				
Change in Operating Assets and Liabilities				
(Increase)/Decrease in Receivables		5.1	12	(712)
(Increase)/Decrease in Prepayments			(41)	(10)
Increase/(Decrease) in Payables		5.2	(1,135)	1,130
Increase/(Decrease) in Other Liabilities			260	-
(Increase)/Decrease in Inventories			(65)	10
(Increase)/Decrease in Employee Benefits			2,021	1,599
NET CASH INFLOW FROM OPERATING ACTIVITIES			**8,689**	**5,038**

Note 8.2: Responsible Persons

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

	Period
Responsible Ministers:	
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	01/07/2019 - 30/06/2020
The Honourable Martin Foley, Minister for Mental Health	01/07/2019 - 30/06/2020
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	01/07/2019 - 30/06/2020
Governing Boards	
Tony Gabbert	01/07/2019 - 30/06/2020
Christine Hammond	01/07/2019 - 30/06/2020
Simon Jemmett	01/07/2019 - 30/06/2020
Mim Kershaw	01/07/2019 - 30/06/2020
Richard King	01/07/2019 - 30/06/2020
Ian Leong	01/07/2019 - 30/06/2020
Kate McCullough	01/07/2019 - 30/06/2020
Julia Oxley	01/07/2019 - 30/06/2020
Don Paproth	01/07/2019 - 30/06/2020
Ian Thompson	01/07/2019 - 30/06/2020
Mary Whelan	01/10/2019 - 30/06/2020
Accountable Officers	
Jan Child (Chief Executive Officer)	01/07/2019 - 30/06/2020

Remuneration of Responsible Persons

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

Income Band	**Total 2020 No.**	**Total 2019 No.**
$0 - $9,999	1	3
$10,000 - $19,999	9	8
$20,000 - $29,999	1	-
$330,000 - $339,999	-	1
$340,000 - $349,999	1	-
Total Numbers	**12**	**12**

	2020 $'000	**2019 $'000**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$503**	**$450**

Amounts relating to the Governing Board Members and Accountable Officer are disclosed in the Health Services' controlled entities financial statements.

Amounts relating to Responsible Ministers are reported within the Department of Parliamentary Services' Financial Report.

Note 8.3: Remuneration of Executives

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

Remuneration of Executive Officers (including Key Management Personnel Disclosed in Note 8.4)	**Total Remuneration**	
	2020 $'000	**2019 $'000**
Short-term Benefits	895	790
Post-employment Benefits	85	75
Other Long-term Benefits	41	27
Total Remuneration [i]	**1,021**	**892**
Total Number of Executives	5	5
Total Annualised Employee Equivalent [ii]	3.7	4.0

[i] The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Bass Coast Health under AASB 124 Related Party Disclosures and are also reported within Note 8.4 Related Parties.

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

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

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

Short-term Employee Benefits
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 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

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

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) and their close family members;
- Jointly Controlled Operation - A member of the Gippsland Health Alliance; and
- All hospitals 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 Bass Coast Health and its controlled entities, directly or indirectly.

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

Entity	**KMPs**	**Position Title**
Bass Coast Health	Don Paproth	Chair of the Board
Bass Coast Health	Tony Gabbert	Board Member
Bass Coast Health	Christine Hammond	Board Member
Bass Coast Health	Simon Jemmett	Board Member
Bass Coast Health	Mim Kershaw	Board Member
Bass Coast Health	Richard King	Board Member
Bass Coast Health	Ian Leong	Board Member
Bass Coast Health	Kate McCullough	Board Member
Bass Coast Health	Julia Oxley	Board Member
Bass Coast Health	Ian Thompson	Board Member
Bass Coast Health	Mary Whelan	Board Member
Bass Coast Health	Jan Child	Chief Executive Officer
Bass Coast Health	Noni Bourke	Chief of Organisational Support and Development
Bass Coast Health	Shaun Brooks	Chief Financial Officer
Bass Coast Health	Renee Kelsall	Chief Medical Officer
Bass Coast Health	Louise Sparkes	Chief Operating Officer
Bass Coast Health	Bruce Waxman	Chief Medical Officer

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 Department of Parliamentary Services' Financial Report.

	Total 2020 $'000	**Total 2019 $'000**
Compensation - KMPs		
Short-term Employee Benefits [i]	1,344	1,191
Post-employment Benefits	128	113
Other Long-term Benefits	51	37
Total "	**1,523**	**1,341**

[i] Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.

[ii] KMPs are also reported in Note 8.2 Responsible Persons or Note 8.3 Remuneration of Executives.

Note 8.4: Related Parties

Significant Transactions with Government Related Entities

Bass Coast Health received funding from the Department of Health and Human Services of $69.4 m (2019: $59.5 m) and indirect contributions of $6.1 m (2019: $1.1 m). Balances outstanding as year end are $2.8 m (2019 $2.3 m).

Bass Coast Health made payments to Ambulance Victoria of $1.7 m (2019: $1.8 m)

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

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

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

Transactions with KMPs and Other Related Parties

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

Outside of normal citizen type transactions with the Health Service, there were no related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties. There were no related party transactions with Cabinet Ministers required to be disclosed in 2020.

There were no related party transactions required to be disclosed for the Bass Coast Health Board of Directors, Chief Executive Officer and Executive Directors in 2020.

Note 8.5: Remuneration of Auditors

	Total 2020 $'000	Total 2019 $'000
Victorian Auditor-General's Office		
Audit of the Financial Statements	47	47
TOTAL REMUNERATION OF AUDITORS	**47**	**47**

Note 8.6: Events Occurring after the Balance Sheet Date

The COVID-19 pandemic has created unprecedented economic uncertainty. Actual economic events and conditions in the future may be materially different from those estimated by Bass Coast Health at the reporting date. As responses by government continue to evolve, management recognises that it is difficult to reliably estimate with any degree of certainty the potential impact of the pandemic after the reporting date on Bass Coast Health, its operations, its future results and financial position. The state of emergency in Victoria was extended on 13 September 2020 until 11 October 2020 and the state of disaster still in place.

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

Note 8.7: Jointly Controlled Operations

Name of Entity	Principal Activity	Ownership Interest 2020 %	Ownership Interest 2019 %
Gippsland Health Alliance		10.69	10.36

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

Note 8.7: Jointly Controlled Operations

	2020 $'000 *	2019 $'000 *
CURRENT ASSETS		
Cash and Cash Equivalents	655	725
Receivables	90	113
Other Current Assets	364	252
TOTAL CURRENT ASSETS	**1,109**	**1,090**
NON-CURRENT ASSETS		
Property, Plant and Equipment	89	9
TOTAL NON-CURRENT ASSETS	**89**	**9**
TOTAL ASSETS	**1,198**	**1,099**
CURRENT LIABILITIES		
Trade Creditors and Accrued Expenses	75	92
Borrowings	18	-
Other Current Liabilities	169	232
TOTAL CURRENT LIABILITIES	**262**	**324**
NON-CURRENT LIABILITIES		
Borrowings	30	-
TOTAL NON-CURRENT LIABILITIES	**30**	**-**
TOTAL LIABILITIES	**292**	**324**
NET ASSETS	**906**	**775**
EQUITY		
Accumulated Surpluses	906	775
TOTAL EQUITY	**906**	**775**

Bass Coast Health's interest in revenues and expenses resulting from jointly controlled operations are detailed below:

	2020 $'000 *	2019 $'000 *
REVENUE		
Grants	1,949	1,480
TOTAL REVENUE	**1,949**	**1,480**
EXPENSES		
Other Expenses from Continuing Operations	1,795	1,379
Depreciation	23	3
TOTAL EXPENSES	**1,818**	**1,382**
NET RESULT	**131**	**98**

* Figures obtained from the unaudited Gippsland Health Alliance Joint Venture annual report.

Contingent Liabilities and Capital Commitments
There are no known contingent liabilities or capital commitments held by the jointly controlled operations at balance date.

Note 8.8: Economic Dependency

The Health Service is solely dependent on the continued financial support of the State Government and in particular, the Department of Health and Human Services. The Department of Health and Human Services has provided confirmation that it will continue to provide Bass Coast Health adequate cash flow support to meet its current and future operational obligations as and when they fall due for a period up to September 2021, should this be required to enable continued trade in the short term.
On that basis, the financial statements have been prepared on a going concern basis.

Throughout 2019-20, Bass Coast Health was in regular discussion with Department of Health and Human Services Officers regarding ongoing concern issues including budget performance and cash flow management, and made the necessary arrangements to address these issues.
Bass Coast Health's forecast viability indicators for the period to September 2021, particularly indicators for net operating result, cash flow from operations and days of available cash, are key reasons for requiring cash flow support from the Department of Health and Human Services in the short term.

Note 8.9: Changes in accounting policy, revision of estimates and corrections of prior period errors

Changes in accounting policy

Leases

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

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

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

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

Leases classified as operating leases under AASB 117

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

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

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

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

Note 8.9: Changes in accounting policy, revision of estimates and corrections of prior period errors

Impacts on financial statements

On transition to AASB 16, Bass Coast Health recognised $155,400 of right-of-use assets and $155,400 of lease liabilities.
When measuring lease liabilities, Bass Coast Health discounted lease payments using its incremental borrowing rate at 1 July 2019. The weighted average rate applied is 2.07%.

	1-Jul-19 $'000
Total Operating lease commitments disclosed at 30 June 2019	338
Discounted using the incremental borrowing rate at 1 July 2019	336
Finance lease liabilities as at 30 June 2019	-
Recognition exemption for:	
Short-term leases	(181)
Leases of low-value assets	-
Lease liabilities recognised at 1 July 2019	155

Revenue from Contracts with Customers

In accordance with FRD 121 requirements, the Health Service has applied the transitional provision of AASB 15, under modified retrospective method with the cumulative effect of initially applying this standard against the opening retained earnings at 1 July 2019. Under this transition method, Bass Coast Health applied this standard retrospectively only to contracts that are not 'completed contracts' at the date of initial application. Bass Coast Health has not applied the fair value measurement requirements for right-of-use assets arising from leases with significantly below-market terms and conditions principally to enable the entity to further its objectives as allowed under temporary option under AASB 16 and as mandated by FRD 122.

Comparative information has not been restated.

Note 2.1 – Sales of goods and services includes details about the transitional application of AASB 15 and how the standard has been applied to revenue transactions.

Income of Not-for-Profit Entities

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

Comparative information has not been restated.

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

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

Note 8.10: AASBs Issued that are not yet Effective

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

As at 30 June 2020, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Bass Coast Health has not and does not intend to adopt these standards early.

Standard/Interpretation	*Summary*	*Applicable for annual reporting periods beginning on*	*Impact on public sector entity financial statements*
AASB 2018-7 *Amendments to Australian Accounting Standards – Definition of Material*	This Standard principally amends AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* . The amendments refine and clarify the definition of material in AASB 101 and its application by improving the wording and aligning the definition across AASB Standards and other publications. The amendments also include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the	1 January 2020	The standard is not expected to have a significant impact on the public sector.
AASB 2020-1 *Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-Current*	to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current. A liability is classified as non-current if an entity has the right at the end of the reporting period to defer settlement of the liability for at least 12 months after the reporting period. The meaning of settlement of a liability is also clarified.	1 January 2022. However, ED 301 has been issued with the intention to defer application to 1 January 2023.	The standard is not expected to have a significant impact on the public sector.

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

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

Map of service sites

Main Site

1. Wonthaggi Hospital
   235 Graham Street, Wonthaggi Vic. 3995
   Phone: 03 5671 3333

Satellite Sites

2. San Remo
   1 Back Beach Road, San Remo Vic. 3925
   Phone: 03 5671 9200
3. Phillip Island Health Hub
   50-54 Church Street, Cowes Vic. 3922
   Phone: 03 5951 2100

Outreach Sites

4. Grantville
   Grantville Transaction Centre
   Cnr. Bass Highway & Pier Road, Grantville Vic. 3984
   Phone: 03 5671 3333
5. Corinella
   Corinella & District Community Centre
   48 Smythe Street, Corinella Vic. 3984
   Phone: 03 5671 3333

Residential Aged Care Facilities

6. Kirrak House
   Baillieu Street, Wonthaggi Vic. 3995
   Phone: 03 5671 3250
7. Griffiths Point Lodge
   Davis Point Road, San Remo Vic. 3925
   Phone: 03 5678 5311

Maternal and Child Health Sites

8. Wonthaggi
   Wonthaggi Hospital
   235 Graham Street, Wonthaggi Vic. 3995
   Phone: 03 5671 4275
9. Inverloch
   16 A'Beckett Street, Inverloch Vic. 3996
   Phone: 03 5671 3136
10. San Remo
    San Remo Kindergarten
    23 Back Beach Road, San Remo Vic. 3925
    Phone: 03 5951 2302
11. Cowes
    Phillip Island Early Learning Centre
    161 Settlement Road, Cowes Vic. 3922
    Phone: 03 5952 2938