

AT THE
HEART OF
PATIENT CARE

10

2010 annual report



Barwon
Health

VITAL STATISTICS OF A DYNAMIC HEALTH SERVICE

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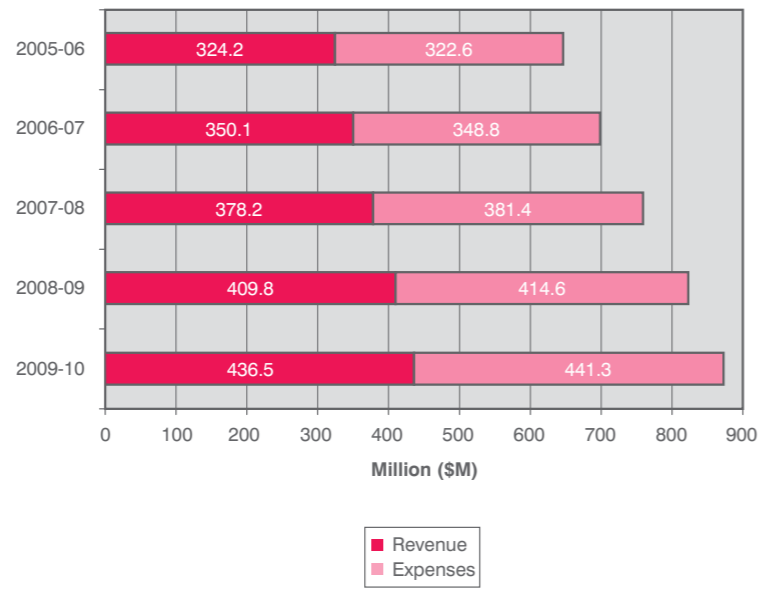
AT A GLANCE



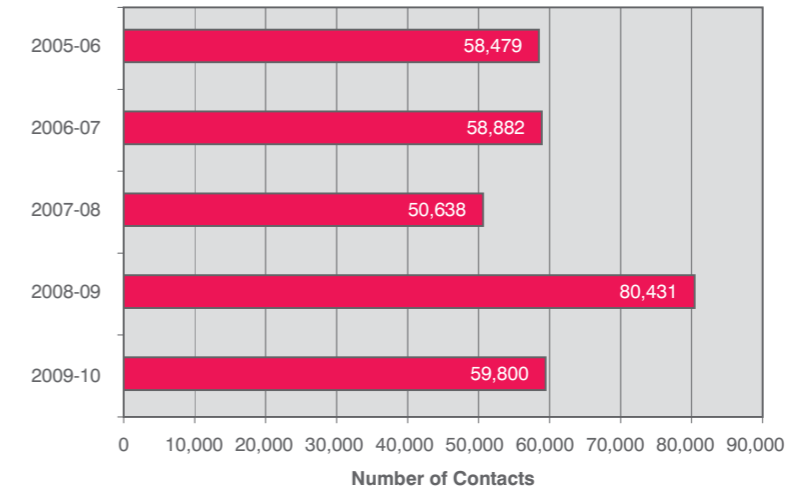
INPATIENT SEPARATIONS



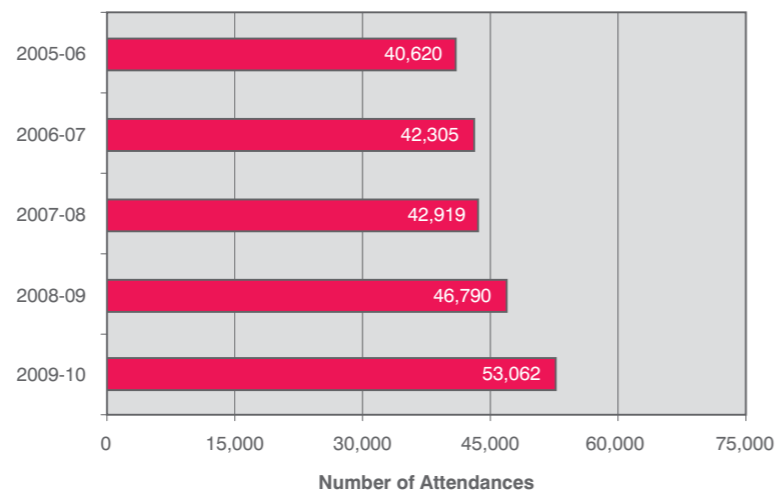
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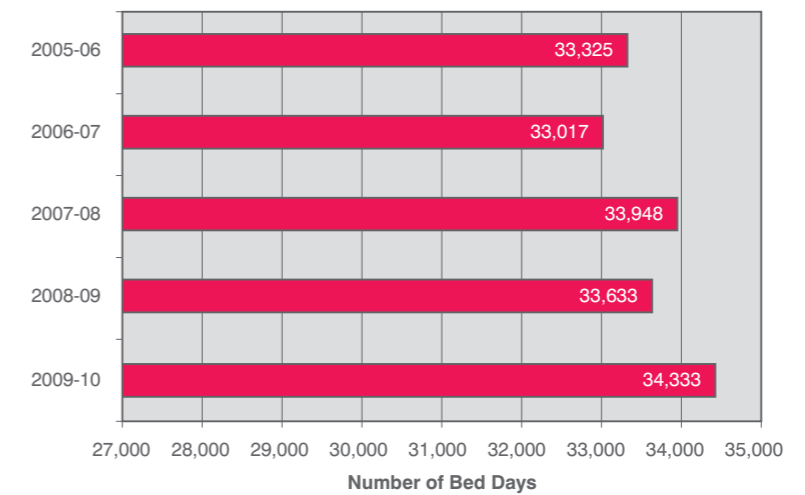
DENTAL CONTACTS



EMERGENCY DEPARTMENT ATTENDANCES



REHABILITATION, PALLIATIVE AND GERIATRIC EVALUATION MANAGEMENT BED DAYS



ABOUT BARWON HEALTH



WHILE THE STATISTICS SHOW THAT WE ARE A DYNAMIC HEALTH SERVICE, WE WILL BE JUDGED ON OUR VALUES, AND THE WAY WE DELIVER BETTER HEALTH OUTCOMES FOR OUR COMMUNITY

VISION

To be Australia's leading regional health service – building a healthier community

MISSION

To provide accessible, high quality health care services to the community of Geelong and the Barwon South Western region

VALUES

RESPECT

FOR THE UNIQUE QUALITIES OF EACH INDIVIDUAL, FAMILY AND COMMUNITY, FOR OUR PARTNERS, THE ORGANISATION WE REPRESENT AND FOR EACH OTHER

COMPASSION

FOR THE CIRCUMSTANCES OF THE PEOPLE WE CARE FOR

COMMITMENT

TO FACILITATE HIGH QUALITY HEALTH OUTCOMES BY WORKING COLLABORATIVELY WITH ALL STAKEHOLDERS

ACCOUNTABILITY

FOR ALL OUR ACTIONS AND OUTCOMES BY WORKING TO CLEAR OBJECTIVES IN A TRANSPARENT MANNER

INNOVATION

TO LEAD THE WAY AND DEVELOP CREATIVE INITIATIVES TO ADDRESS THE HEALTH NEEDS OF OUR COMMUNITY



BARWON HEALTH IS VICTORIA'S LARGEST REGIONAL HEALTH SERVICE SERVING OVER 500,000 PEOPLE

ABOUT BARWON HEALTH

Formed in 1998, Barwon Health is the major regional health provider for the Barwon South Western region. It is Victoria's largest regional health service with one of the busiest hospitals in the State. We serve over 500,000 people through the efforts of over 5,800 people across 21 sites.

We provide care at all stages of life and circumstance through our comprehensive range of services from emergency and acute to mental health, primary care, community services, aged care and sub acute/ rehabilitation.

Care is provided to the community through:

- One main public hospital and its associated services
- A sub acute site for inpatient and community rehabilitation through the McKellar Centre
- Aged care through the McKellar Centre and its sites in North Geelong and Grovedale
- A total of 16 community-based sites at key locations throughout the region
- Outreach clinics and home-based services

We play a complementary role of meeting the health needs of our primary catchment – the greater Geelong area with a population of 350,000 – and providing more complex, specialist health care to over 500,000 people in the wider region extending to the South Australian border. In addition to serving the needs of the permanent population, Barwon Health also provides care to visitors to the region who in peak seasons can swell the population by over 70% or close to 195,000 people.

With a staff headcount in excess of 5,800 people, we are also the largest employer in the region and a major education provider through our relationships with Deakin University, Melbourne University, Monash University and the Gordon Institute.

PRIORITIES

Barwon Health's Strategic Plan for the period to 2015 identifies the following priorities:

Your Health

We will work with the community to deliver significantly improved health outcomes

1. Provide leadership in the prevention and management of chronic diseases
2. Strengthen our primary and secondary care prevention capacity
3. Enhance research, education and training with a focus on improved health outcomes

Our Service

We will have a well-connected health care service to ensure a positive experience for those we serve

1. Deliver high-quality, safe and responsive health care
2. Enable innovative and integrated patient, resident and client centred models of care
3. Modernise infrastructure to strengthen services delivery

Our Region

We will have strong partnerships with all providers who influence health in our region

1. Shape regional partnerships to improve regional health care access and outcomes
2. Extend service support across the region
3. Facilitate comprehensive population health planning across the region

Our People

We will have a thriving, collaborative and highly skilled workforce

1. Foster a positive, vibrant and high-performance work culture
2. Build a highly competent, motivated and skilled workforce
3. Attract and retain outstanding staff

MINISTER RESPONSIBLE

The annual report is prepared for the Minister for Health, Hon. Daniel Andrews MP, Member for Mulgrave and through him, the Parliament of Victoria and the Victorian people. The report has been prepared in accordance with the Financial Management Act 1994 Section 45 and 53Q(4).

HOW BARWON HEALTH WAS ESTABLISHED

Barwon Health was formed on 1 April 1998 as the result of a voluntary amalgamation between:

- Geelong Hospital
- Grace McKellar (now known as McKellar Centre)
- Surf Coast Community Health Centres
- Geelong Community Health Centre
- Corio Community Health Centre

NUMBER OF BEDS

Acute	367
Trolleys/Chairs	65
Transitional/Interim Care (Off-Site)	35
Aged Residential Care	321
Aged Mental Health/Dementia	90
Mental Health Acute	24
Mental Health Rehab & Secure Extended Care	13
Prevention & Recovery Care (PARC)	6
Sub Acute	100
TOTAL	1021

REPORT FROM THE CHAIR AND CHIEF EXECUTIVE



DR DAVID
ASHBRIDGE
CHIEF EXECUTIVE



DR OWEN
DONALD
CHAIR



2009-10 has been the busiest and most productive year Barwon Health has ever had. The achievements of Barwon Health during this time would not be possible without the hard work, flexibility and dedication of our staff. Since commencing in April, I have been constantly impressed by the staff, programs and facilities across the organisation.

Barwon Health will be launching its strategic plan for the next five years in mid July 2010. Much of the second half of the year was devoted to the development of the plan, which involved engagement with key stakeholders within Barwon Health and the Barwon South Western Region, and a thorough examination of the organisation as it is, and what we aspire to be. The result is a clear statement of the future direction of Barwon Health and what we as an organisation want to become: the best regional health care provider in the country. My thanks go to Sandy Morrison, whose hard work has seen the plan brought to completion.

Significant highlights for the year include;

- The first full year of operation of the redeveloped Emergency Department, which catered for just over 53,000 presentations in 2009-10. Notably, despite a more than 13% increase in attendances there has been a more than 5% reduction in the total amount of time that patients spend in the Emergency Department.
- The total number of surgeries performed this year rose to 18,520; an increase of 917 cases over the previous year; a growth rate of nearly five per cent. This increase has been accomplished by negotiating with the Department of Health the introduction of two elective surgery initiatives specifically aimed at utilising both public and private hospitals to reduce the total number of patients waiting for surgery.
- An eight bed expansion of acute mental health services, theatre redevelopment and 24 bed surgical ward are all well underway. Funding has also been

approved for a six bed expansion of the Intensive Care Unit. The refurbishment of the Children's Ward is progressing well, and on behalf of Barwon Health I thank the Cotton on Foundation for their generous donation toward the completion of this project.

- This year, the Minister for Health, Daniel Andrews, officially opened Barwon Health's Teaching, Training and Research Building and the Geelong Clinical School, where 60 third year medical students have begun their clinical training. This facility represents a strengthening of the partnership between Deakin University and Barwon Health, and positions us as a leading teaching centre. The Geelong Clinical School embodies a commitment to the future of health in the region. The Graduate Nurse Program was expanded by 11 places in 2010 and planning is underway for further expansion in 2011.
- Barwon Health has maintained the accreditation status of all its sites this year through the continued excellent performance of our staff. It is only through commitment to attainment of the very best of standards that we are able to uphold our accreditation record throughout the organisation.

Thank you to all our partners, volunteers, the Barwon Health Foundation, the Department of Health, State and Commonwealth Governments and Ministers Daniel Andrews and Lisa Neville for their unfailing support of Barwon Health.

Dr David Ashbridge / Chief Executive

2009-10 presented Barwon Health with a variety of challenges associated with increased demand for acute care services, to which management and staff responded vigorously. More services were delivered and waiting times were shortened in several areas.

At the same time, a financial improvement program was implemented that reduced the impact of higher costs on our financial position. While an operating deficit of \$4.811m was recorded for the full year and this had a corresponding effect on equity, the result was considerably better than would otherwise have occurred. Measures are in place to achieve a positive operating result in 2010-11.

The year also brought additional capital and recurrent funding from the Commonwealth and State governments for significant expansions of hospital services that will benefit Barwon Health and the community it serves.

Over the latter half of the year, Barwon Health's Strategic Plan for 2010-2015 was developed in consultation with stakeholders and staff. Due to be launched in mid July 2010, the Plan envisages Barwon Health as Australia's leading regional health service that – in concert with partners in the health, education and welfare community – improves population-health outcomes in Geelong and the greater Barwon South Western region.

2009-10 was also marked by the departure of CEO Sue De Gilio and the appointment of her successor, Dr David Ashbridge. Sue left a legacy of innovative leadership over nine years. Her enduring achievements include stronger service integration supported by electronic medical records and the transformation of aged and palliative care in Geelong.

Dr David Ashbridge was appointed by the Board in early 2010 and commenced in April. David is a medical practitioner, headed the Northern Territory Department of Health and Families before coming to Barwon Health,

and was instrumental in major gains in community health services and Indigenous health outcomes. These are strong foundations for his role in leading implementation of the Strategic Plan.

Paul Cohen served with distinction as CEO for most of the period between Sue's departure in September and David's arrival in April. The Board is most grateful for his efforts.

During the year we farewelled Mike Hirst and Janet Farrow from the Board and welcomed Stephen Wight CA. Sadly, we also farewelled Kenneth 'Ted' Mankelov, who passed away in January 2010. Ted was a member of the Board for eight years and worked tirelessly to the end to ensure the best possible care for veteran servicemen and women. The Board has named the Geelong Hospital Remembrance Garden to commemorate Ted and his service.

There are many others I would like to thank for their contribution over the past year:

- the staff of Barwon Health and our 1,200 volunteers for their unflagging service
- the Board and staff of the Barwon Health Foundation for their exceptional fund raising to purchase new facilities and equipment
- my fellow Directors and the Executive team for their constructive leadership.

Dr Owen Donald / Chair
Barwon Health Board of Directors

STRATEGIC DIRECTION



Barwon Health's Strategic Plan for 2010-2015 sets out a bold and ambitious vision for Barwon Health. It provides a clear and important challenge to position Barwon Health as a regional leader that provides exemplary health care and achieves outstanding health outcomes for our community.

Our Strategic Plan provides direction for the development of our health care service over the next five years, and it also builds on the direction and successes of the previous 2004-2010 Strategic Plan. Importantly, this new plan is a forward-looking plan that goes beyond a five year period to lay the foundation for an even higher-performing and sustainable service for many years to come.

This Strategic Plan is the result of an intense and rigorous process of thought, questions, analysis, consultation and choices in the context of rapid developments in health priorities, policy, practice and institutional settings.

In addition, the Plan has been guided by:

- the policies of the State and Commonwealth Governments;
- the priorities identified in the Australian Health Care Agreement;
- the report of the National Health and Hospitals Reform Commission; and
- the changing health environment.

Barwon Health's strategic priorities and objectives are values-driven and deliberately high-level in their nature – they provide clear direction while being capable of implementation under a variety of policy and funding scenarios.

We have responded to the policy priorities of responsible, transparent and accountable management of health care resources and the related need to target resources to the most effective health care interventions. These important challenges require high quality data, research, deliberate service development strategies and a willingness to change. At the same time, the Plan has also responded to the community's reasonable expectation that access to acute hospital-based services will be maintained and improved.

Equally as important, the Strategic Plan has been shaped by the characteristics and challenges of the community and region we serve:

GREATER GEELONG AND THE WIDER REGION REFLECT THE SHIFTS IN AUSTRALIAN SOCIETY – AND HEALTH ISSUES SHAPED BY A SET OF MEGA TRENDS:

- economic restructuring and growth
- a high rate of immigration from a diverse array of countries and circumstances
- high population growth
- population ageing
- socio-economic inequality

THE REGION CONTAINS AN INTRIGUING AND CHALLENGING MIX OF SOCIO-ECONOMIC FACTORS:

- population changes and service pressures associated with the "sea change" effect
- urban growth and associated challenges and expectations
- dispersed and isolated communities with issues of access to basic as well as specialised services
- rapid growth in new family-oriented communities in and around Geelong
- the effects of population ageing and the growing burden of chronic illness are increasingly manifest in most areas

Response to these regional factors is evident in the stated priorities and objectives. This includes giving the highest priorities to regional service and making major advances in the prevention and management of chronic illness. We want a healthier community.

While the Board and Executive of Barwon Health have taken responsibility to craft the Plan, the breadth of vision and inspiration for many of the objectives and actions has come from the accumulated experience and wisdom of our staff and clinicians, key stakeholders in Geelong and the region, the Department of Health, and consumers of our services.

This is not a plan for Barwon Health alone. The breadth of its vision and the expertise and resources required to implement it must involve partnerships with shared goals, mutual benefits and unambiguous responsibilities.

The Plan envisages purposeful, focused and productive relationships with:

- Deakin University, the Gordon Institute and other teaching and research bodies;
- local and regional health and welfare service providers in the public, private and community sectors;
- all levels of government and relevant government agencies;
- business leaders in Greater Geelong and neighbouring areas; and
- communities themselves through meaningful engagement on key health issues.

We are excited and motivated by our Strategic Plan, and we are already working hard to implement it. We recognise the environment of fast-moving change in both health service delivery and a health policy context as evidenced by the recent announcement of a new hospital in the southern region of Geelong. Accomplishment of our aim to fundamentally improve community health status will propel Barwon Health, its staff and partners into national leadership, and provide a model for change across Australia.



REPORT ON STATEMENT OF PRIORITIES

OUTCOMES

A STATEMENT OF PRIORITIES IS THE KEY ACCOUNTABILITY AGREEMENT BETWEEN BARWON HEALTH AND THE MINISTER FOR HEALTH.

The following documents Barwon Health's delivery of, or a substantial progress towards, the key shared objectives of financial viability, improved access and quality of service provision and is consistent with sections 65ZFA and 65ZFB of the Health Services Act 1988.

STRATEGIC PRIORITIES	DELIVERABLES	OUTCOME
ACCESS Continue to strengthen access to health care, treatment and support in terms of timeliness, location, clinical networks, facilities	• In association with DoH, expansion of the acute mental health inpatient unit from 24 to 32 beds	Under construction
	• Contribute to establishment of third Headspace site in partnership with Pathways, GP Association, Bellarine Community Health, Mental Health Fellowship by December 09	Achieved
	• Make substantial progress towards completion of the Beds Package \$27m by year end including 2 new theatres and 24 bed surgical ward	In Progress
	• Establishment of 'single point of entry' referral to health centres and rehabilitation centres	In Progress
	• Develop renal, stroke and cardiac regional networks	In Progress
	• Continue to improve Regional Integrated Cancer Services	In Progress
	• In partnership with DoH, progress the planning of the next phase of the Northern Suburbs Community Health Development	In Progress

STRATEGIC PRIORITIES	DELIVERABLES	OUTCOME
SUSTAINABILITY Ensure performance in both clinical and business practice meets the highest standards, remains viable through resource and demand management and builds on strengths and opportunities within resources	• Develop a new Strategic Direction and Strategies for the period July 2010 to June 2015	Completed
	• Meet the financial performance and Department of Health required service targets and develop a financial improvement plan in conjunction with Department of Health	In progress
	• Advance the business case for the next major stage of the Master Plan capital developments in partnership with DoH	Completed
	• Determine action required to ensure Percy Baxter Lodge meets accreditation and reasonable quality of care requirements	In progress
	• Develop an overarching strategy for a 'green health service' (energy efficiency, water saving, carbon trading) and partnerships with relevant organisations	In progress
	• Complete 'smart hospital' strategies across Barwon Health refining digital medical record to improve search for documents, implement computerised regional palliative care system, integrate cardiology data into the enterprise clinical system	Completed
	• Investigate replacement of the current Billing System	In progress
QUALITY AND SAFETY Provide strong leadership and strategies to improve the quality of services, promote safety and reduce risk to patients, clients and residents	• Implement a cost effective and sustainable infection control approach to low level cleaning through PSA (Patient Services Attendant) training in order to meet new cleaning standards	In progress
	• Mental Health services to implement the outcomes of the Creating Safety Project	In progress
	• Develop and implement a front line customer service training programme	In progress
	• Implement new rules to cover Extra Care requirements outside of nurse-patient ratios as part of the Access and Patient Flow model	Completed

Continued over page



OUTCOMES *Continued*

STRATEGIC PRIORITIES	DELIVERABLES	OUTCOME
COMMUNITY ENGAGEMENT AND POPULATION HEALTH Working with local communities to strengthen and develop partnerships to enable more responsive services and to build healthy communities through the promotion of lifelong health	<ul style="list-style-type: none"> Consolidate cultural diversity activity and partnership through implementation of the new mental health aboriginal positions and formal sign-off of memorandum of understanding with the Wautherong Community Health Centre 	Completed
	<ul style="list-style-type: none"> Complete the McKellar Centre Town Square as a vibrant hub for community activity and involvement of patients and residents 	Completed
	<ul style="list-style-type: none"> Continue development of CDM-NET, the chronic disease management network through increasing number of care plans individual and team, and increase interfaces to additional GP systems to extend the available pool of participating GPs 	In progress
	<ul style="list-style-type: none"> Continue to develop and enhance the regional role of Barwon Health 	Continuing
EDUCATION, TRAINING AND RESEARCH Develop a vibrant culture of education and research for all staff fostering clinical excellence, effective leadership and a solid foundation of continuous learning, quest for knowledge and scientific research	<ul style="list-style-type: none"> Progress the transition to Deakin Medical School students reducing Melbourne University placements over the next 2 years 	In Progress
	<ul style="list-style-type: none"> Complete the Medical Library upgrade, provide medical student licences for on-line learning and review ongoing library needs 	Completed
	<ul style="list-style-type: none"> Complete business case and establish a centralised integrated Centre for Education and Training 	Completed
OUR PEOPLE Work towards achieving an organisation based on shared values and working together	<ul style="list-style-type: none"> Develop and implement a performance development and competency framework linked to performance management 	In progress
	<ul style="list-style-type: none"> Strengthen two way communication across the health service 	In progress
	<ul style="list-style-type: none"> Strengthen leadership performance 	In progress

ACTIVITY & FUNDING

ACTIVITY	ACTUAL 2009-10	TARGET 2009-10
Weighted Inlier Equivalent Separations (WIES)		
WIES Public	38,674	37,155
WIES Private	8,012	7,441
Total WIES (Public and Private)	46,686	43,761
WIES Renal	686	718
WIES DVA	1,655	1,617
WIES TAC	341	484
WIES TOTAL	49,368	47,418
Sub Acute Inpatient		
CRAFT	561	526
Rehab L1 (non DVA)	1,561	2,094
Rehab L2 (non DVA)	223	290
Rehab – Paediatric (NEW SERVICE)	1134	-
GEM (non DVA)	10,586	10,588
Palliative Care – Inpatient	4,735	1,753
Transition Care (non DVA) – bed day	6,978	7,665
Restorative Care	1,726	1,825
Rehab 2 – DVA	1,493	1,305
GEM – DVA	1,031	1,592
Palliative Care – DVA	280	231

ACTIVITY	ACTUAL 2009-10	TARGET 2009-10
Ambulatory		
VACS – Allied Health	34,324	34,776
VACS – Variable	86,092	75,329
Transition Care (non DVA) – Homeday	1,873	2,111
SACS – Non DVA	25,700	23,600
SACS – Paediatric	1,045	480
Post Acute Care	2,541	2,055
VACS – Allied Health – DVA	96	134
VACS – Variable – DVA	221	356
SACS – DVA	412	990
Post Acute Care – DVA	301	300
Aged Care		
Aged Care Assessment Service	2,787	3,267
Residential Aged Care	138,014	142,105
Community Health/Primary Care		
Community Health – Direct Care	105,011	100,622
Community Dental Care	36,724	36,000

5 YEAR SNAPSHOT



RECORD **13.4%** INCREASE
IN EMERGENCY DEPARTMENT
PRESENTATIONS

	2009-10	2008-09	2007-08	2006-07	2005-06
Surgical/Medical					
Inpatient Separations	69,080	67,467	63,405	61,888	59,047
Total Operations	18,520	17,603	16,613	16,102	16,227
Births	2,089	1,968	2,024	1,954	1,844
Waiting List	2,070	2,207	1,940	1,819	1,701
Outpatients	78,432	72,686	69,667	67,382	64,118
ED Attendances	53,062	46,790	42,919	42,305	40,620
Total Bed Days	176,613	186,604	181,739	175,283	157,864
Aged Care/Rehab					
Nursing Home Bed Days (inc hostel & Hilary Blakiston House)	138,014	143,999	143,992	138,604	146,980
Rehab, Palliative Care & Geriatric Evaluation Management Bed Days	34,333	33,633	33,948	33,017	33,325
Sub Acute/Rehab Separation Numbers	1,595	1,512	1,455	1,402	1,190
Community Rehab Centre Attendances	28,892	23,179	22,896	27,340	28,355
Falls & Mobility Clinic Attendances	534	505	577	588	575
Victorian Paediatric Rehabilitation Service contacts	1,134	*	*	*	*

* New Service

	2009-10	2008-09	2007-08	2006-07	2005-06
Community & Mental Health					
Dental Contacts	59,800	80,431	50,638	58,882	58,479
Alcohol & Drug Episodes of Care	1,197	1,341	1,377	1,390	NA
# Child & Adolescent MH Contacts	11,206	7,993	5,371	6,550	5,578
# Adult Mental Health Contacts	61,069	59,204	66,664	92,776	96,928
Young Adults	12,975	12,238	12,993	10,101	10,606
District Nursing Treatment Hours	44,177	43,272	46,810	45,717	42,908
Primary Care Nursing & Allied Health Hours	47,644	62,498	57,272	60,389	43,991
HARP Direct Clients	3,965	3,995	8,694	7,899	
Individual Carers Assisted	2,852	2,800	2,750	2,153	2,138
Carer Respite Intakes	4,892	5,726	5,741	4,559	4,239
Additional statistics					
Fundraising income	\$3.41m	\$3.22m	\$2.63m	\$1.76m	\$3.97m
Volunteers numbers	1200	934	750	1,300	1,200
Compliments registered	450	429	967	939	836
Complaints registered	393	410	510	581	445

Contact recording times and definitions for Mental Health statistics were changed in the 2007/2008 year to only include clinical contacts. Prior years include additional contacts that are no longer in the definition for these categories.

SERVICE PERFORMANCE



RECORD **25%** GROWTH
IN PEOPLE ACCESSING
COMMUNITY REHABILITATION

				2009-10 ACTUALS
WIES ACTIVITY PERFORMANCE	TARGET	ACTUAL	VARIANCE	%VARIANCE
WIES (Public & Private) performance to target (%)				
Public WIES	37,697.12	38,663.83	966.72	2.56%
Private WIES	7,441.00	8,004.48	563.48	7.57%
TOTAL Public/Private WIES	45,138.12	46,668.32	1,530.20	3.39%

		2009-10 ACTUALS
ELECTIVE SURGERY		
Elective surgery admissions – qtr 1		1779
Elective surgery admissions – qtr 2		1484
Elective surgery admissions – qtr 3		1648
Elective surgery admissions – qtr 4		2047
CRITICAL CARE		
ICU Minimum operating capacity		11
PICU minimum operating capacity		N/A
NICU usual operating capacity & flex capacity		N/A
QUALITY AND SAFETY		
Health service accreditation		Full ACHS accreditation
Residential aged care accreditation		Full ACAA accreditation
Cleaning standards		BH average score on clinical audit was 94
Submission of data to VICNISS (%)		100%
VICNISS Infection Clinical Indicators		100% for Cardiac surgery, Orthopaedic surgery and ICU components
Hand Hygiene Program compliance (%)		All areas above the benchmark compliance of 60%
Victorian Patient Satisfaction Monitor		Acute care - patient satisfaction index score 75 Rehabilitation - patient satisfaction index score 77

		2009-10 ACTUALS
MATERNITY		
Postnatal home care		3757 (# of visits)
MENTAL HEALTH		
28 Day readmission rate (%)		11.41%
ACCESS PERFORMANCE		
Percentage of operating time on hospital bypass		N/A
Percentage of emergency patients admitted to an inpatient bed within 8 hours		71.7%
Percentage of non-admitted patients with length of stay of less than 4 hours		68.52%
Number of patients with length of stay in the emergency department greater than 24 hours		70
Percentage of triage Category 1 emergency patients seen immediately		100%
Percentage of triage category 2 emergency patients seen within 10 minutes		80%
Percentage of triage category 3 emergency patients seen within 30 minutes		75%

* Emergency KPIs are to be reported at hospital level, not health service level

		2009-10 actuals
ELECTIVE SURGERY		
Percentage of Category 1 elective patients admitted within 30 days		100%
Percentage of category 2 elective surgery patients waiting less than 90 days		45%
Percentage of category 3 elective surgery patients waiting less than 365 days		80%
Number of patients on the elective surgery waiting list		2070
Number of Hospital Initiated Postponements (HiPs) per 100 scheduled admissions		10%

ACHS - Australian Council of Healthcare Standards

ACAA - Aged Care Association Australia

ICU - Intensive Care Unit

PICU - Paediatric Intensive Care Unit

NICU - Neonatal Intensive Care Unit

VICNISS - Hospital Acquired Infection Surveillance System

BOARD OF DIRECTORS

CHAIR
DR OWEN DONALD
FIPAA, MAICD

DR DAVID MACKAY
BAGEC(Hons), MEd, GradDipComp,
PhD (Information Systems) FACS

MR CHRIS BURRELL
BA Law, Grad Dip Legal Practice,
Cert Micro Mediation, Cert OH&S

DR SARAH LEACH
RN, BN (Hons), PhD

MR MARCUS DRIPPS
B Physiotherapy

MR STEPHEN WIGHT
CPA

MS JANET FARROW
B SocWk, MBA, Grad Dip Law

DEPUTY CHAIR
MR JOHN FRAME
APM, B.A. Dip. Crim.

MR DAMIAN GORMAN
BA Recreation Management

EXECUTIVE TEAM AND CLINICAL DIRECTORS

CHIEF EXECUTIVE
Dr David Ashbridge

EXECUTIVE DIRECTOR HUMAN RESOURCES
AND ORGANISATIONAL SAFETY
Perry Muncaster

DEPUTY CEO (ROTATIONAL) AND EXECUTIVE
DIRECTOR CENTRAL SERVICES
Paul Cohen
BA (Hons) Politics and Govt

EXECUTIVE DIRECTOR MEDICAL SERVICES
Alexander (Sandy) Morrison
M Bus, BHA, AFCHSE, CHE, AAICD

EXECUTIVE MEDICAL DIRECTOR
CLINICAL DIRECTOR SURGICAL SERVICES
CLINICAL ASSOC. PROF. DEAKIN UNIVERSITY
Dr Tony Weaver
MBBS, FANZCA, FJFICM, FFPM

EXECUTIVE DIRECTOR AND CLINICAL DIRECTOR
MENTAL HEALTH, DRUG AND ALCOHOL SERVICES
Professor Tom Callaly
FRANZCP, MRC Psych, FAAQCH, MB, B.Ch, B.Sc,
H. Dip in Ed, MBL

EXECUTIVE DIRECTOR NURSING, MIDWIFERY AND
RESIDENTIAL AGED CARE
Dr Lucy Cuddihy
RN, DN, RM, MBA

EXECUTIVE DIRECTOR SURGICAL SERVICES
Peter Watson

EXECUTIVE DIRECTOR AMBULATORY SERVICES
Robyn Hayles
RN, MPH

CLINICAL DIRECTOR AMBULATORY SERVICES AND
DIRECTOR INPATIENT REHABILITATION SERVICES
Fiona McKinnon
B App Sc (Physiotherapy), MHA

EXECUTIVE DIRECTOR BUILDING AND INFRASTRUCTURE
Stuart Pickering
B Architecture, Cert Tech., Dip Mgmt

CLINICAL DIRECTOR MEDICAL SERVICES
Assoc. Professor Paul Talman
BSc(Hons), MBBS, FRACP, PhD

EXECUTIVE DIRECTOR COMMERCIAL SERVICES
John Linke
B Comm., FCPA, BHA, AHSFMA

For a list of all senior staff please go to
www.barwonhealth.org.au

BOARD COMMITTEES

- ✓ Attended
- A Apology
- X No meeting scheduled
- Directors not on committee at the time

Chair / Dr Owen Donald FIPAA, MAICD

Deputy Chair / John Frame APM. B.A. Dip. Crim.

Marcus Dripps / B Physiotherapy

Chris Burrell / BA Law, Grad Dip Legal Practice, Cert Micro Mediation, Cert OH&S

Damian Gorman / BA Recreation Management

Dr Sarah Leach / RN, BN (Hons), PhD

Dr David Mackay / BAgEc (Hons); MEc; GradDipComp, PhD (Information Systems) FACS

BOARD & FINANCE MEETINGS - MONTHLY

BOARD MEMBER	JUL 09	10 AUG 09	28 AUG 09	25 SEP 09	30 OCT 09	27 NOV 09	11 DEC 09	26 FEB 10	26 MAR 10	30 APR 10	14 MAY 10	28 MAY 10	25 JUN 10	% ATT
Dr Owen Donald	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Mr Chris Burrell	X	✓	✓	A	✓	A	✓	✓	✓	✓	✓	✓	✓	83.3
Mr Marcus Dripps	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Ms Janet Farrow	X	✓	✓	✓	✓	✓	✓	•	•	•	•	•	•	100
Mr John Frame	X	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	100
Mr Damian Gorman	X	✓	A	✓	✓	A	✓	✓	✓	✓	✓	✓	✓	83.3
Dr David Mackay	X	✓	✓	✓	✓	✓	✓	A	✓	✓	✓	✓	✓	91.6
Dr Sarah Leach	X	✓	A	✓	✓	✓	✓	A	✓	✓	✓	✓	✓	91.6
Mr Stephen Wight	X	•	•	•	•	•	•	✓	✓	✓	✓	✓	A	83.3

GOVERNANCE AND REMUNERATION COMMITTEE - QUARTERLY

BOARD MEMBER	11 SEP 09	13 NOV 09	12 FEB 10	14 MAY 10	% ATT
Dr Owen Donald	✓	✓	✓	✓	100
Mr Chris Burrell	✓	✓	✓	✓	100
Mr John Frame	✓	✓	✓	✓	100
Mr Damian Gorman	✓	✓	✓	✓	100

STRATEGIC INFORMATION AND COMMUNICATIONS TECHNOLOGY COMMITTEE - QUARTERLY

BOARD MEMBER	1 SEP 09	1 DEC 09	4 FEB 10	13 MAY 10	% ATT
Mr Chris Burrell	A	✓	A	✓	50
Dr Sarah Leach	✓	✓	A	✓	75
Dr David Mackay	✓	✓	✓	✓	100

PRIMARY CARE AND POPULATION HEALTH - QUARTERLY

BOARD MEMBER	21 SEP 09	11 DEC 09	30 APR 10	% ATT
Dr Owen Donald	✓	✓	✓	100
Mr Chris Burrell	A	✓	✓	66
Mr Marcus Dripps	✓	✓	✓	100
Ms Janet Farrow	✓	✓	•	100
Mr John Frame	✓	✓	✓	100
Mr Damian Gorman	✓	✓	✓	100
Dr Sarah Leach	✓	✓	✓	100
Dr David Mackay	✓	✓	✓	100
Mr Stephen Wight	•	•	✓	100

CLINICAL QUALITY AND RISK MANAGEMENT STANDING COMMITTEE - QUARTERLY

BOARD MEMBER	19 AUG 09	18 NOV 09	17 MAR 10	16 JUN 10	% ATT
Mr Marcus Dripps	✓	✓	✓	✓	100
Ms Janet Farrow	A	✓	•	•	50
Dr Sarah Leach	A	✓	✓	✓	75
Dr David Mackay	•	•	✓	•	100

COMMUNITY ENGAGEMENT COMMITTEE - BI-MONTHLY

BOARD MEMBER	4 AUG 09	6 OCT 09	1 DEC 09	2 FEB 10	20 APR 10	1 JUN 10	% ATT
Dr Owen Donald	A	A	✓	A	✓	✓	50
Mr Marcus Dripps	✓	✓	✓	✓	✓	✓	100

FACILITIES DEVELOPMENT COMMITTEE - QUARTERLY

BOARD MEMBER	20 AUG 09	19 OCT 09	15 MAR 10	21 JUN 10	% ATT
Mr Marcus Dripps	✓	✓	✓	A	75
Ms Janet Farrow	✓	✓	A	A	50
Dr David Mackay	✓	✓	✓	✓	100

AUDIT COMMITTEE MEETING - QUARTERLY

BOARD MEMBER	21 AUG 09	11 DEC 09	12 MAR 10	11 JUN 10	% ATT
Dr Owen Donald	✓	✓	✓	A	75
Mr Chris Burrell	✓	✓	✓	✓	100
Mr John Frame	✓	✓	✓	✓	100
Dr David Mackay	✓	✓	✓	✓	100
Mr Stephen Wight	•	•	✓	✓	100

Note

Ms Janet Farrow resigned Jan 2010

Mr Stephen Wight appointed Feb 2010

CARING FOR THE CARERS

WORKFORCE BREAKDOWN - FTE

LABOUR CATEGORY	MONTH OF JUNE 2010	2009-10 FIN YEAR
Nursing	2365	2684
Administration & Clerical	705	776
Medical Support	369	413
Hotel & Allied Services	704	788
Medical Officers	57	62
Hospital Medical Officers	242	402
Sessional Clinicians	193	212
Ancillary Staff (Allied Health)	423	523
Dental Officers	17	25
Other Dental Clinicians/ Specialists	13	12
GRAND TOTAL	5088	5897

PUBLIC SECTOR VALUES & EMPLOYMENT PRINCIPLES

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

TRAINING & DEVELOPMENT

Barwon Health has a high quality, comprehensive clinical training program for all clinical disciplines. This program ensures all staff providing care have up-to-date knowledge of best practice techniques and procedures.

A framework for personal development has been developed to be implemented in support of Barwon Health's Strategic Plan and Values.

OCCUPATIONAL HEALTH & SAFETY

Barwon Health complies with the Occupational Health and Safety (OH&S) Act. There is a specific program to address the highest OH&S risk area of manual handling. We continue to enjoy a WorkCover employer performance rating that is 10% better than the industry average.

STAFFCARE

StaffCare provides a range of services aimed at supporting the health and wellbeing of Barwon Health staff. Our services reflect Barwon Health's commitment to its employees, and to the health of the wider Barwon community. The main service delivery areas are supported by a commitment to quality processes, systems and infrastructure, and to developing effective partnerships both within and external to Barwon Health.

HEALTH PROMOTION ACTIVITIES 2009-2010

StaffCare is very supportive of any initiatives that focus on prevention and support an integrated approach in which health promotion is incorporated, where possible, into existing services. In 2010 Barwon Health received funding from Work Safe to establish *Work Wellness*, an overarching health and well-being initiative for staff.

RISK MANAGEMENT

Risk management is a discipline, a culture and a way of thinking that is built into every major decision we make.

Over the past year Barwon Health has worked to increase risk management capability, to promote sound risk management practice and to co-ordinate whole of organisation risk management expertise.

In October, the Victorian Managed Insurance Authority audited Barwon Health's risk management framework.

The report identified Barwon Health's risk management practices as mature and integrated into operational business processes. Barwon Health was rated as a top performing service.

RISK PROFILING

The annual strategic risk assessment process incorporates a review of emerging external issues that have the potential to influence Barwon Health's key business decisions and operations.

The strategic risk profile of the organisation as at 30 June 2010 is given below.

RISK TYPE	Open N= 19		TOTAL
	Active Management	Monitoring Only	
Strategic	4	0	4
Business	8	4	12
Clinical	3	0	3



RECOGNISING OUR STAFF

AWARDS FOR STAFF

Leslie Oliver Downer Award

In 2009 Trish Mant was awarded the Leslie Oliver Downer Award in recognition of excellence in nursing. In 2010 Renate Koenig and the garden end team at Wallace Lodge received the same award for excellence in nursing.

Excellence in Perioperative Nursing Educator

Clinical Placement Coordinator and Nurse Educator Carolyn Williams received the Excellence in Perioperative Nursing Award from the Australian College of Operating Room Nurses.

Commendation for Excellence in Teaching

Perioperative Clinical Nurse Educator Jane Wilding was awarded a Commendation for Excellence in Teaching by Deakin University in 2009.

Meritorious Service Award

Stephen Hartle was awarded the Meritorious Service Award for his commendable work liaising with the Veteran community and Barwon Health. He is the first civilian to be awarded this award.

Professor Michael Berk

Commendation in the Mental Health Ministers Award

Dr Lana Williams

Health and Lifestyle category in the G-force Researcher of the Year Award, Early Career Researcher Award from the Australian Society of Psychiatric Research.



THE AVERAGE TENURE OF A
BARWON HEALTH EMPLOYEE IS
8.8 YEARS

KEY HIGHLIGHTS ACROSS BARWON HEALTH

AGED CARE

Barwon Health's Residential Aged Care Division has 306 high level care beds and 105 low level care beds. Three facilities are located on the McKellar Centre campus in North Geelong and one at Alan David Lodge, located in Grovedale.

BREAKDOWN OF AGED CARE FACILITIES

FACILITY	DESCRIPTION
Blakiston Lodge	90 beds – consisting of two secure units of 45 Aged Persons Mental Health beds and 45 dementia specific beds at North Geelong
Wallace Lodge	108 high level care beds at North Geelong
Alan David Lodge	108 high level care beds at Grovedale
Percy Baxter Lodges	105 low level care beds at North Geelong

Wallace Lodge was commissioned in June 2006, Blakiston Lodge in May 2007 and Alan David Lodge in May 2008.

Percy Baxter Lodge is operating as a 97 bed low level care residential aged care facility (105 low level care licences).

Awards & Recognitions

Information Technology in Aged Care (ITAC) Aged Care Industry IT Awards 2009

Residential Aged Care was chosen as the winner for our implementation of the Lee Total Care (LTC) system under the "Best Implementation of the Year Over 150 Places Award" category.

Aged & Community Care Victoria (ACCV) State Awards for Excellence 2009

At the inaugural ACCV State Awards for Excellence long time volunteer June Longmore was recognised for her years of volunteering in Residential Aged Care.

June has been volunteering at the McKellar Centre since 1981 and continues to bring enrichment to the lives of our residents and their families, and to the staff.

June then went on to win the national Aged and Community Services Australia (ACSA) Volunteer Award for 2009.

Barwon Health Quality Improvement Awards 2009 Residential Aged Care Recipients

- Category 1: Doing It Better
Highly Commended – Palliative Care in Aged Care (Wallace Lodge)
- Category 5: Prevent and Promote
Category Award Winner – Environment and Vision Optimisation in Residential Care (Percy Baxter Lodges)
- Category 6: Reducing Inequalities
Highly Commended – Working Together – A resident focused approach to decision making at Blakiston Lodge

Initiatives

Allied Health services in Residential Aged Care review

The aim of this review was to identify the requirements for Allied Health services in Aged Care; to determine the scope of current Allied Health service within Aged Care; and to identify the required staffing levels to enable the Allied Health Aged Care Model to be implemented in Barwon Health Aged Care facilities.

To date the outcomes have ensured Barwon Health's Aged Care residents have access to an Allied Health service that is high quality, evidence based, responsive to their needs, timely and flexible.

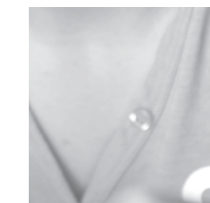
Residential In-reach Program

The Barwon Health Residential In-reach project was the development of a Rapid Response General Practitioner (GP) based model where a number of GPs provide an on-call service to residents in Barwon Health residential aged care (RAC). The inclusion criterion is residents who require an urgent medical assessment and/or intervention, and it has been determined that the resident's own treating GP is unable to attend within that timeframe. The Residential In-reach program has now expanded to a limited number of private aged care residential services in the immediate Geelong area.

Barwon Regional Aged Care Assessment Service

Barwon Regional Aged Care Assessment Service (BRACAS) operates as part of the Commonwealth Government Aged Care Assessment Program providing a service in the Barwon sub-region to assist frail older people to gain access to the types of services most appropriate to meet their care needs.

In the last 12 months BRACAS assessments totalled 2933. Seven hundred and eighty nine (26.97%) were assessed in hospital, 193 (6.5%) in residential aged care facilities and 1951 (66.5%) in the community.





BARWON HEALTH RECYCLES 54% OF WATER USED OVER ALL SITES

AMBULATORY PROGRAMS

Ambulatory care provides a wide variety of health services to people whether they are at the McKellar Centre, at one of Barwon Health's Community Health Centres or even in a person's own home. From group sessions, such as diabetes support, a range of specialist services including Rehabilitation and Palliative Care, Dental, carer support and home nursing services are available. These services share a philosophy of supporting the client to rehabilitate or stay at home. Offering a self-care approach, Ambulatory Services encourages individuals to take on a central role in optimising their health and wellbeing.

Awards and recognition

At the inaugural International Advance Care Planning Conference in April 2010 Barwon Health's Respecting Patient Choices program attracted international interest and was recognised as a leading model.

Awards for Oral Health Services in the past year

- BH Annual QI Awards Category Award Winner – Doing it Better – “Private Practice Rights for Public Sector Dentists”
- Certificates of Achievement – Prevent and Promote – “Preschool Oral Health Program (Smiles4Miles)”
- Safer Care – “Material Safety Data Sheets”
- G-Force Award – outstanding long term commitment to training in the Geelong Region

Initiatives

Palliative Electronic Record Management – PERM

The Palliative Care team in partnership with Health Information Services has developed the Palliative Electronic Record Management (PERM) system enabling information

to be directly entered into a computer by clinical staff and readily accessed across the wider Palliative Care team. PERM will enable a timely and comprehensive service to patients across the spectrum of care.

Centre Promoting Health Independence – Improving Care for Older People – Council Of Australian Governments (COAG) Longer Stay Older Patients (LSOP) Initiative

There are two core elements to this work. One focus has been on the development of an Electronic assessment and associated referrals (E)-Pathway and the second has been on improving patient access and flow from General Medical beds at Geelong Hospital to services at the Inpatient Rehabilitation Centre. These exciting developments have streamlined key assessments, minimised duplication for patients and facilitated timely referrals, enabling a strong, patient centred approach to clinical management.

Hospital Admission Risk Program HIV Pilot Project

Barwon Health commenced a pilot service for people living with HIV. Clients, clinicians and allied health staff have found this project to be of significant benefit to optimise HIV disease management for clients.

BUILDING & INFRASTRUCTURE

Strategic planning for major redevelopments at the Geelong Hospital has been undertaken in conjunction with the Department of Health.

Initiatives

To meet the immediate needs and pressure points in the provision of health services at Barwon Health the following three projects have been planned in conjunction with the Department of Health and major contributors. The three projects are now well underway.

Children's ward refurbishment

Work is progressing well with stage one of the refurbishment nearing completion. This community funded project will be split into five stages and will be completed over a three to four year period. The refurbishment and upgrade will provide a state-of-the-art Children's Ward for the Barwon South Western region. Major sponsorship from Cotton On Foundation and significant donors will be officially recognised for their contributions for the redevelopment.

Mental Health eight bed expansion

An additional eight extra mental health beds will cater for the increased complexity of our client groups and enhance the standards of practice in mental health care.

Two new operating theatres

The addition of two new operating theatres and ancillary rooms will give Barwon Health the flexibility of capacity to enable us to deal with the demand for emergency and elective surgery. The completion of both theatres is expected to be late 2010.

MEDICAL SERVICES

Barwon Health's Medical Imaging unit has benefited from the installation of a number of pieces of imaging equipment. Two new MRI scanners and CT scanning equipment, together with recent updates of x-ray systems has provided Barwon Health with imaging services equal to any health service in the world. 2009-10 has seen continued growth and demand for oncology services, driven by the region's ageing population and increase in the active prevalence of cancer. Radiation Oncology has seen changes with software upgrades and advances in treatment equipment and processes, such as the introduction of Modulated Radiotherapy and Rapid Arc.

Highlights

Rapid Arc

The most recent highlight at Barwon Health has been the installation of the 'Rapid Arc' package to a current Linear Accelerator "Four" (LA4). We are the first department in Victoria to have this technology and are excited to be able to create and deliver complex 3D treatment via a single arc.

Emergency Department

2009-10 represents the first full year of operation of the redeveloped Emergency Department (ED) and saw record growth in patient attendances of over 13%. Against a backdrop of increased activity, improvements were also made in waiting times due to new models of care, including a fast track service, having a direct impact on waiting times and length of stay for this group of patients.

Video-Stroke

Barwon Health is one of only three centres in Australia that has established a video stroke assessment link to the ED. The system at Barwon Health allows the neurologist to see patients whilst the patient can also see the neurologist. This has resulted in a neurologist being 'in the ED' within less than 15 minutes.



Initiatives

Appointment of a Diabetes Educator for Paediatrics

Children with diabetes in the Barwon region are now more readily able to access the services of a diabetes educator with a focus on paediatric diabetes education. This appointment will enable all children with diabetes in the Barwon region to have improved access to outpatient services that are designed to empower children and their families to manage diabetes.

Introduction of Intensity Modulated Radiotherapy

A major achievement in the past 12 months has been the introduction of Intensity Modulated Radiotherapy (IMRT). This highly complex treatment technique has brought together the three radiotherapy disciplines, Radiation Oncologists, Medical Physicists and Radiation Therapists, to ensure patients have the best outcome.

Minimising Functional Decline

The Department of General Medicine has been actively involved in the Long Stay Older Patient (LSOP) initiative focusing on 'minimising functional decline for older people in hospital'. This has been a multi-disciplinary collaborative and promises to have a positive impact on patient outcomes.

SURGICAL SERVICES

The demand for elective surgery in the Geelong and Barwon South Western region remained high in the 2009-10 period. Two elective surgery initiatives specifically aimed at utilising both public and private hospitals to reduce the total number of patients waiting for surgery were negotiated with the Department of Health. As a result of this initiative, the number of patients on the waiting list

decreased. The total number of surgeries performed this year rose to 18,520; an increase of 917 cases over the previous year. This equates to a growth rate of nearly five per cent.

Highlights

New operating theatres and a new 24-bed ward

Two new operating theatres and a new 24-bed surgical ward are under construction and expected to be fully operational by mid 2011. This increased capacity will provide for an estimated additional 2,000 surgical cases per year, which will assist in meeting the demand for elective surgery within our community.

Intensive Care Unit (ICU) expansion

The Government granted funding for a 6-bed expansion of Barwon Health's Intensive Care Unit (ICU), taking it to a 25-bed unit. The ICU plays an essential role in caring for critically ill patients, not only from the Barwon region, but from all over Victoria.

Surgical Patient Information Flow Project II

The aim of Phase II of this project is to improve elective surgery processes and patient information flows to enable a host of efficiencies. The scope of the project will be the entire patient journey from referral from the GP to discharge. This phase of the project will conclude in late 2010.

MENTAL HEALTH, DRUG & ALCOHOL SERVICES

In 2009-10, Mental Health, Drug & Alcohol Services saw further growth and change with an emphasis on planning for the expansion of services. An 8-bed expansion to

the Swanston Centre's Acute In-patient Unit will open in late 2010. Additional resources to improve our after hours response and additional resources to assist clients with complex needs, including forensic features will be implemented. In addition, 2009-10 saw significant growth and change in services designed to partner with other agencies to position our service capacity to provide services at an earlier stage of a person's illness. The Barwon Psychiatric Research Unit experienced a successful year and produced an increasing amount of internationally recognised published research.

Awards and recognition

Professor Michael Berk

Commendation in the Mental Health Ministers Award

Dr Lana Williams

Health and Lifestyle category in the G-force Researcher of the year Award, Early Career Researcher Award from the Australian Society of Psychiatric Research

Key Highlights

Services for complex clients

Additional funding was received for a range of new resources including a Specialist Forensic Consultant, a community based service for complex clients requiring secure care and enhanced after hours resources to improve and increase resources for post natal emotional health. Many of these services will be provided in partnership with other agencies and institutions to ensure continuity of care and improved outcomes.

Deakin/Barwon Health Wellbeing Clinic

An agreement was reached between Deakin University School of Psychology and Barwon Health Mental Health, Drug & Alcohol Services to develop an afterhours Health/Psychology Clinic to be located in Belmont, close

THE TOTAL NUMBER OF
SURGERIES PERFORMED THIS
YEAR ROSE TO **18,520**

AN INCREASE OF 917 CASES
OVER THE PREVIOUS YEAR

to the Belmont Community Health Centre and GP Super Clinic. It will provide free psychology services to clients as well as support the Masters Student Program of the university.

Relocation of Aged Psychiatry Services

The Regional Aged Psychiatry Services was relocated from the Swanston Centre to new refurbished offices at the De Forest House at McKellar Centre. It is expected this relocation will enhance the connections between Aged Psychiatry Services and other aged services leading to improved outcomes for clients.

CENTRAL SERVICES

Barwon Health staff provide critical support that enhances the experience of patients, clients and residents. Each year, over 3,500 meals are served and hundreds of rooms are cleaned, while around four tons of laundry is sterilized daily. Three thousand computers and hundreds of servers provide critical information to support clinical staff on a daily basis. A team of over 1,200 volunteers provides hours of additional support each day, working across dozens of separate areas.

These services are delivered seamlessly and routinely. Every day this large team supports Barwon Health in its delivery of high quality care.

Initiatives

The Digital Medical Record went live across Mental Health, Drug and Alcohol Services in October 2009.

The Palliative Care service is using an electronic health record for all inpatient and community delivered services.

As part of the National project, Longer Stay Older Person, a trial replacing paper with electronic nursing assessments, care plans and referrals for older people within the Geelong Hospital has commenced.

EDUCATION

2009-10 HAS SEEN FURTHER PROGRESS TOWARDS THE DEVELOPMENT OF A CENTRALISED, INTEGRATED EDUCATION AND TRAINING UNIT FOR BARWON HEALTH.

Barwon Health has joined with the Local Learning and Employment Network in the Health Pathways project to investigate a themed Victorian Certificate of Applied Learning (VCAL) program for the health industry. There has been a focus on exploring new partnership opportunities in vocational education and training and higher education, and the establishment of a multidisciplinary Clinical Placements Advisory Committee for information-sharing and coordination.

In 2009-10 Barwon Health undertook a comprehensive Emergency Response Procedures training program concentrating on base level employee training and warden training; as a result 96 per cent of all Barwon Health staff completed the training and were assessed competent. The StaffCare Clinic also rolled out a number of staff health education programs during the year. The Regional Integrated Cancer Service has had a key role in regional education and training coordination, with the Centre for Education and Practice Development (CEPD) also involving itself in supporting our regional colleagues.

KEY HIGHLIGHTS

Nursing

- The Graduate Nurse Program was expanded by 11 places in 2010 and planning is underway for further expansion and program redesign in 2011.
- Clinical Placements for undergraduate nursing students expanded in 2009 with 14,447 students completing 17,410 placement days during the year.

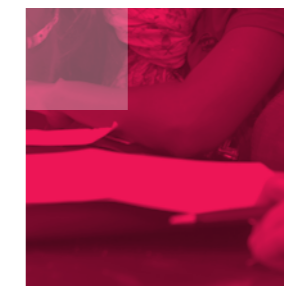
Medical

- Deakin University Geelong Clinical School opened with 60 third-year medical students starting clinical training in the newly opened Teaching Training and Research Building.
- Three new intern posts in emergency medicine, stroke/neurology and general surgery were added bringing the intern total to 36.
- Training in Haematological Oncology was formalised with an accredited registrar commencing at the Andrew Love Cancer Centre.

Mental Health

- The Psychnet Team developed a partnership with The Gordon for the delivery of training for Division 2 nurses.
- The rollout of Leading and Managing in Mental Health Services occurred across the Western Education and Training Cluster.
- Community capacity building and Mental Health literacy was facilitated through the Applied Suicide Interventions Skills Training and Mental Health First Aid training programs.

DEAKIN UNIVERSITY CLINICAL SCHOOL OPENED WITH 60 THIRD YEAR MEDICAL STUDENTS AT THE NEW TEACHING TRAINING AND RESEARCH BUILDING

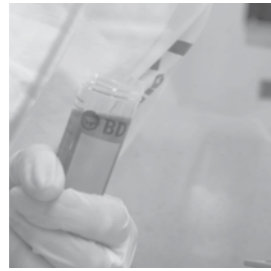


BREAKDOWN OF TRAINING PROGRAMS

POST GRAD CLINICAL PROGRAM	AFFILIATED UNI	2010 STUDENTS	2009 STUDENTS
Critical Care	Deakin	0	4
	University of Melbourne	8	0
Perioperative	Deakin	3	2
Midwifery	Deakin	5	3
Emergency	University of Melbourne	6	5
Paediatrics	University of Melbourne	1	1

GRADUATE PROGRAMS	2010	2009
Nursing Graduates	58 + 4MH	48+ 3MH
Interns	36	34
HMO 2 + 3	60	60
Med/Registrars	48	43
Surg/Registrars	27	27
Spec/Registrars	69	67

NURSING CLINICAL PLACEMENTS	2010	2009
RN Div 1 (Undergrad)	1096	960
RN Div 2 (Undergrad)	324	332
Post Grad Students	32	29
Certificate III	17	17
Allied Health	375	340



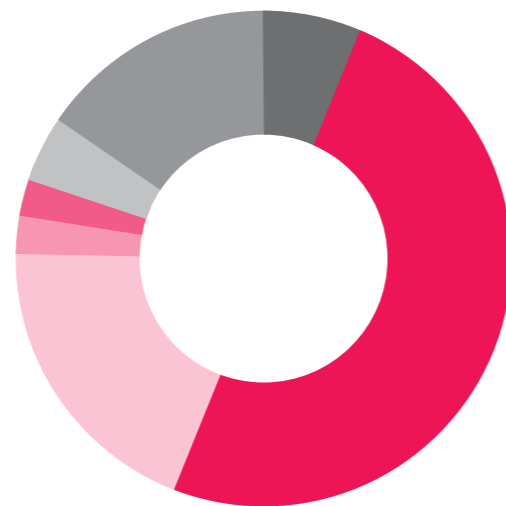
RESEARCH

RESEARCH OFFICE

Research creates considerable benefits to Barwon Health and the regional community. High level clinical research raises the organisation's reputation leading to the development of clinical leaders who drive improvements in care delivery and patient outcomes. Clinical leaders also enhance recruitment and retention of high quality staff, promoting community pride in the health service's reputation.

Barwon Health's research is vigorous as highlighted in the 2009 Barwon Health Research Report and noted in the recent Research Review. It is poised to build on the current strengths to reap the benefits from continuing investment in research.

For a list of research publications please go to www.barwonhealth.org.au



THERE WERE **185**
CLINICAL RESEARCH PROJECTS
UNDERTAKEN IN 2009-10

LIST OF COMMITTEE MEMBERS

Research Committees

Barwon Health conveys its sincere gratitude to the research committee members for their time and commitment.

Human Research Ethics Committee

Mr Simon French (Chair)

Ms Bernice Davies (Secretary)

Mr Peter Ball

Mr Lynsey Blakston

Dr Thomas Callaly

Dr Mary Lou Chatterton

Dr Lucy Cuddihy

Mr David Dethridge

Dr Rod Fawcett

Mr Hans Fikkers

Ms Michelle Heagney

Ms Lovonne Hunter

A/Prof. Mark Kotowicz

Dr Neil Orford

Dr Cameron Osborne

Dr Jane Redden-Hoare

Dr Simon Tomlinson

Ms Lyn Touzel

Mr Greg Weeks

Reverend Kevin Yelverton

Research Review Committee

Dr Mary Lou Chatterton (Chair)

Mrs Linda Verhoeven (Minutes)

Dr John Amerena

Mr Jack Beever

Professor Michael Berk

Dr Lucy Cuddihy

Ms Bernice Davies

Dr Olivia Dean

Ms Pam Dolley

Dr Trisha Dunning

Ms Tania Elderkin

Dr Helen Fairweather

Dr Rod Fawcett

Ms Marjan Geertsema

A/Prof. Mark Kotowicz

Mr Paul Muir

Dr Jane Redden-Hoare

Dr Tony Weaver

IN THE LAST YEAR **14,585**
PEOPLE HAVE PARTICIPATED IN
RESEARCH STUDIES AT
BARWON HEALTH



RESEARCH WEEK HIGHLIGHTS

Research Week

Barwon Health was once again a stalwart participant in the Smart Geelong Network Research and Innovation Expo hosting seven events:

- Launch of Barwon Health's Inaugural Research Report
- Healthy bones, Healthy Lifestyle
- A Fast Overview of Mental Health at Barwon Health
- The Role of MRI in Research
- Building research into a busy schedule: supporting clinicians to participate in research
- Demystifying R&D
- Research Afternoon and Poster Competition

A highlight of the week was the annual research poster competition, which drew 38 entries in two categories. Ten authors also provided a 5 minute presentation of their work with the audience voting on the winner.

We thank our esteemed judges who graciously provided their time:

Mary Lou Chatterton / Manager, Office for Research, Barwon Health

Seetal Dodd / Senior Fellow, Department of Clinical and Biomedical Sciences University of Melbourne/Barwon Health

Mark Kotowicz / Associate Professor in Medicine, Department of Clinical and Biomedical Sciences, University of Melbourne/Barwon Health

Jane Redden-Hoare / Director, Centre for Education and Practice Development, Barwon Health

Tes Toop / Associate Professor and Director, Office of Research Integrity, Deakin University

Alister Ward / Director of Pre-Clinical Studies, Associate Head of School (Research), School of Medicine, Deakin University

Research Week Poster Contest Award Winners 2009

Basic or Clinical Science

Winner, awarded \$500 towards a conference of choice:

Melinda Tursky

'Systematic Optimisation of Human Cord Blood Hematopoietic Stem Cell Ex vivo Expansion Using Clinically Approvable Reagents'

Public health/promotion/education audit or program evaluation

Winner, awarded \$500 towards a conference of choice:

Rachael Fyfe

'Preparing the medication chart: pre-emptive intervention by the peri-operative pharmacist.'

New Researcher/Student Award

Winner, awarded \$500 towards a conference of choice:

Tania Fernandes

'Effect of Passage on Surface Marker Expression and Osteogenic Potential of Human Umbilical Cord Blood Mesenchymal Stem Cells (UCMSC)'

Audience Choice (Podium Presentation)

Winner, awarded \$500 towards a conference of choice:

Melinda Tursky

'Systematic Optimisation of Human Cord Blood Hematopoietic Stem Cell Ex vivo Expansion Using Clinically Approvable Reagents'

VOLUNTEERS

The Barwon Health Volunteer Service consists of approximately 1,200 dedicated volunteers providing innovative and rewarding activities and support to all program areas of the organisation. The service offers challenging activities, a community voice in planning and service development, as well as fundraising and supportive roles. Volunteers at Barwon Health are an integral part of all health professional teams and are the gateway to the community, providing people of all ages with opportunities to become involved.

AWARDS AND RECOGNITION

Barwon Health values its volunteers and recognises their importance in the quality of services they provide. This exemplary support has once again been recognised, for the second consecutive year, at the 2010 Minister for Health Volunteer Awards, where Cor Horsten was awarded Winner of Outstanding Achievement by an individual volunteer. Barwon Health's Patient Support Volunteers were finalists in the Outstanding Achievement by a volunteer team category.

INITIATIVES

2009-10 has provided opportunities to enhance the Volunteer Service to effectively meet the current and emerging needs of our dedicated volunteers and to build on the diversity of volunteer participation within the range of service areas within our organisation.

Key focus areas this year have included:

- Chronic Disease Peer Leadership
- Volunteering opportunities for our diverse populations
- Consolidation of Volunteers in Emergency Department Initiative
- Continued expansion of non-emergency patient transport support

A SNAPSHOT OF VOLUNTEER ACTIVITY FOR THE MONTH OF JUNE 2010

AREA	HOURS PER WEEK
The Geelong Hospital	648
McKellar Centre	630
Transport	592 (5500 km per week)
Emergency Department	224
Community & Mental Health	350
Palliative Care	50
TOTAL	2494

THE BARWON HEALTH VOLUNTEER SERVICE CONSISTS OF APPROXIMATELY
1200 DEDICATED VOLUNTEERS

A SNAPSHOT OF SOME OF THE INNOVATIVE VOLUNTEER ACTIVITY 2007 - 2010

PROGRAM / LOCATION	VOLUNTEER ACTIVITY	AVERAGE HOURS PER WEEK
Transport	Staff Shuttle	15
	Day Program (Belmont and Norlane)	48
	Pulmonary Rehabilitation (HARP)	4
	McKellar Shuttle	30
Community Health	Chronic Disease Peer Leadership	10
Mental Health	Peer support	52
Kardinia House Level 2	Way finding and customer support	25
Human Resources	Support in file preparation	18
Health Information Services	Digital Medical Record preparation support	18
McKellar Centre Info Desk	Way finding and customer support	25
Alan David Lodge	Kiosk	28
Community Mental Health	Client transport	4
Heath Wing 3	Play Coordination and Theatre Buddy Support	28
Food Services	Satisfaction Survey: data collection and collation	6
Governance Unit	Prompt Template Conversion Support	18
Barwon Medical Imaging	Way-finding and customer/staff support	50
Barwon Health Foundation	Community Telco Project	18
Waiting List Office	Staff support	20
University of Melbourne	Research assistance	18
McKellar Centre Library	Establishment and ongoing support	17
Information Technology	Help Desk Support	25
Public Relations	Communication and Marketing support	8
Population Health	Administration Support	12
Volunteer Services	Volunteer satisfaction audits	12
Palliative Care	Administrative support, companionship, carers education support	50
TOTAL		553

WORKING WITH OUR COMMUNITY

CONSUMER LIAISON

Responding to consumer concerns and complaints is about improving safety and a person's experience at our health service and brings an invaluable consumer perspective to what constitutes quality and community expectations.

Barwon Health's consumer feedback system is built on the values of transparency, open communication and finding a resolution. Patients, clients, residents, friends and family are able to offer feedback, discuss an issue of concern, request assistance or make a formal complaint with our staff or by contacting the Consumer Liaison Office.

Number of Complaints

	1st Q	2nd Q	3rd Q	4th Q	YEAR TOTAL
2008-09	136	93	80	88	410
2009-10	89	87	89	128	393

During the past year the Consumer Liaison Office received 393 complaints – a 4% decrease from 2008-09.

Every complaint received provides the opportunity to look for ways to improve health service systems in order to reduce the likelihood of the same issue reoccurring.

Each year our greatest challenge is effective communication with our patients and timely access to service. Improvements relating to treatment for patients often involves feedback from patients who believe they have received inadequate care. On many occasions, more information and an opportunity to have their questions and concerns addressed face-to-face has resolved these complaints.

During the past year 50% of complaints were addressed within one day. Some complaints take longer to resolve as more complex issues can involve liaison with a range of staff across our health service. Consumers are kept informed of the process and provided with expected timelines for resolution. Last year, 99% of complaints were resolved within 30 days, which is a 70% improvement on the resolution of complaints received three years ago.

COMMUNITY ENGAGEMENT COMMITTEE

The Community Engagement committee aims to ensure Barwon Health engages with the Barwon South Western region's diverse community in working with and meeting their health needs through communication, consultation and collaboration. It also provides a forum for communication between the Barwon Health Board of Directors, Chief Executive, and the community.

LAST YEAR **99%**
OF COMPLAINTS WERE
RESOLVED WITHIN 30 DAYS



ETHNIC HEALTH SERVICES

Total No. of Interpreter occasions of service provided annually

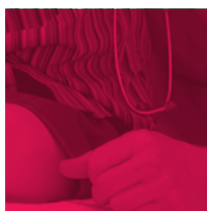
TIME PERIOD	TOTAL NO. OF OCCASIONS OF SERVICE	TOTAL NO. OF INCREASE	% OF VARIANCE
Jul 05 - Jun 06	2,455		
Jul 06 - Jun 07	3,024	569	19%
Jul 07 - Jun 08	3,383	359	11%
Jul 08 - Jun 09	4,083	700	17%
Jul 09 - Jun 10	3,291	NA	

Number of bookings for new & emerging languages

EMERGING COMMUNITIES	BURMESE (KAREN)	NUER	MANDARIN	DINKA	ALBANIAN	ARABIC
Jul 06 - Jun 07	0	20	36	11	12	NA
Jul 07 - Jun 08	84	83	81	48	37	NA
Jul 08 - Jun 09	823	174	79	129	24	40
Jul 09 - Jun 10	799	95	131	61	20	100



BARWON HEALTH FOUNDATION



THIS YEAR'S FACE OF THE
GEELONG HOSPITAL APPEAL
WAS LOUIE HEHIR.

LOUIE WAS BORN WITH
CHRONIC RENAL FAILURE
AND AS A WAY TO SAY
THANK YOU TO THE STAFF
THAT CARED FOR HIM, BOTH
LOUIE AND HIS FAMILY WERE
DELIGHTED TO LEND THEIR
STORY TO THE APPEAL.
WE THANK LOUIE AND HIS
PARENTS VERONICA AND
LEO FOR THEIR SUPPORT
IN 2009-10.

GIVING THE GIFT OF GOOD HEALTH

In 2009-10 the Barwon Health Foundation and the Cotton On Foundation partnered with the community to support the redevelopment of the Geelong Hospital Children's Ward. The 2009-10 Appeal raised funds to complete the first of five stages in the Children's Ward redevelopment. The first stage is due for completion in September 2010.

While the \$7.3 million Children's Ward community funded redevelopment will remain a major focus of the Appeal over the next three years, the Barwon Health Foundation actively raised funds for many other services within Barwon Health, including the Andrew Love Cancer Centre, McKellar Centre, Community Health Centres and Women's and Children's services.

The Geelong Hospital Appeal launch was held at the Gordon Gallery in February 2010 with Dr Peter Larkins as the guest speaker. Dr Larkins spoke with great passion about the Geelong Hospital, where he completed his internship at the beginning of his career.

OUR PATRON

Peter Hitchener continues to excel as the Patron of the Barwon Health Foundation. The Chair and the Board of the Barwon Health Foundation again acknowledge Peter's contribution in 2009-10.

COMMUNITY GROUPS AND SERVICE CLUBS

The number of service clubs and community groups that take an active interest in raising funds to purchase vital medical equipment continues to be inspiring. To Rotary, Lions and all other organisations, thank you for your support and the difference you have made to Barwon Health's quality of care.

SUPPORT GROUPS

The Our Women Our Children Volunteers, Auxiliaries, Heartbeat and Cancer after Care continue to work tirelessly to raise funds for specific medical equipment. The Victoria Police Blue Ribbon Foundation had another successful fundraising ball with proceeds going to the purchase of two dual foetal monitoring systems for the birthing suites. Bronte's Ball, facilitated by the Russell family, raised funds for the Children's Ward. Their efforts have provided an oncology room for cancer treatment within the Children's Ward alleviating the necessity to travel to Melbourne for treatment. The Shane O'Brien Asthma Foundation continues to support respiratory needs within Barwon Health and has contributed to the purchase of a special lung testing device for asthma research at Barwon Health.

THE MEDIA

The Barwon Health Foundation continues to enjoy a healthy relationship with the media. Thank you to Major Appeal Partner, the Geelong Advertiser, and local Geelong radio and television broadcasters for their support and coverage of the Geelong Hospital Appeal.



MAJOR APPEAL PARTNERS

The Bendigo Bank makes a significant contribution to the Geelong Hospital Appeal through the provision of newsletters and campaign material. Adams Print, Grindstone Creative and Geelong Football Club continue to actively support the Barwon Health Foundation.

MAJOR PROJECT PARTNER

The Cotton On Foundation came on board to partner the Barwon Health Foundation in the \$7.3 million four year redevelopment of the Children's Ward. Barwon Health and the community of Geelong are indebted to the Cotton On Foundation for funding this project to the value of \$3.5 million plus additional proceeds from the Run Geelong event.

THE GEELONG HOSPITAL APPEAL GIVING WEEKEND

The Giving Weekend was held on 12 June 2010. The generosity of the local community continues to increase each year with vital funds being raised to contribute to the purchase of important medical equipment. Thank you to all our volunteers and those who contributed to the Appeal.

THERE ARE MANY WAYS TO MAKE A DIFFERENCE

The McKellar Centre continues to improve its facilities through the support of the service clubs, in particular the Rotary Club of Geelong who have undertaken a \$100,000 project to provide accommodation units for visiting families of palliative care, aged care and rehabilitation patients. The Lions clubs have provided volunteer support for landscaping the Town Square project. Kempe "Read the Play" continues to support junior football and netball with a mental health program about drugs, alcohol and depression. Individuals, businesses and community groups contribute to Barwon Health in various ways to support specific clinical areas such as renal, cardiac, diabetes and infant nursery.

DONATIONS

Donations are receipted into special purpose trust accounts for the Geelong Hospital Appeal, Andrew Love Cancer Centre, McKellar Centre and various clinical areas within Barwon Health. Donations are allocated to the specific service or piece purchase of equipment for which they were intended.

THANK YOU FOR GIVING THE GIFT OF GOOD HEALTH

The support from the Geelong Community continues to build a capacity for improved care and facilities within our public health system. Thank you to our donors, sponsors and supporters.

EVENTS

An integral part of the Foundation's fundraising and appeals strategy is our events. The following events contributed more than \$250,000 in net proceeds towards the Geelong Hospital Appeal.

- G-Force Gala Day
- Pathcare Messages of Love
- Hot Chocolate Day
- The Gordon VECCI Golf Day
- Routleys Rotary Club of Geelong Golf Day
- Chapman Welsh – Catwalk for Cancer
- Cotton On – Run Geelong
- Culinary Shield
- World's Longest Lunch

We thank all our sponsors who contributed to making these events successful and the patrons who attended.

MEETINGS ATTENDED BY BH FOUNDATION BOARD OF DIRECTORS

	AUG 09	SEP 09	OCT 09	DEC 09	FEB 10	APR 10	JUN 10	% ATTENDED
Helene Bender (Chair)	✓	✓	✓	✓	✓	✓	✓	100%
Dr Owen Donald	A	A	✓	✓	✓	✓	✓	72%
John Frame	✓	✓	✓	✓	✓	✓	✓	100%
Grant Sutherland	✓	A	✓	A	✓	✓	✓	72%
Tony McManus	✓	✓	✓	✓	✓	✓	✓	100%
Pat Murnane	✓	✓	✓	A	✓	A	A	57%
Russell Malishev	✓	✓	✓	✓	✓	✓	✓	100%
Bob Eadie	✓	✓	✓	✓	✓	✓	✓	100%
Paul Cohen	*	✓	A	✓	✓	*	*	75%
Sue De Gilio	✓	*	*	*	*	*	*	100%
Kem Mayberry	A	A	✓	*	*	*	*	33%

✓ In attendance A Apology * Directors not on Board at time

THE COTTON ON FOUNDATION CAME ON BOARD TO PARTNER THE BARWON HEALTH FOUNDATION IN THE \$7.3 MILLION FOUR YEAR REDEVELOPMENT OF THE CHILDREN'S WARD



MEMBERS DETAILS

Helene Bender / Board Chair,
Allabout Tours and Travel

Dr Owen Donald / Chair, Barwon Health Board

John Frame / Board Member, Barwon Health

Sue De Gilio / Chief Executive, Barwon Health
(resigned Sep 2009)

Pat Murnane / Bendigo Bank Regional Manager,
Southern Victoria & South Australia

Grant Sutherland / Chief Executive, Gordon TAFE

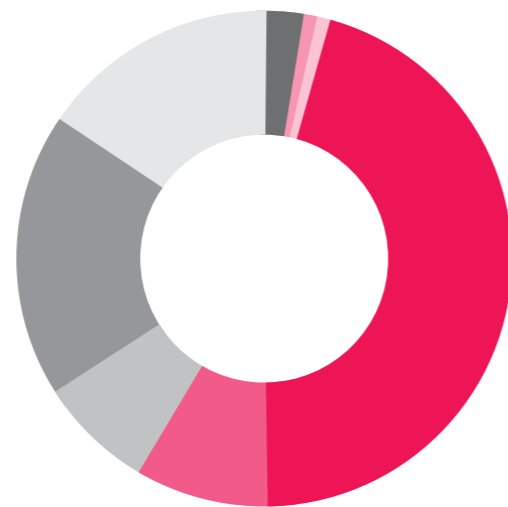
Russell Malishev / Malishev Homes

Tony McManus / Allpoints Real Estate, Lara

Bob Eadie

Kem Mayberry (resigned Nov 2009)

DONATION INCOME DISTRIBUTION 2009-2010



BARWON HEALTH FINANCIAL STATEMENTS

FINANCIAL REPORT

PROFITABILITY

There are two levels at which profitability is measured. The first measures profitability on service delivery (known as “Net result before Capital & Specific Items”), which is one of the key areas of focus of management, the Board and the Department of Health (DoH). This result excludes capital income particularly for building projects and depreciation. The second (known as “Net Result for the Year”), measures profitability inclusive of capital income and depreciation and is consistent with all of the relevant accounting standards.

As from 2009-10 a third measure of profitability has been included and relates to movements in equity, which previously had not been included as part of the Operating Statement. The significant change in comprehensive result, between 2008-09 and 2009-10, related to the positive revaluation of land and buildings that occurred during 2008-09.

	2009-10 \$'M	2008-09 \$'M
Net Result before Capital & Specific Items	(4.8)	(3.8)
Net Result for the Year	(9.4)	7.4
Comprehensive Result for the Year	(9.0)	148.5

PERFORMANCE AGAINST BUDGET FOR 2009-10

This year will be remembered for its record activity and growth across many areas of Barwon Health, including emergency attendances and surgical throughput. This increased activity was achieved while also reducing elective surgery and emergency waiting times. Continued increases in demand for Barwon Health’s services meant that it would be especially challenging to achieve a break-even result in 2009/10 despite increased revenues and a series of financial improvement initiatives. Accordingly, the Board, in conjunction with the Department of Health (DoH), approved a budget that included an operating deficit of \$3m.

While the final result for the year was an operating deficit of \$4.8m, this was considered a reasonable result in the light of even higher than expected increases in activity. The deficit represented 1% of total operating revenue.

The complexity of Barwon Health’s revenues, expenses and services mean that many factors may lead to variations between budget estimates and actual outcomes. Key factors producing the \$1.8m variation between budget and actual operating result included:

- Total Weighted Inlier Equivalent Separations (WIES) were 3.4% over target.
- Greater than budgeted expenditure on medical & surgical consumables due to greatly increased activity in cardiology (+11%), Barwon Medical Imaging (BMI) angiography services (+21%) and emergency department presentations (+13%).
- Increased surgical activity, both elective and emergency (+5.2%), requiring (among other adjustments) the purchase of beds at St John of God and Geelong Private Hospitals.
- Lower than estimated occupancy of residential aged care and sub-acute facilities.

NET RESULT FOR THE YEAR (DEFICIT \$9.4M)

Under normal accounting measurements, the “Net Result for the Year” represents Barwon Health’s Entity result. This result includes capital related income associated with building works, donations/bequests and depreciation. The majority of the capital building works income relates to government funding for completion of the Teaching, Training & Research Facility (TTR) and expansion of an additional eight Mental Health acute beds.

3RD BALANCE SHEET

Due to issues associated with the revaluation of buildings during 2008-09, which were not identified until 2009-10, a restatement of the 2009 result was required. Under accounting standards if a restatement of a previous year is required, a third balance sheet (2008) is to be added, including any affected accompanying notes.

The restatement of the 2009 result related to an overstatement of the revaluation of plant. This meant that the written down value of plant in 2009 had been overstated by \$7.4m. This has now been corrected, with the overstatement being reflected in the Building Revaluation Reserve. This adjustment has had no impact on the Operating Statement.

FUNDRAISING

The income streams generated by fundraising, primarily for capital investment purposes are an important source of income for Barwon Health. In the 2010 year, the Foundation generated donations/bequests of \$2.8m.

CASHFLOW

Despite recording a deficit on operations, Barwon Health generated a small cash surplus from operations of \$0.58m.

If cash flows on both operations and the capital account are included, cash and investment holdings increased by \$4.3m. This is mainly due to the receipt of capital income, which will be paid out in 2010-11.

Whilst profitability is still in deficit, Barwon Health’s cash position is still very solid by industry standards.

BALANCE SHEET

Equity has decreased from \$485m to \$476m during 2009-10. This reduction in Equity relates predominately to the deficit result reported for the year.

Total Assets reduced by \$2.3m, predominately due to a reduction in Investments – term deposits, but this was offset by an increase in Property, Plant & Equipment.

Total Liabilities increased by \$6.6m, predominately due to increases in accrued payroll costs and Long Service Leave provisions.

CURRENT ASSET RATIO

Barwon Health finished the year with a current asset ratio of 0.70, which is the DoH recommended minimum ratio.

FIVE YEAR FINANCIAL SUMMARY

	2009-10 \$'M	2008-09 Restated \$'M	2007-08 \$'M	2006-07 \$'M	2005-06 \$'M
Revenue & Expenses					
Operating Revenue	436.8	409.8	378.2	350.1	324.2
Operating Expenses	441.6	414.6	381.4	(348.8)	(299.6)
Operating Result (before Capital Income and Depreciation)	(4.8)	(4.8)	(3.2)	1.3	1.6
Operating Result (inclusive of Capital Income and Depreciation)	(9.4)	7.4	3.3	(.8)	10.1
Balance Sheet Statistics					
Total Assets	583.0	585.0	425.4	385.8	358
Total Liabilities	106.6	99.6	92.9	87.8	86.5
Total Equity	476.4	485.4	332.5	298.0	271.5
Financial Indicators					
Surplus (deficit) of Net Current Assets (\$'m)	(27.4)	(13.0)	(12.8)	(0.01)	(1.2)
Current Asset Ratio (numeric value)	0.7	0.90	0.90	0.90	1.0
Cash and Investments	44.7	55.2	52.4	53.8	57.8
Net Cash from Operating Activities (excluding Capital Income)	0.5	(0.1)	7.0	2.8	15.8
Capital Investment	29.4	22.2	49.2	53.5	52.6

SUMMARY OF FINANCIAL RESULTS

REVENUE	2009-10 \$'M	2009-08 Restated \$'M	CHANGE %
Grants	329.2	307.5	7.1
Patient Fees	34.1	29.8	14.4
Non Cash Contributions	6.2	8.4	(26.2)
Other	64.2	60.5	6.1
Total Revenue	433.7	409.7	5.9
Expenditure			
Employment Costs	(301.8)	(300.8)	(0.3)
Supplies & Consumable	(81.7)	(74.5)	(9.7)
Other	(40.2)	(38.2)	(5.2)
Total Expenses	(423.7)	(413.5)	(2.5)
Surplus/(Deficit) for the Year Before Capital Income and Depreciation	(4.8)	(4.8)	
Capital Income	27.9	22.5	
Specific Income	0.0	6.4	
Depreciation	(30.9)	(15.8)	
Finance Costs, impairments, Other	(1.5)	1.0	
NET RESULT	(9.4)	7.4	

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STATUTORY REQUIREMENTS

FREEDOM ON INFORMATION REQUESTS

FINANCIAL YEAR	2010-09	2009-08	2008-07	2007-06	2006-05
No of requests	671	699	586	533	428

AVERAGE COLLECTION DAYS

FINANCIAL YEAR	2010-09	2009-08	2008-07	2007-06
Acute	41.6	46.8	49.2	36.9
Rehabilitation and Aged Care	38.3	68.1	60.5	66

CONSULTANCIES

CONSULTANCIES COSTING LESS THAN \$100,000 PER CONSULTANCY	
Total number of consultancies	14
Total value of consultancies	359,688
CONSULTANCIES COSTING MORE THAN \$100,000 PER CONSULTANCY	
	NIL

OUTSTANDING DEBTORS

	TOTAL	CURRENT	30-59 DAYS	60-89 DAYS	+90 DAYS
2009/10	11.6	7.2 (62.4)%	2.9 (25.0)%	0.5 (4.5)%	0.9 (8.1)%
2008/09	12.2	7.6 (61.9)%	2.9 (24.%)	0.7 (6.%)	1.0 (8.1)%
2007/08	9.1	5.28 (57.9)%	1.96 (21.5)%	0.86 (9.4%)	1.05 (11.2)%
2006/07	8.8	5.65 (64.2)%	1.23 (14.%)	0.67 (7.7%)	1.34 (14.1)%

EX-GRATIA PAYMENTS

	2010 \$'000	2009 \$'000	2008 \$'000
Barwon Health has made the following ex-gratia payment to employees	64	131	12

FEES

All fees charged by Barwon Health are regulated by the Commonwealth Department of Health and Aged Care, the Commonwealth Department of Family Services and the Hospitals and Charities (Fees) Regulations 1986, or as otherwise determined by the Department of Health Victoria.

FREEDOM OF INFORMATION REQUESTS

Barwon Health is an agency subject to the Freedom of Information Act (Victoria) 1982. As required under the Act, Barwon Health has nominated Kate Nelson as the Freedom of Information Officer – Corporate and Business, and Susan Bell as Freedom of Information Officer – Medical. A legislated fee of \$23.90 per application and access charges of \$20.00 per hour or part of an hour for search charges and \$5.00 per quarter hour for supervision charges apply.

COMPETITIVE NEUTRALITY

Barwon Health complied with all the government policies regarding competitive neutrality with regard to all tender applications.

COMPLIANCE WITH BUILDING ACT

Barwon complied fully with the building and maintenance provisions of the Building Act 1993 – Guidelines issued by the Minister for Finance for publicly owned buildings.

WHISTLEBLOWERS PROTECTION ACT

This policy is made in accordance with the Victorian Whistleblowers Protection Act 2002. In accordance with this Act, the policy of Barwon Health is to encourage and facilitate the making of disclosures, where these are supported by reasonable grounds, related to alleged improper or corrupt conduct in the management of Barwon Health.

Any staff member or a member of the public who has reasonable grounds to believe improper or corrupt conduct has occurred, is occurring or is about to occur in management or conduct of Barwon Health (including apprehension of detriment) is encouraged to disclose this.

Barwon Health will establish and maintain an objective system to encourage and provide support to persons making disclosures (“whistleblowers”), to investigate disclosed allegations of improper conduct, or detrimental action against the person making the disclosure and to enable appropriate action to be taken. Barwon Health is committed to the highest standards of ethics and probity in its performance of its duties and the delivery of its services to the community. Disclosures made under this policy will be investigated swiftly, professionally and discretely.

A copy of the Act and a summary of its provisions are available for inspection at the office of the Protection Disclosure Coordinator. The Ombudsman has published a set of model procedures and Barwon Health will follow these in dealing with disclosure.

For further information, contact:

Director of Human Resources & Organisational Safety
Barwon Health, Corporate Office
Ryrie Street, Geelong VIC 3220

Phone. 03 5226 7221 Fax. 03 5226 7672

perrym@barwonhealth.org.au

No disclosure under the Act was received during 2009-10

RESPONSIBLE BODIES DECLARATION

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Barwon Health for the year ending 30 June 2010.

ATTESTATION STATEMENT

I, John Frame, certify that Barwon Health has risk management processes in place consistent with the Australian and New Zealand Risk Management Standard and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The audit committee verifies this assurance and that the risk profile of Barwon Health has been critically reviewed within the last 12 months.



John Frame / Deputy Chair - Barwon Health

Geelong, 6 August 2010

ATTESTATION ON DATA ACCURACY

I, David Ashbridge, certify that Barwon Health has put in place appropriate internal controls and processes to ensure that the department is provided with reliable and accurate data. The audit committee verifies this assurance and that the data accuracy of Barwon Health has been critically reviewed within the last 12 months.



David Ashbridge / Accountable Officer

Geelong, 6 August 2010

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COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$'000	2009 Restated ¹ \$'000
Revenue from Operating Activities	2	434,088	406,296
Revenue from Non-Operating Activities	2	2,730	3,123
Employee Benefits	4	(314,669)	(296,591)
Supplies and Consumables	4	(81,699)	(74,542)
Other Expenses from Continuing Operations	4	(40,175)	(38,247)
Non Salary Labour Costs	4	(4,886)	(5,205)
Share of Net Result of Joint Venture accounted for using the Equity Method	2	(201)	386
Net Result before Capital and Specific Items		(4,811)	(4,780)
Capital Purpose Income	2	27,846	22,508
Specific Income	2	-	6,411
Depreciation and Amortisation	4	(30,928)	(15,756)
Expenditure using Capital Purpose Income	4	(1,221)	(583)
Finance Costs	4	(250)	(114)
Impairment of Financial Assets	4	(21)	(189)
Impairment of Non-Financial Assets	4	-	(86)
NET RESULT FOR THE YEAR		(9,385)	7,411
Other Comprehensive Income			
Net fair value gains / (losses) on Available-for-Sale Financial Assets	21	421	(653)
Net fair value revaluation on Non Financial Assets		-	141,738
COMPREHENSIVE RESULT FOR THE YEAR		(8,964)	148,496

¹ Restated for correction of error (refer note 1.37).

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

BALANCE SHEET

AS AT 30 JUNE 2010

	Note	2010 \$'000	2009 Restated ¹ \$'000	2008 \$'000
ASSETS				
<i>Current Assets</i>				
Cash and Cash Equivalents	22	11,472	7,396	12,978
Receivables	10	15,527	15,740	18,429
Inventories	12	2,971	3,269	3,262
Investments – Term Deposits	11	33,254	47,814	36,851
Total Current Assets		63,224	74,219	71,520
<i>Non-Current Assets</i>				
Receivables	10	7,915	6,018	3,991
Other Financial Assets - Shares	13	2,107	1,808	2,649
Investments Accounted for using the Equity Method	14	331	532	147
Property, Plant and Equipment	15	495,812	488,506	340,618
Intangible Assets	16	1,070	1,345	76
Investment Properties	17	12,558	12,558	6,418
Total Non-Current Assets		519,794	510,767	353,899
TOTAL ASSETS		583,018	584,986	425,419
LIABILITIES				
<i>Current Liabilities</i>				
Payables	18	32,656	29,788	28,074
Interest Bearing Liabilities	19	254	373	684
Employee Benefits and related on-cost provisions	20	60,755	57,034	55,574
Total Current Liabilities		93,665	87,195	84,332
<i>Non-Current Liabilities</i>				
Interest Bearing Liabilities	19	185	316	214
Employee Benefits and related on-cost provisions	20	12,777	12,121	8,364
Total Non-Current Liabilities		12,962	12,437	8,578
TOTAL LIABILITIES		106,627	99,632	92,910
NET ASSETS		476,390	485,354	332,509
EQUITY				
Land and Buildings Revaluation Reserve	21	208,992	208,992	67,254
Available- for- Sale Revaluation Reserve (shares)	21	887	466	1,119
Linencare Business Unit Reserve	21	6,335	6,333	5,295
Restricted Specific Purpose Reserve	21	26,411	20,515	18,180
Internally Managed Reserves	21	40,568	45,996	38,879
Contributed Capital	21	215,405	215,403	211,054
Accumulated Surplus / (Deficits)	21	(22,208)	(12,351)	(9,272)
TOTAL EQUITY		476,390	485,354	332,509
Contingent Liabilities and Contingent Assets	25			
Commitment for Expenditure	24			

¹ Restated for correction of error (refer note 1.37).

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2010

2010	Note	CHANGES DUE TO			Equity as at 30 June 2010 \$'000
		Restated Equity at 1 July 2009 \$'000	Comprehensive Result \$'000	Transactions with owner in its capacity as owner \$'000	
Accumulated Surplus / (Deficit)		(12,351)	(9,385)	-	(21,736)
Transfer (To) / From Land and Buildings Revaluation Surplus		-	-	-	-
Transfer (To) / From Available-for-Sale Revaluation Surplus		-	-	-	-
Transfer (To) / From Restricted Specific Purpose Reserve		-	(472)	-	(472)
Transfer (To) / From Contributed Capital		-	-	-	-
		(12,351)	(9,857)	-	(22,208)
Contribution by Owners		215,403	2	-	215,405
Reserves					
Building Revaluation Reserve		173,879	-	-	173,879
Land Revaluation Reserve		35,113	-	-	35,113
Available-for-Sale Revaluation Reserve		466	421	-	887
Linencare Business Unit Reserve		6,333	2	-	6,335
Restricted Specific Purpose Reserve		20,515	5,896	-	26,411
Internally Managed Reserve		45,996	(5,428)	-	40,568
		282,302	891	-	283,193
Total Equity at the end of the financial year		485,354	(8,964)	-	476,390

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

2009	Note	CHANGES DUE TO			Restated Equity as at 30 June 2009 \$'000
		Equity at 1 July 2008 \$'000	Comprehensive Result \$'000	Transactions with owner in its capacity as owner \$'000	
Accumulated Surplus / (Deficit)		(9,272)	8,360	-	(912)
Effect of correction of error	1.37	-	(949)	-	(949)
Restated Accumulated Surplus / (Deficit)		(9,272)	7,411	-	(1,861)
Transfer (To) / From Land and Buildings Revaluation Surplus		-	-	-	-
Transfer (To) / From Available-for-Sale Revaluation Surplus		-	-	-	-
Transfer (To) / From Restricted Specific Purpose Reserve		-	(10,490)	-	(10,490)
Transfer (To) / From Contributed Capital		-	-	-	-
		(9,272)	(3,079)	-	(12,351)
Contribution by Owners		211,054	-	4,349	215,403
Reserves					
Building Revaluation Reserve		34,385	147,087	-	181,472
Effect of correction of error	1.37	-	(7,593)	-	(7,593)
Restated Building Revaluation Reserve		34,385	139,494	-	173,879
Land Revaluation Reserve		32,869	2,244	-	35,113
Available-for-Sale Revaluation Reserve		1,119	(653)	-	466
Linencare Business Unit Reserve		5,295	1,038	-	6,333
Restricted Specific Purpose Reserve		18,180	2,335	-	20,515
Internally Managed Reserve		38,879	7,117	-	45,996
		130,727	151,575	-	282,302
Total Equity at the end of the financial year		332,509	148,496	4,349	485,354

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

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$'000	2009 Restated \$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		359,939	335,970
Patient and Resident Fees Received		34,154	28,481
GST Received from / (paid to) ATO		7,996	7,219
Drug Income		7,056	9,039
Linencare Fees		5,591	7,162
Pharmaceutical Benefits Scheme		4,759	6,096
Recoupment from Private Practice for use of Hospital Facilities		4,649	3,719
Interest Received		2,730	3,123
Other Receipts		25,097	16,879
Employee Benefits Paid		(314,149)	(293,591)
Payments for Supplies and Consumables		(91,868)	(83,126)
Fuel, Light, Power and Water		(5,637)	(4,641)
Repairs and Maintenance		(5,608)	(6,787)
Maintenance Contracts		(3,845)	(3,222)
Finance Costs		(250)	(114)
Other Payments		(31,672)	(26,268)
Cash Generated from Operations		(1,058)	(61)
Capital Grants from Government		25,323	17,508
Capital Donation and Bequests Received		2,839	3,225
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	22(b)	27,104	20,672
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Non Financial Assets		(38,410)	(24,191)
Proceeds from Sale of Non Financial Assets		435	233
Purchase of Investments		(87,055)	(126,947)
Proceeds from Sale of Investments		101,716	120,419
NET CASH INFLOW / (OUTFLOW) FROM INVESTING ACTIVITIES		(23,314)	(30,486)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Finance Leases		(910)	-
Repayment of Borrowings		(119)	(288)
Contributed Capital from Government		-	4,349
Proceeds from Finance Leases		-	79
NET CASH INFLOW / (OUTFLOW) FROM FINANCING ACTIVITIES		(1,029)	4,140
NET INCREASE / (DECREASE) IN CASH HELD			
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		5,962	11,636
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	22(a)	8,723	5,962
Non-Cash Financing and Investing Activities	22(c)	219	348

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2010

NOTE 1 STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are a general purpose financial report which have been prepared in accordance with the Financial Management Act 1994 and applicable Australian Accounting Standards (AASs) and Australian Accounting Interpretations and other mandatory requirements. AASs include Australian equivalents to International Financial Reporting Standards.

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

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

Basis of Preparation

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2010, and the comparative information presented in these financial statements for the year ended 30 June 2009.

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 going concern basis was used to prepare the financial statements.

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.

The financial statements are prepared in accordance with the historical cost convention, except for the revaluation of certain non-financial assets and financial instruments, as noted. Particularly, exceptions to the historical cost convention include:

- Non-current physical assets, which subsequent to acquisition, are measured at valuation and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;

- Investment properties after initial recognition, which are measured at fair value through profit and loss; and
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised.

Historical cost is based on the fair values of the consideration given in exchange for assets.

Cost is based on the fair values of the consideration given in exchange for assets.

In the application of AASs management is required to make judgment, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

1.1 Reporting Entity

The Financial Report includes all the controlled activities of Barwon Health.

Its principal address is:
Ryrie Street,
Geelong Victoria 3220

1.2 Rounding Of Amounts

All amounts shown in the Financial Report are rounded off to the nearest thousand dollars unless otherwise stated.

Figures in the financial statements may not equal due to rounding.

1.3 Functional and Presentation Currency

The presentation currency of Barwon Health is the Australian dollar, which has also been identified as the functional currency of Barwon Health.

1.4 Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

1.5 Receivables

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

1.6 Inventories

Inventories include pharmaceutical, medical, surgical and other bulk purchases. Inventories are valued at the lower of cost and net realisable value. Cost is determined by the average purchase price of items. Pharmaceuticals held for distribution are measured at the lower of cost and current replacement cost.

1.7 Investments and Other Financial Assets

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

Barwon Health classifies its other financial assets between current and non-current assets based on the purpose for which the assets were acquired. Management determines the classification of its other financial assets at initial recognition.

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

Loans and receivables

Bank term deposits and debentures are recorded at amortised cost and are classified between current and non-current assets based on the Board of Director's intentions at balance date with respect to the timing of disposal of each investment with any resultant gain or loss recognised in profit or loss. Barwon Health has the intention and ability to hold the term deposits to maturity.

Available for sale financial assets

Shares held by Barwon Health are classified as being available for sale and measured at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in profit or loss for the period. Fair value is determined in the manner described in Note 23.

1.8 Intangible Assets

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

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Barwon Health.

Amortisation is allocated to intangible assets with finite useful lives on a straight-line basis over the asset's useful life. They are amortised over a 4 year period (2009: 4 years).

The amortisation period and the amortisation method for an intangible asset are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount. Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

1.9 Property, Plant and Equipment

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

Plant, equipment and vehicles are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment. Depreciated historical cost is generally a reasonable proxy for depreciated replacement cost because of the short lives of the assets concerned.

1.10 Revaluations of Non-current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103D *Non-current physical assets*. This revaluation process normally occurs at least 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 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 immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

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 are normally not transferred to accumulated funds on derecognition of the relevant asset.

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

1.11 Investment Property

Investment properties represent properties held to earn rentals or for capital appreciation or both. Investment properties exclude properties held to meet service delivery and objectives of the State of Victoria.

Investment properties are initially recognised at cost. Costs incurred subsequent to initial acquisition are capitalised when it is probable that future economic benefits in excess of the originally assessed performance of the asset will flow to the entity.

Subsequent to initial recognition at cost, investment properties are revalued to fair value, determined annually by independent valuers or assessed for indication of material movements. Changes in the fair value are recognised as income or expenses in the period that they arise. Investment properties are not depreciated.

Rental revenue from leasing of investment properties is recognised in the Comprehensive Operating Statement in the periods in which it is receivable on a straight line basis over the lease term.

1.12 Depreciation

Assets with a cost in excess of \$2,000 (2009: \$2,000) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their useful lives. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually. This depreciation charge is not funded by the Department of Health.

Depreciation is provided on property, plant and equipment, including freehold buildings, but excluding land and investment properties. Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

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

	2010	2009
Buildings		
- Main Structure	5 - 50 years	5 - 50 years
- Fit Out	9 - 22 years	9 - 22 years
Plant & Equipment	8 - 10 years	8 - 10 years
Furniture & Fittings	7 - 8 years	7 - 8 years
Linen	3 - 5 years	3 - 5 years
Leased Assets	1 - 3 years	1 - 3 years
Intangible Assets	5 years	5 years
Motor Vehicles	4 - 6 years	4 - 6 years

Building works currently in progress are not depreciated until the completion of the building project.

As part of the Buildings valuation, building values were componentised and each component assessed for its useful life which is represented above.

1.13 Net Gain / (Loss) on Non-Financial Assets

Net gain / (loss) on non-financial assets includes realised and unrealised gains and losses from revaluations, impairments and disposals of all physical assets and intangible assets.

Disposal of Non-Financial Assets

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

Impairment of Non-Financial Assets

All assets are assessed annually for indications of impairment, except for:

- inventories; and
- financial assets.

If there is an indication of impairment, the assets concerned are tested as to whether their carrying value exceeds their possible recoverable amount. Where an asset's carrying value exceeds its recoverable amount, the difference is written-off as an expense except to the extent that the write-down can be debited to an asset revaluation surplus amount applicable to that same class of asset.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell.

1.14 Impairment of Financial Assets

Financial Assets have been assessed for impairment in accordance with Australian Accounting Standards. Where an available-for-sale financial asset's fair value at balance date has reduced by 20 per cent or more than its cost price; or where its fair value has been less than its cost price for a period of 12 or more months, the financial instrument is treated as impaired.

In order to determine an appropriate fair value as at 30 June 2010 for its portfolio of available-for-sale financial assets, Barwon Health obtained a valuation based on the best available advice using the market value as determined by the Australian Stock Exchange. These methodologies were critiqued and considered to be consistent with standard market valuation techniques. This valuation process was used to quantify the level of impairment on the portfolio of financial assets as at year end.

1.15 Payables

Payables include trade creditors, other creditors and accrued expenses and are initially recognised at fair value, and then subsequently carried at amortised cost and represent liabilities for goods and services provided to the entity prior to the end of the financial year that are unpaid, and arise when the entity becomes obliged to make future payments in respect of the purchase of these goods and services.

The normal credit terms are usually Nett 30 days

Patient money held in trust represents money held on behalf of aged residential patients. Refundable Entrance Fees represent aged residential patients' deposits held in trust while the patient is in an aged care facility.

1.16 Interest Bearing Liabilities

Interest bearing liabilities in the Balance Sheet are recognised at fair value upon initial recognition. Subsequent to initial recognition, interest bearing liabilities 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 method. Fair value is determined in the manner described in Note 23.

1.17 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 taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority 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 taxation authority, are presented as an operating cash flow.

Commitments are presented on a gross basis.

1.18 Employee Benefits

Wages and Salaries, Annual Leave and Accrued Days Off

Liabilities for wages and salaries, including non-monetary benefits, annual leave, accrued days off and termination benefits which are expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of employee's services up to the reporting date, and are classified as current liabilities and measured at their nominal values.

Those liabilities that the entity does not expect to be settled within 12 months are recognised in the provision for employee benefits as current liabilities, measured at present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

Long Service Leave

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

Current Liability

Unconditional LSL (representing 10 or more years of continuous service) is disclosed in the notes to the financial statements as a current liability even where Barwon Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- present value - component that Barwon Health does not expect to settle within 12 months; and
- nominal value - component that Barwon Health expects to settle within 12 months.

Non-Current Liability

Conditional LSL (representing less than 10 years of continuous service) is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. Conditional LSL is required to be measured at present value.

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

Superannuation

Defined Contribution Plans

Contributions to defined contribution superannuation plans are expensed when incurred.

Defined Benefit Plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by Barwon Health to the superannuation plan in respect of the services of current Barwon Health staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

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

Fund for the year	Contributions paid or payable for the year	
	2010 \$'000	2009 \$'000
Defined benefit plans:		
- Health Super	17,125	16,586
- Hesta	5,197	4,665
- Other compliant superannuation funds as selected by employee	634	585
Defined contribution plans:		
- Health Super	1,235	1,331
- GSO	284	284
Total	24,475	23,451

Barwon Health made contributions to the following major superannuation plans during the year: Barwon Health does not recognise any unfunded benefit liability in respect of the superannuation plans because Barwon Health has no legal or constructive obligation to pay further benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance administers and discloses the State's defined benefit liabilities in its financial statements.

On-Costs

Employee benefit on-costs (workers compensation and superannuation) are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities.

1.19 Finance Costs

Finance Costs are recognised as expenses in the period in which they are incurred. Finance costs include interest on short-term and long-term borrowings and finance charges in respect of leases recognised in accordance with AASB 117 *Leases*.

1.20 Residential Aged Care Service

The aged care service at the McKellar Centre is substantially funded from Commonwealth bed-day subsidies. The Nursing Home operations are an integral part of the Hospital and share its resources. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Note 6 to the financial statements.

1.21 Joint Ventures

Interests in jointly controlled assets are accounted for by recognising in Barwon Health's financial statements, its share of assets, liabilities and any revenue and expenses of such joint ventures. Details of the joint venture are set out in Note 14.

1.22 Intersegment Transactions

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

1.23 Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Finance leases

Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. Minimum lease payments are apportioned between 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 Comprehensive Operating Statement.

Operating Leases

Rental income from operating leases are recognised on a straight-line basis over the term of the relevant lease.

Operating lease payments are recognised as an expense in the Comprehensive Operating Statement over the lease term on a straight-line basis which is representative of the pattern of benefits derived from the leased assets and accordingly are charged against revenue in the periods in which they are incurred.

Leasehold Improvements

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

1.24 Income Recognition

Income is recognised in accordance with AASB 118 Revenue. Revenue is recognised to the extent that it is earned. Unearned income at reporting date is reported as income received in advance. Amounts disclosed as revenue are, where applicable, net of returns, allowances and duties and taxes.

Government Grants

Grants are recognised as income when Barwon Health gains control of the underlying assets in accordance with AASB 1004 Contributions. For reciprocal grants, Barwon Health is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, Barwon Health is deemed to have assumed control when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Indirect Contributions from the Department of Health

Insurance is recognised as revenue following advice from the Department of Health. Long Service Leave - revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan health and Aged Care Services Division Hospital Circular 14/2009.

Patient and Resident Fees

Patient fees are recognised as revenue at the time invoices are raised.

Private Practice Fees

Private Practice fees are recognised as revenue at the time invoices are raised.

Donations and Other Bequests

Donations and bequests are recognised as revenue when received. Donations from the community and estate bequests are included in the Comprehensive Operating Statement under Capital Purpose Income, and as part of either the Restricted Specific Purpose Reserve or Internally Managed Reserves in the Balance Sheet.

Dividend Revenue

Dividend revenue is recognised on a receivable basis.

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes in account the effective yield of the financial asset.

1.25 Fund Accounting

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

1.26 Services Supported By Health Services Agreement and Services Supported By Hospital and Community Initiatives

The Activities classified as *Services Supported by Health Services Agreement* (HSA) are substantially funded by the Department of Health, and includes Residential Aged Care Services (RACS) and are also funded from other sources such as the Commonwealth, patients and residents, while *Services Supported by Hospital and Community Initiatives* (non HSA) are funded by Barwon Health's own activities or local initiatives and/or the Commonwealth.

1.27 Land and Buildings Revaluation Reserve

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

1.28 Available-for-Sale Revaluation Reserve

The available-for-sale revaluation reserve arises on the revaluation of the available-for-sale financial assets. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset, is effectively realised, and is recognised in the Comprehensive

Operating Statement. Where a revalued financial asset is impaired that portion of the reserve, which relates to that financial asset, is recognised in the Comprehensive Operating Statement.

1.29 Restricted Specific Purpose Funds and Internally Managed Reserves

Barwon Health's Restricted Purpose Funds comprise unspent donations, the net surplus from private practice arrangements and receipts from fundraising activities conducted solely in respect of these funds. Separation of these funds from the Operating Fund is required under Hospital Funding Guidelines and Barwon Health has no discretion to amend or vary the restriction and/or conditions underlying the funds received. Internally Managed Reserves refers to funds over which Barwon Health has management control, as well as the discretion, on the ultimate disposition of these funds.

1.30 Contributed Capital

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

1.31 Private Practice Fees Donated

In relation to full time medical staff, all the private practice fees are donated to Barwon Health in accordance with agreements reached with medical practitioners. Barwon Health uses a percentage of these funds for the professional development of practitioners and for the replacement of medical equipment. Other arrangements apply to sessional medical staff in the conduct of private practice on site using Barwon Health facilities and equipment. The facility charges for these services are specified in individual contracts between the practitioner and Barwon Health.

1.32 Research Funds

Research fund transactions are recorded through the Comprehensive Operating Statement with the accumulated net results reported as Restricted Specific Purpose Reserves within the Balance Sheet.

1.33 Economic Dependency

Barwon Health is dependent upon the State and to a lesser extent, the Federal Government, continuing to purchase or contract for the delivery of health services.

1.34 Commitments

Commitments are not recognised on the Balance Sheet. Commitments are disclosed at their nominal value and are inclusive of the GST payable.

1.35 Net Result before Capital and Specific Items

The sub total entitled 'Net Result Before Capital and Specific Items' is included in the Comprehensive Operating Statement to enhance the understanding of the financial performance of Barwon Health. This subtotal reports the result excluding items such as capital grants, depreciation and items of an unusual nature and amount such as specific revenues and expenses. The exclusion of these items are made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net result before Capital and Specific Items' is used by the management of Barwon Health, the Department of Health, and the Victorian Government to measure the ongoing result of Health Services in operating hospital services.

Capital and specific items, which are excluded from this sub-total, comprise:

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Depreciation and amortisation, as described in note 1.12.
- Expenditure using capital purpose income comprises expenditure which either falls below the asset capitalisation threshold (note 1.12), or doesn't meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.
- Specific income/expense comprises the revaluation increments/decrements of investment properties owned by Barwon Health, as described in note 17.
- Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with Note 1.13.

1.36 Category Groups

Barwon Health has used the following category groups for reporting purposes for the current and previous financial years.

Admitted Patient Services (Admitted Patients)

Admitted Patients comprises all recurrent health revenue/expenditure on admitted patient services, where services are delivered in public hospitals, or free standing day hospital facilities, or alcohol and drug treatment units or hospitals specialising in dental services, hearing and ophthalmic aids.

Outpatient Services (Outpatients)

Outpatients comprises all recurrent health revenue/expenditure on public hospital type outpatient services, where services are delivered in public hospital outpatient clinics or freestanding day hospital facilities, or rehabilitation facilities, or alcohol and drug treatment units, or outpatient clinics specialising in ophthalmic palliative care.

Emergency Department Services (EDS)

EDS comprises all recurrent health revenue/expenditure on emergency department services that are available free of charge to public patients.

Aged Care

Aged Care comprises revenue/expenditure for Home and Community Care (HACC) programs, Allied Health, Aged Care Assessment and support services.

Primary Health

Primary Health comprises revenue/expenditure for Community Health services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy.

Off Campus, Ambulatory Services (Ambulatory)

Ambulatory comprises all recurrent health revenue/expenditure on public hospital type services including palliative care facilities and rehabilitation facilities, as well as services provided under the following agreements: Services that are provided or received by hospitals (or area health services) but are delivered/received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998, services which fall within the agreed scope of inclusions under the new system, which have been delivered within hospitals, i.e. in rural/remote areas.

Residential Aged Care including Mental Health (RAC incl. Mental Health)

RAC incl. Mental health referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from Department of Health under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded community care units (CCUs) and secure extended care units (SECs).

Other Services excluded from Australian Health Care Agreement (AHCA) (Other)

Others comprises revenue/expenditure for services not separately classified above, including: Public Health Services including Laboratory testing, Blood Borne Viruses / Sexually Transmitted Infections clinical services, Koori liaison officers, immunisation and screening services, Drugs services including drug withdrawal, counselling and the needle and syringe program, Dental Health services including general and specialist dental care, school dental services and clinical education, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

1.37 Accounting Errors

In accordance with AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors, the 30 June 2009 comparatives have been restated to correct two material prior period errors.

1. The provision for annual leave was understated by \$949,000 as at 30 June 2009. This was the result of an error in the calculation used.

The Balance Sheet as at 30 June 2009 was restated as follows:

- Employee benefits and related on-costs provision was increased by \$949,000, resulting in an increase in total current liabilities:
- Unconditional Annual Leave expected to be settled within 12 months by \$761,000; and
- Unconditional Annual Leave not expected to be settled within 12 months (present value) by \$188,000; and
- Accumulated deficit was increased by \$949,000. The total equity of the entity also decreased by the same amount.

In addition, the error resulted in a restatement of the following line items within the Comprehensive Operating Statement for the year ended 30 June 2009:

- Employee benefits expense was increased by \$949,000:
- Salaries and wages H.S.A. by \$918,000; and
- Salaries and wages non-H.S.A. by \$31,000; and
- The net surplus result for the year and comprehensive result for the year decreased by \$949,000.

2. In 2009, an independent valuer was employed to value Land and Buildings. The revaluation resulted in an increase to Land and Buildings and related revaluation reserves of \$155,471,000 which were brought to account for the year ended 30 June 2009. Of this, \$147,087,000 related specifically to Buildings (excluding Investment Property).

Subsequent to the issuance of the 30 June 2009 financials statements, an error in the revaluation of buildings was identified. The independent valuer's valuation of Buildings of \$389,161,000 was compared to a net book value of \$242,074,000 which omitted a number of mechanical works and building improvements. The mechanical works had a net book value of \$7,362,000 and were classified as Plant rather than Buildings while the improvements had a net book value of \$231,000 and were omitted because they were transferred from Buildings under Construction to Buildings until July 2009. The correct net book value that should have been used in calculating the revaluation increment was \$249,667,000. This resulted in an overstatement in the revaluation surplus of Buildings by \$7,593,000.

In the Balance Sheet, the comparatives have been restated as follows:

- Property, plant & equipment was decreased by \$7,593,000, resulting in a decrease in total non current assets by the same amount.
- Property, plant & equipment revaluation reserve was decreased by \$7,593,000. The total equity of the entity decreased by the same amount.

1.38 Going Concern

The going concern basis was used to prepare the financial statements.

After due consideration of the results of the operations of Barwon Health for the year ended 30 June 2010, the Board of Barwon Health have sought a letter of comfort from the Department of Health to ensure that the going concern test is satisfied.

Barwon Health is dependent upon the State of Victoria, via the Department of Health, for the funding of a significant proportion of its operations.

1.39 New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2010 reporting period. As at 30 June 2010, the following standards and interpretations had been issued but were not mandatory for financial years ending 30 June 2010. Barwon Health has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Barwon Health Financial Statements
AASB 2009-5 Further amendments to Australian Accounting Standards arising from the annual improvements project [AASB 5, 8, 101, 107, 117, 118, 136 and 139]	Some amendments will result in accounting changes for presentation, recognition or measurement purposes, while other amendments will relate to terminology and editorial changes.	Beginning 1 Jan 2010	Terminology and editorial changes. Impact minor.
AASB 2009-9 Amendments to Australian Accounting Standards - additional exemptions for first-time adopters [AASB 1]	Applies to Health Services adopting Australian Accounting Standards for the first time, to ensure Health Services will not face undue cost or effort in the transition process in particular situations.	Beginning 1 Jan 2010	No impact. Relates only to first time adopters of Australian Accounting Standards.
AASB 124 Related party disclosures (Dec 2009)	Government related Health Services have been granted partial exemption with certain disclosure requirements.	Beginning 1 Jan 2011	Preliminary assessment suggests that impact is insignificant. However, Barwon Health is still assessing the detailed impact and whether to early adopt.
AASB 2009-12 Amendments to Australian Accounting Standards [AASB 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 and 1031 and Interpretations 2, 4, 16, 1039 and 1052]	This standard amends AASB 8 to require an entity to exercise judgment in assessing whether a government and Health Services known to be under the control of that government are considered a single customer for purposes of certain operating segment disclosures. This standard also makes numerous editorial amendments to other AASs.	Beginning 1 Jan 2011	AASB 8 does not apply to Health Services therefore no impact expected. Otherwise, only editorial changes arising from amendments to other standards, no major impact. Impacts of editorial amendments are not expected to be significant.
AASB 2009-14 Amendments to Australian Interpretation - Prepayments of a minimum funding requirement [AASB Interpretation 14]	Amendment to Interpretation 14 arising from the issuance of <i>Prepayments of a minimum funding requirement</i>	Beginning 1 Jan 2011	Expected to have no significant impact
AASB 9 Financial instruments	This standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 <i>Financial instruments: recognition and measurement</i> (AASB 139 <i>Financial Instruments: recognition and measurement</i>).	Beginning 1 Jan 2013	Detail of impact is still being assessed.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and Interpretations 10 and 12]	This gives the effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 Jan 2013	Detail of impact is still being assessed.

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NOTE 2 REVENUE

	Note	HSA 2010 \$'000	HSA 2009 \$'000	Non - HSA 2010 \$'000	Non - HSA 2009 \$'000	Total 2010 \$'000	Total 2009 \$'000
Revenue from Operating Activities							
Government Grants							
- Department of Health		323,998	302,317	-	-	323,998	302,317
- Dental Health Services Victoria		4,768	4,579	-	-	4,768	4,579
- State Government Equipment and Infrastructure Maintenance		386	690	-	-	386	690
- Commonwealth Government							
- Residential Aged Care Subsidy		14,132	15,086	-	-	14,132	15,086
- Other		10,403	8,762	-	-	10,403	8,762
Total Government Grants		353,688	331,434	-	-	353,688	331,434
Indirect Contributions by Department of Health							
- Insurance		4,352	3,932	-	-	4,352	3,932
- Long Service Leave		2,197	4,478	-	-	2,197	4,478
Total Indirect Contributions by Department of Health		6,549	8,410	-	-	6,549	8,410
Patient and Resident Fees							
- Patient and Resident Fees		28,670	24,848	-	-	28,670	24,848
- Residential Aged Care		5,475	4,964	-	-	5,475	4,964
Total Patient and Resident Fees	6	34,145	29,812	-	-	34,145	29,812
Business Units and Specific Purpose Funds							
- Property Income		-	-	980	1,064	980	1,064
- Private Practice Fees Donated		-	-	1,280	1,243	1,280	1,243
- Laboratory Medicine		-	-	2,519	2,013	2,519	2,013
- Hydrotherapy		-	-	236	208	236	208
- Television System		-	-	-	152	-	152
- Pharmacy Services		-	-	102	356	102	356
- Laundry		-	-	6,625	6,562	6,625	6,562
- Salary Packaging Administration Charges		-	-	1,190	1,333	1,190	1,333
- Other Revenue from Non-Operating Activities		-	-	2,642	2,259	2,642	2,259
Total Business Units and Specific Purpose Funds		-	-	15,574	15,190	15,574	15,190
Recoupment from Private Practice for use of Hospital Facilities		3,697	3,719	-	-	3,697	3,719
Other Revenue		20,435	17,731	-	-	20,435	17,731
Sub-Total Revenue from Operating Activities		418,514	391,106	15,574	15,190	434,088	406,296

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NOTE 2 REVENUE *continued*

	Note	HSA 2010 \$'000	HSA 2009 \$'000	Non - HSA 2010 \$'000	Non - HSA 2009 \$'000	Total 2010 \$'000	Total 2009 \$'000
Revenue from Non-Operating Activities							
Interest - Investments Held to Maturity		-	-	2,610	3,035	2,610	3,035
Dividends - Available-for-Sale Investments		-	-	121	88	121	88
Sub-Total Revenue from Non-Operating Activities		-	-	2,730	3,123	2,730	3,123
Revenue from Capital Purpose Income							
State Government Capital Grants							
- Targeted Capital Works and Equipment		2,414	1,500	-	-	2,414	1,500
- Other		22,079	16,404	-	-	22,079	16,404
Commonwealth Government Capital Grants		-	-	830	702	830	702
Residential Accommodation Payments		-	-	(300)	896	(300)	896
Donations and Bequests		-	-	2,839	3,225	2,839	3,225
Net Gain / (Loss) on Disposal of Non-Current Assets	7	-	-	(16)	(219)	(16)	(219)
Sub-Total Revenue from Capital Purpose Income		24,493	17,904	3,353	4,604	27,846	22,508
Share of Net Profits / (losses) of Joint Venture using the Equity Method		(201)	386	-	-	(201)	386
Specific Income	17	-	-	-	6,411	-	6,411
Total Revenue from Ordinary Activities		442,806	409,396	21,658	29,328	464,464	438,724

Indirect contribution by Department of Health: Department of Health makes certain payments on behalf of Barwon Health. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

NOTE 3 ANALYSIS OF REVENUE BY SOURCE

2010	Note	Admitted Patients \$'000	Outpatients \$'000	EDS \$'000
Revenue from Services Supported by Health Services Agreement				
Government Grants		193,865	28,037	14,638
Patient and Resident Fees	6	17,356	1,067	-
Capital Purpose Income		-	-	-
Indirect Contributions by Department of Health		2,882	393	327
Recoupment from Private Practice for use of Hospital Facilities		868	2,777	20
Share of Net Profits / (losses) of Joint Venture using Equity Method		-	-	-
Other		6,804	1,181	754
Sub-Total Revenue from Services Supported by Health Services Agreement		221,776	33,454	15,740
Revenue from Services Supported by Hospital and Community Initiatives				
Interest				
Dividends				
Business Units and Specific Purpose Funds				
Donations and Bequests				
Capital Purpose Income				
Private Practice Fees Donated				
Specific Income - Revaluation of Investment Property				
Specific Income – Reversal of Doubtful Debts Provision	17			
Net Gain / (Loss) from Disposal of Non-Current Assets	7			
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives		-	-	-
TOTAL REVENUE FROM OPERATIONS		221,776	33,454	15,740

Ambulatory \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
36,990	29,442	26,181	13,291	7,156	4,086	353,688
5,843	1,259	6,676	766	344	835	34,145
-	-	-	-	-	24,493	24,493
589	720	851	327	196	262	6,549
2	-	-	-	30	-	3,697
-	-	-	-	-	(201)	(201)
1,549	4,012	1,962	953	2,090	1,129	20,435
44,974	35,434	35,670	15,337	9,816	30,604	442,806
-	-	-	-	-	2,610	2,610
-	-	-	-	-	121	121
-	-	-	-	-	14,294	14,294
-	-	-	-	-	2,839	2,839
-	-	-	-	-	529	529
-	-	-	-	-	1,280	1,280
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	(16)	(16)
-	-	-	-	-	21,658	21,658
44,974	35,434	35,670	15,337	9,816	52,262	464,464

NOTE 4 EXPENSES

	Note	HSA 2010 \$'000	HSA 2009 \$'000	Non - HSA 2010 \$'000	Non - HSA 2009 \$'000	Total 2010 \$'000	Total 2009 \$'000
Employee Benefits							
- Salaries and Wages		269,261	252,167	9,244	8,767	278,505	260,934
- Superannuation		23,722	22,235	825	732	24,547	22,967
- Long Service Leave		8,142	8,693	211	150	8,353	8,843
- Workcover		2,827	3,415	233	243	3,060	3,658
- Departure Packages		197	185	6	4	203	189
Total Employee Benefits		304,149	286,695	10,520	9,896	314,669	296,591
Non Salary Labour Costs							
- Agency Costs - Other		3,073	2,977	42	66	3,115	3,043
- Agency Costs - Nursing		1,772	2,162	-	-	1,772	2,162
Total Non Salary Labour Costs		4,845	5,139	42	66	4,886	5,205
Supplies and Consumables							
- Medical, Surgical Supplies and Prosthesis		39,284	36,085	316	213	39,600	36,298
- Drug Supplies		25,476	22,208	31	49	25,507	22,257
- Pathology Supplies		6,080	5,784	43	1	6,123	5,785
- S100 Drugs		5,785	5,573	-	-	5,785	5,573
- Food Supplies		4,670	4,613	14	16	4,684	4,629
Total Supplies and Consumables		81,294	74,263	405	279	81,699	74,542
Other Expenses from Continuing Operations							
- Administrative Expenses		4,862	3,910	945	827	5,808	4,737
- Fuel, Light, Power and Water		4,943	3,880	71	345	5,014	4,225
- Repairs and Maintenance		4,648	5,409	338	770	4,986	6,179
- Insurance costs funded by DH		4,352	3,932	-	-	4,352	3,932
- Maintenance Contracts		3,338	2,916	81	17	3,419	2,933
- I.T. Services and Software		2,417	2,983	734	688	3,151	3,671
- Domestic Services and Supplies		2,318	2,032	746	781	3,064	2,813
- Continuing Medical Education costs		1,292	1,073	536	585	1,828	1,659
- Printing and Stationary		1,679	1,802	120	114	1,799	1,917
- Other Expenses		406	1,520	1,010	403	1,416	1,924
- Patient Transport		1,348	1,161	17	16	1,365	1,177
- Motor Vehicle Expenses		853	653	165	213	1,018	866
- Rent Expenses		951	348	3	3	954	351
- Communication Expenses		845	1,186	3	44	848	1,230
- Lease Expenses		676	115	110	105	785	220
- Audit Fees		279	264	-	3	279	267
- Ex Gratia Payments		64	131	-	-	64	131
- Bad and Doubtful Debts		26	16	-	-	26	16
Total Other Expenses from Continuing Operations		35,296	33,332	4,879	4,915	40,175	38,247

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NOTE 4 EXPENSES continued

	Note	HSA 2010 \$'000	HSA 2009 \$'000	Non - HSA 2010 \$'000	Non - HSA 2009 \$'000	Total 2010 \$'000	Total 2009 \$'000
Expenditure using Capital Purpose Income							
Employee Benefits		-	-	954	230	954	230
Other Expenses		-	-	212	301	212	301
Non Salary Labour Costs		-	-	55	52	55	52
Total Expenditure using Capital Purpose Income		-	-	1,221	583	1,221	583
Depreciation and Amortisation		30,448	15,251	481	505	30,928	15,756
Finance Costs – Borrowings at Amortised Costs	9	246	110	4	4	250	114
Impairment of Available -for-Sale Financial Assets		21	189	-	-	21	189
Impairment of Non-Financial Assets		-	86	-	-	-	86
		30,714	15,636	485	509	31,199	16,145
Total Expenses		456,298	415,065	17,551	16,248	473,848	431,313

NOTE 5 ANALYSIS OF EXPENSES BY SOURCE *continued*

2009 Restated	Note	Admitted Patients \$'000	Outpatients \$'000	EDS \$'000
Services Supported by Health Service Agreement				
Employee Benefits		154,768	38,381	15,231
Supplies and Consumables		50,014	10,265	4,124
Other Expenses		17,999	6,387	1,340
Depreciation and Amortisation		5,895	3,562	945
Non Salary Labour Costs		2,500	748	256
Impairment of Assets		189	-	-
Finance Costs		110	-	-
Impairment of Non-Financial Assets		86	-	-
Sub-Total Expenses from Services Supported by Health Services Agreement		231,561	59,343	21,896
Services Supported by Hospital and Community Initiatives				
Employee Benefits				
Other Expenses				
Depreciation and Amortisation				
Supplies and Consumables				
Non Salary Labour Costs				
Finance Costs				
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	8	-	-	-
Services Supported by Capital Sources				
Other Expenses				
Employee Benefits				
Non Salary Labour Costs				
Sub-Total Expenses from Services Supported By Capital Sources		-	-	-
Total Expenses from Ordinary Activities		231,561	59,343	21,896

Ambulatory \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
21,448	21,924	20,710	9,081	5,314	-	286,857
4,739	974	1,296	133	2,718	-	74,263
2,375	2,061	1,198	624	1,217	-	33,201
906	417	2,882	262	382	-	15,251
723	251	626	1	34	-	5,139
-	-	-	-	-	-	189
-	-	-	-	-	-	110
-	-	-	-	-	-	86
30,191	25,627	26,712	10,101	9,665	-	415,096
Services Supported by Hospital and Community Initiatives						
					9,865	9,865
					4,915	4,915
					505	505
					279	279
					66	66
					4	4
-	-	-	-	-	15,634	15,634
Services Supported by Capital Sources						
					301	301
					230	230
					52	52
-	-	-	-	-	583	583
30,191	25,627	26,712	10,101	9,665	16,217	431,313

NOTE 6 PATIENT AND RESIDENT FEES

	2010 \$'000	2009 \$'000
Patient and Resident Fees Raised		
Acute		
- Inpatients	17,356	11,524
- Other	6,909	5,679
Residential Aged Care		
- Mental Health	6,877	457
- Geriatric	564	4,763
Other	2,438	7,389
TOTAL	34,145	29,812

NOTE 7 NET (LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS

	2010 \$'000	2009 \$'000
Proceeds from Disposal of Non Current Assets		
- Leased Motor Vehicles	247	83
- Motor Vehicles	172	66
- Equipment	11	69
- Medical Equipment	5	15
- Furniture, Fittings and Equipment	-	-
- Plant	-	-
Total Proceeds from Disposal of Non Current Assets	435	233
Less: Written Down Value of Non Current Assets Sold		
- Leased Motor Vehicles	282	125
- Motor Vehicles	169	57
- Equipment	-	68
- Medical Equipment	-	202
- Furniture, Fittings and Equipment	-	-
- Plant	-	-
Total Written Down Value of Non Current Assets Sold	451	452
Net (Loss) on Disposal of Non Current Assets	(16)	(219)

NOTE 8 ANALYSIS OF EXPENSES BY INTERNAL AND RESTRICTED SPECIFIC PURPOSE FUNDS FOR SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES

	2010 \$'000	2009 \$'000
- Laundry	8,382	7,740
- Laboratory Medicine	641	654
- Salary Packaging Administration Charges	440	393
- Hydrotherapy	271	244
- Property	178	246
- Pharmacy Services	63	95
- Television System	15	18
- Other Non-Operating Activities	5,855	5,735
TOTAL¹	15,845	15,125

¹Note excludes Depreciation and Amortisation, and Finance Costs

NOTE 9 FINANCE COSTS

	2010 \$'000	2009 \$'000
Finance Charges on Finance Leases	247	92
Interest on Borrowings	3	22
TOTAL	250	114

NOTE 10 RECEIVABLES

	Note	2010 \$'000	2009 \$'000
CURRENT			
Contractual			
Patient Fees		6,925	6,933
Accrued Investment Income		368	292
Sundry Debtors		6,561	6,570
Accrued Revenue - Other		995	1,758
Prepayments		38	-
		14,887	15,553
Statutory			
GST Receivable		1,447	1,267
Accrued Revenue - DH		(400)	(698)
		15,935	16,122
(a) Movement in allowance for patient fee doubtful debts:			
Balance at beginning of year		(382)	(653)
Amounts written off during year		-	-
Reversal of provision		-	271
Increase / (decrease) in allowance recognised through profit and loss		(26)	-
Balance at end of the year		(408)	(382)
		15,527	15,740
NON-CURRENT			
Statutory			
DH - Long Service Leave		7,915	6,018
NET DEBTORS AND ACCRUED REVENUE		23,442	21,758
(b) Ageing analysis of receivables.			
Please refer to Note 23 for the ageing analysis of receivables.			
(c) Nature and extent of risk arising from receivables.			
Please refer to Note 23 for the nature and extent of credit risk arising from receivables.			

NOTE 11 INVESTMENTS – TERM DEPOSITS

	Operating Fund \$'000	Special Purpose Fund \$'000	Capital Fund \$'000	2010 Total \$'000	2009 Total \$'000
Current					
- Australian Dollar Term Investments	-	32,870	384	33,254	47,814
	-	32,870	384	33,254	47,814
Represented by:					
Health Service Investments				29,254	43,378
Monies Held in Trust					
- Refundable Entrance Fees				4,000	4,436
				33,254	47,814

(a) Ageing analysis of investments - term deposits.

Please refer to Note 23 for the ageing analysis of investments - term deposits.

(b) Nature and extent of risk arising from investments - term deposits.

Please refer to Note 23 for the nature and extent of creditor risk arising from investments - term deposits.

NOTE 12 INVENTORIES

	2010 \$'000	2009 \$'000
Pharmaceuticals at cost	1,317	1,564
Medical and Surgical Lines at cost	1,252	1,183
Bulk Store at cost	401	522
TOTAL INVENTORIES	2,971	3,269

NOTE 13 NON-CURRENT OTHER FINANCIAL ASSETS

	2010 \$'000	2009 \$'000
Shares at Fair Value	2,107	1,808
TOTAL	2,107	1,808

Barwon Health has 129,226 shares in 37 listed companies which were bequeathed to the Health Service.

Barwon Health does not actively trade in the share market.

NOTE 14 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	2010 \$'000	2009 \$'000
Investment in Jointly Controlled Entities	331	532
TOTAL	331	532

	Country of Incorporation	Ownership Interest 2010 %	Ownership Interest 2009 %
Jointly Controlled Operation and Assets			
South West Alliance of Rural Health (Vic)	Australia	24	24

Principal Activity:

Barwon Health has a joint venture interest in the South Western Alliance of Rural Health (SWARH) whose principal activity is the implementing and processing of an information technology system and an associated telecommunication service suitable for use by each member hospital. Barwon Health's share of jointly controlled entities profit and loss and net assets are determined on an annual basis as shown below.

The figures reported are advised by SWARH and are unaudited.

	2010 \$'000	2009 \$'000
Summarised Financial Information of Jointly Controlled Entities Balance Sheet:		
Current Assets	12,463	4,989
Non- Current Assets	204	261
Total Assets	12,667	5,250
Current Liabilities	11,179	3,002
Non-Current Liabilities	126	11
Total Liabilities	11,305	3,013
Net Assets	1,361	2,237
Share of Net Assets	331	532
Total Income	5,648	1,622
Net Result	(877)	1,622
Share of Jointly Controlled Entities' Profit and Loss	(201)	386
Share of Operating Contract Commitments	1,912	1,466
Share of Operating Lease Commitments	2,149	1,600
Share of Capital Commitments	-	126

NOTE 15 PROPERTY, PLANT AND EQUIPMENT

2010	Note	At Cost / Valuation \$'000	Accumulated Depreciation / Amortisation \$'000	Net Assets 2010 \$'000
Plant and Equipment at Fair Value				
- Plant at depreciated replacement cost		7,076	5,108	1,968
- Transport at depreciated replacement cost		5,857	4,816	1,041
- Medical at depreciated replacement cost		52,438	31,269	21,169
- Other at depreciated replacement cost		27,751	16,121	11,630
		93,122	57,314	35,808
Furniture and Fittings at Cost				
		454	319	135
Linen at Cost				
		3,968	2,106	1,862
Land and Buildings				
At Fair Value				
Land at revaluation on 30 June 2009		49,192	-	49,192
Buildings at valuation on 30 June 2009 at depreciated replacement cost		409,517	23,161	386,355
At Cost				
Land at cost		503	-	503
Buildings Under Construction at cost		20,914	-	20,914
Leasehold Improvements at cost		625	59	566
		480,751	23,221	457,530
Leased Assets at Cost				
Motor Vehicles and Equipment at Cost		713	237	476
Total Non-Current Assets		579,008	83,196	495,812

Please refer to note 1.10 for more details on revaluation of property, plant and equipment.

NOTE 15 PROPERTY, PLANT AND EQUIPMENT *continued*

2009 Restated	Note	At Cost / Valuation \$'000	Accumulated Depreciation / Amortisation \$'000	Net Assets 2009 \$'000
Plant and Equipment at Fair Value				
- Plant at depreciated replacement cost		8,384	6,874	1,510
- Transport at depreciated replacement cost		6,068	4,597	1,471
- Medical at depreciated replacement cost		50,313	30,096	20,217
- Other at depreciated replacement cost		25,821	14,014	11,807
		90,586	55,581	35,005
Furniture and Fittings at Cost				
		423	300	123
Linen at Cost				
		4,079	2,267	1,812
Land and Buildings				
At Fair Value				
Land at revaluation on 30 June 2009		49,192	-	49,192
Buildings at valuation on 30 June 2009 at depreciated replacement cost		389,161	-	389,161
At Cost				
Buildings Under Construction at cost		11,917	-	11,917
Leasehold Improvements at cost		625	21	604
		450,895	21	450,874
Leased Assets at Cost				
Motor Vehicles and Equipment at Cost		969	277	692
Total Non-Current Assets		546,952	58,446	488,506
2008				
Based on Historical Cost				
Plant and Equipment				
- Plant		16,706	7,807	8,899
- Transport		6,151	4,009	2,142
- Medical		47,671	27,300	20,371
- Other		20,216	11,947	8,269
		90,744	51,063	39,681
Furniture and Fittings		401	279	122
Linen		3,931	2,089	1,842
		95,076	53,431	41,645
Based on Fair Value				
Land at revaluation on 30 June 2008		46,785	-	46,785
Buildings at valuation on 30 June 2006		341,650	143,884	197,766
At Cost				
Buildings at cost		18,293	30	18,263
Buildings - construction in progress		35,611	-	35,611
		442,339	143,914	298,425
Leased Assets				
Motor Vehicles and Equipment		829	281	548
Total Non-Current Assets		538,244	197,626	340,618

NOTE 15 PROPERTY, PLANT AND EQUIPMENT *continued*

Reconciliations of the carrying amounts of each class of asset at the beginning and end of the previous and current year are set out below:

2010	Land \$'000	Buildings & Leasehold \$'000	Plant \$'000
Carrying amount at start of year	49,192	401,682	1,510
Additions	503	29,362	725
Revaluations / Increments	-	-	-
Impairment of Assets	-	-	-
Disposals	-	-	-
Depreciation / Amortisation Expense	-	(23,209)	(267)
Carrying amount at end of year	49,695	407,835	1,968

2009 Restated	Land \$'000	Buildings & Leasehold \$'000	Plant \$'000
Carrying amount at start of year	46,785	251,640	8,899
Effect of correction of error (refer note 1.37)	-	7,362	(7,362)
Restated Carrying amount	46,785	259,002	1,537
Additions	163	10,630	879
Revaluations / Increments	2,244	147,087	-
Effect of correction of error (refer note 1.37)	-	(7,593)	-
Restated Revaluations / Increments	2,244	139,494	-
Impairment of Assets	-	-	-
Disposals	-	-	-
Depreciation / Amortisation Expense	-	(7,444)	(906)
Carrying amount at end of year	49,192	401,682	1,510

Medical \$'000	Transport \$'000	Other \$'000	Furniture & Fittings \$'000	Linen \$'000	Leased Assets \$'000	Total \$'000
20,217	1,471	11,807	123	1,812	692	488,506
5,056	275	2,015	32	147	219	38,334
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	(169)	-	-	-	(282)	(451)
(4,104)	(536)	(2,192)	(20)	(96)	(153)	(30,577)
21,169	1,041	11,630	135	1,863	476	495,812

Medical \$'000	Transport \$'000	Other \$'000	Furniture & Fittings \$'000	Linen \$'000	Leased Assets \$'000	Total \$'000
20,371	2,142	8,269	122	1,842	548	340,618
-	-	-	-	-	-	-
20,371	2,142	8,269	122	1,842	548	340,618
4,160	53	5,813	21	149	348	22,216
-	-	-	-	-	-	149,331
-	-	-	-	-	-	(7,593)
-	-	-	-	-	-	141,738
-	-	(86)	-	-	-	(86)
(202)	(57)	(68)	-	-	(125)	(452)
(4,112)	(667)	(2,121)	(20)	(179)	(79)	(15,528)
20,217	1,471	11,807	123	1,812	692	488,506

An independent valuation of Barwon Health's property, plant and equipment was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. 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 is 30 June 2009.

NOTE 16 INTANGIBLE ASSETS

	2010 \$'000	2009 \$'000
Payroll and Human Resource System	1,070	1,345
Total Written Down Value	1,070	1,345
Reconciliation of the carrying amounts of intangible assets at the beginning and the end of the previous and current financial year:		
Payroll and Human Resource System		
Balance at beginning of financial year	1,345	-
Additions	75	1,497
Amortisation	(350)	(152)
Balance at end of financial year	1,070	1,345
TOTAL	1,070	1,345

NOTE 17 INVESTMENT PROPERTIES

	2010 \$'000	2009 \$'000
Balance at beginning of the period	12,558	6,418
Revaluation at Depreciated Replacement Cost	-	6,140
Balance at the end of the period	12,558	12,558

Baxter House, which is under lease to Healthscope, was last revalued at 30 June 2009 by The Victorian Valuer General's Office, to determine the fair value of the building. There was no revaluation performed in the current period as there have been no changes made to the building or to the lease contract with Healthscope which would generally trigger a change in the fair value of the building. Therefore, taking this into consideration and given the last revaluation was performed only 12 months prior, it was not considered necessary to perform a revaluation in the current year.

NOTE 18 PAYABLES

	Note	2010 \$'000	2009 \$'000
Current			
Contractual			
Trade Creditors		9,897	10,012
Salaries and Wages		8,735	5,809
Accrued Expenses		5,065	4,600
Other		1,610	2,983
Refundable Entrance Fees *		5,536	4,436
Residential Patient Monies held in Trust *		1,214	1,434
		32,056	29,274
Statutory			
GST Payable		599	514
Total		32,656	29,788

(a) Maturity analysis of payables

Please refer to note 23 for the ageing analysis of payables

(b) Nature and extent of risk arising from payables

Please refer to Note 23 for the nature and extent of risks arising from payables

* Total monies Held in Trust

Represented by the following assets:

Cash held - refundable entrance fees	22	1,536	-
Cash held - residential patient monies held in trust	22	1,214	1,434
Other financial assets – term deposits	11	4,000	4,436
		6,750	5,870

NOTE 19 INTEREST BEARING LIABILITIES

	Note	2010 \$'000	2009 \$'000
Current			
Australian Dollar Borrowings		-	119
Lease Liabilities	24	254	254
		254	373
Non Current			
Lease Liabilities	24	185	316
		185	316
Total Interest Bearing Liabilities		439	689

Barwon Health has 22 unsecured Finance Leases for Motor Vehicles. The facilities vary from 12 to 36 months, with interest rates between 6 and 7.5%.

The Hospital has an overdraft facility of 500 thousand dollars with the National Australia Bank. This facility is not secured and not used as at 30 June 2009.

The amount of 250 thousand dollars (114 thousand dollars 2008/9) was recognised as borrowing costs.

(a) Maturity analysis of interest bearing liabilities.

Please refer to Note 23 for the ageing analysis of interest bearing liabilities.

(b) Nature and extent of risk arising from interest bearing liabilities.

Please refer to Note 23 for the nature and extent of risks arising from interest bearing liabilities.

(c) Defaults and breaches.

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

NOTE 20 EMPLOYEE BENEFITS AND RELATED ON-COSTS PROVISIONS

	2010 \$'000	2009 Restated \$'000	2008 \$'000
Current			
- Unconditional Annual Leave expected to be settled within 12 months	19,397	17,030	15,044
- Unconditional Annual Leave not expected to be settled within 12 months (present value)	3,306	4,218	3,812
- Accrued Salaries and Wages	4,720	5,608	7,782
- Accrued Days Off	557	575	582
- Unconditional Long Service Leave Entitlements	27,640	24,308	23,517
	55,620	51,739	50,737
Provisions related to employee benefit on-costs			
- Annual Leave	2,262	2,379	2,123
- Accrued Days Off	57	67	66
- Unconditional Long Service Leave Entitlements	2,816	2,849	2,648
	5,135	5,295	4,837
Total Current	60,755	57,034	55,574
Non Current			
- Conditional Long Service Leave Entitlements (present value)	11,596	10,850	7,518
- Employee benefit on-costs for Long Service Leave	1,182	1,271	846
Total Non Current	12,777	12,121	8,364
Total Employee Benefits and Related On-Cost Provisions	73,532	69,155	63,938
Movement in Long Service Leave			
Balance at start of year	39,278	34,529	31,669
Provision made during the year	8,039	8,760	6,686
Settlement made during the year	(4,391)	(4,011)	(3,826)
Balance at end of year	42,926	39,278	34,529

Provision for Annual Leave is calculated as the amount which has been accrued by employees over the year, using remuneration rates which are expected to apply when the obligation is settled.

Provision for Long Service Leave is calculated using a 4.45% per annum projected weighted average increase in wages and salary rates over a period of 20 years. Present values are calculated using interest rates based on government securities, as advised by the Department of Treasury & Finance.

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NOTE 21 EQUITY AND RESERVES

2010	Total \$'000	Accumulated Surpluses/ (Deficits) \$'000	Contributed Capital \$'000
Balance at beginning of reporting period	485,354	(12,351)	215,403
Operating Surplus / (Deficit) for the year	(9,385)	(9,385)	-
Transfer to Reserves	-	(472)	2
Increase / (Decrease) in Asset Revaluation Reserve	421	-	-
BALANCE AT END OF REPORTING PERIOD	476,390	(22,208)	215,405

2009 Restated	Total \$'000	Accumulated Surpluses/ (Deficits) \$'000	Contributed Capital \$'000
Balance at beginning of reporting period	332,509	(9,272)	211,054
Operating Surplus / (Deficit) for the year	8,360	8,360	-
Effect of correction of error (refer note 1.37)	(949)	(949)	-
Restated Operating Surplus / (Deficit) for the year	7,411	7,411	-
Contributed Capital – received from Victorian Government	4,349	-	4,349
Transfer to Reserves	-	(10,490)	-
Increase / (decrease) in Asset Revaluation Reserve	148,678	-	-
Effect of correction of error (refer note 1.37)	(7,593)	-	-
Restated increase / (decrease) in Asset Revaluation Reserve	141,085	-	-
BALANCE AT END OF REPORTING PERIOD	485,354	(12,351)	215,403

Barwon Health was instructed by DH to record the Grace McKellar Redevelopment costs to 30 June 2009 of \$4,349,000 as Contributed Capital.

2008	Total \$'000	Accumulated Surpluses/ (Deficits) \$'000	Contributed Capital \$'000
Balance at beginning of reporting period	300,143	(1,223)	191,766
Operating Surplus / (Deficit) for the year	3,303	3,303	-
Contributed Capital – received from Victorian Government	19,288	-	19,288
Transfer to Reserves	-	(11,352)	-
Increase / (decrease) in Asset Revaluation Reserve	9,775	-	-
BALANCE AT END OF REPORTING PERIOD	332,509	(9,272)	211,054

Barwon Health was instructed by DH to record the Grace McKellar Redevelopment costs to 30 June 2008 of 19,288 thousand as Contributed Capital.

Building Reval Reserve \$'000	Land Reval Reserve \$'000	Available-for-Sale Financial Assets Reserve \$'000	Linencare Business Unit Reserve \$'000	Restricted Specific Purpose Reserve \$'000	Internally Managed Specific Purpose Reserve \$'000
173,879	35,113	466	6,333	20,515	45,996
-	-	-	-	-	-
-	-	-	2	5,896	(5,428)
-	-	421	-	-	-
173,879	35,113	887	6,335	26,411	40,568

Building Reval Reserve \$'000	Land Reval Reserve \$'000	Available-for-Sale Financial Assets Reserve \$'000	Linencare Business Unit Reserve \$'000	Restricted Specific Purpose Reserve \$'000	Internally Managed Specific Purpose Reserve \$'000
34,385	32,869	1,119	5,295	18,180	38,879
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,038	2,335	7,117
147,087	2,244	(653)	-	-	-
(7,593)	-	-	-	-	-
139,494	2,244	(653)	-	-	-
173,879	35,113	466	6,333	20,515	45,996

Building Reval Reserve \$'000	Land Reval Reserve \$'000	Available-for-Sale Financial Assets Reserve \$'000	Linencare Business Unit Reserve \$'000	Restricted Specific Purpose Reserve \$'000	Internally Managed Specific Purpose Reserve \$'000
34,385	23,302	911	3,751	16,390	30,861
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,544	1,790	8,018
-	9,567	208	-	-	-
34,385	32,869	1,119	5,295	18,180	38,879

NOTE 22 CASH AND CASH EQUIVALENTS AND CASH FLOW RECONCILIATION

Note 22(a) Cash and Cash Equivalents

	2010 \$'000	2009 \$'000
Cash at Bank and on Hand	5,294	3,394
Deposits At Call	6,179	4,002
TOTAL	11,472	7,396

Represented by:

Cash for Health Service Operations (as per Cash Flow Statement)	8,723	5,962
Cash held for refundable entrance fees	1,536	-
Cash held for residential patient monies held in trust	1,214	1,434
TOTAL	11,472	7,396

Refer to note 18 for monies held in trust disclosure.

Note 22(b) Reconciliation of Net Result for the year to net cash inflow/(outflow) from operating activities

	2010 \$'000	2009 \$'000
Net Result for the Year	(9,385)	7,411
Depreciation and Impairment	30,928	15,756
Lease Expenses	779	220
Share of JV Profits	201	(386)
Provision for Doubtful Debts	26	(271)
Impairment of Non Current Assets	21	275
Net (Gain) / Loss on Sale of Plant and Equipment	16	219
Specific income relating to revaluation of investment property	-	(6,140)
Increase / (Decrease) in Employee Benefits	5,407	3,435
Decrease / (Increase) in Inventories	298	(7)
Increase / (Decrease) in Other Payables	(1,299)	4,043
Decrease / (Increase) in Other Receivables	219	(475)
Decrease / (Increase) in Patient Fees Receivable	8	(1,000)
Increase / (Decrease) in Trade Creditors	(115)	(2,408)
Net Cash Used in Operating Activities	27,104	20,672

Note 22(c) Non-cash financing and investing activities

	2010 \$'000	2009 \$'000
Acquisition of Plant and Equipment by means of finance leases	219	348
TOTAL	219	348

NOTE 23 FINANCIAL INSTRUMENTS

Note 23(a) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, with respect to each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the Financial Statements.

The main purpose in holding financial instruments is to prudentially manage Barwon Health's financial risks within the government policy parameters.

Note 23(b) Categorisation of Financial Instruments

	Note	Category	Carrying Amount 2010 \$'000	Carrying Amount 2009 \$'000
Financial Assets				
Cash and Cash Equivalents	22	N/A	11,472	7,396
Receivables	10	Loans and Receivables	13,078	13,121
Other Financial Assets	13	Available-for-Sale Financial Assets (at fair value)	2,107	1,808
Investments - Term Deposits	11	Loans and Receivables	33,254	47,814
Total Financial Assets			59,912	70,139
Financial Liabilities				
Trade Creditors and Other Payables	18	Financial Liabilities measured at amortised cost	21,455	20,238
Refundable Entrance Fees	18	Financial Liabilities measured at amortised cost	5,536	4,436
Interest Bearing Liabilities	19	Financial Liabilities measured at amortised cost	439	689
Total Financial Liabilities			27,430	25,363

The above carrying amounts exclude statutory financial assets and liabilities (i.e. GST payable and receivable).

NOTE 23 FINANCIAL INSTRUMENTS *continued*

Note 23(c) Credit Risk

Credit risk arises from the financial assets of Barwon Health, which comprise the assets listed in the table below. The exposure to credit risk arises from the potential default of the counterparty on their contractual obligations resulting in financial loss to Barwon Health. Credit risk is measured at fair value and is monitored on a regular basis. Credit risk associated with Barwon Health's financial assets is minimal as it is the service provider's policy to deal with entities with high credit ratings. Barwon Health does not engage in hedging for its financial assets and mainly obtains financial assets on fixed interest. Except where otherwise detailed, the carrying amount of financial assets, net of any allowances for losses, represents the maximum exposure to credit risk.

Financial assets that are either past due or impaired:

Currently Barwon Health does not hold any collateral as security nor credit enhancements relating to any of its financial assets. As at reporting date, other than for the doubtful debts disclosed in note 10, there is no event to indicate that any of the financial assets were impaired. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing only of the financial assets that are past due but not impaired.

Ageing analysis of Financial Assets as at 30 June

	Carrying Amount \$'000	Not Past Due and Not Impaired \$'000	Past Due but Not Impaired					Impaired Financial Assets \$'000
			Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	Over 5 years \$'000	
2010								
Financial Assets								
Cash and Cash Equivalents	11,472	11,472	-	-	-	-	-	-
Receivables	13,078	8,725	2,892	951	509	-	-	408
Other Financial Assets	2,107	2,107	-	-	-	-	-	-
Investments – Term Deposits	33,254	33,254	-	-	-	-	-	-
Total Financial Assets	59,912	55,559	2,892	951	509	-	-	408
2009								
Financial Assets								
Cash and Cash Equivalents	7,396	7,396	-	-	-	-	-	-
Receivables	17,556	10,885	4,213	1,685	773	-	-	382
Other Financial Assets	1,808	1,808	-	-	-	-	-	-
Investments – Term Deposits	43,379	43,379	-	-	-	-	-	-
Total Financial Assets	70,139	63,468	4,213	1,685	773	-	-	382

NOTE 23 FINANCIAL INSTRUMENTS *continued*

Note 23(d) Liquidity Risk

Liquidity risk arises when Barwon Health is unable to meet its financial obligations as they fall due. It is Barwon Health's policy to settle financial obligations within 30 days. It also continuously manages risk through monitoring future cash flows and maturity planning to ensure adequate holding of high quality liquid assets

and dealing in highly liquid markets. Barwon Health's exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of term deposits. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities except as detailed in the following table:

Maturity analysis of Financial Liabilities as at 30 June

	Carrying Amount \$'000	Contractual Cash flows \$'000	Maturity Dates				
			Less than 1 month \$'000	1 - 3 months \$'000	3 months - 1 year \$'000	1 - 5 years \$'000	Over 5 years \$'000
2010							
Financial Liabilities							
Trade Creditors and Other Payables	21,455	21,455	18,631	2,824	-	-	-
Refundable Entrance Fees	5,536	5,536	-	-	-	5,536	-
Interest Bearing Liabilities	439	439	43	49	94	253	-
Total Financial Liabilities	27,430	27,430	18,674	2,873	94	5,789	-
2009							
Financial Liabilities							
Trade Creditors and Other Payables	20,238	20,238	15,821	4,417	-	-	-
Refundable Entrance Fees	4,436	4,436	-	-	-	4,436	-
Interest Bearing Liabilities	689	689	41	90	393	165	-
Total Financial Liabilities	25,363	25,363	15,862	4,507	393	4,601	-

Note 23(e) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises foreign exchange risk (currency risk), interest rate risk and price risk.

For financial liabilities, Barwon Health mainly undertake financial liabilities with fixed interest rates (i.e. for borrowings and finance leases) other than for refundable entrance fees where the interest rate risk is mitigated by holding these deposits in financial institutions with a variable rate.

Currency Risk

Barwon Health is not exposed to significant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement and this is how Barwon Health manages foreign currency risk.

Price Risk

Exposure to price risk arises from price movements from Barwon Health's listed equity holdings. These equities have been gifted to Barwon Health and are held for long term gain. Barwon's excess funds are predominantly invested in term deposits as investing in equities is not within Barwon Health's investment objectives and hence price risk is minimal. Price risk is managed by reviewing the prices of all these listed equity investments on an annual basis confirming the long term growth strategy for these investments. Should the price risk be considered significant, management will determine the appropriate course of action whether that be to dispose of some or all of these investments.

Interest Rate Risk

Exposure to interest rate risk might arise primarily through Barwon Health's interest bearing liabilities. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments.

NOTE 23 FINANCIAL INSTRUMENTS *continued*

Interest Rate exposure of Financial Assets and Liabilities as at 30 June

	Weighted Average Effective Interest Rates %	Consol'd Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000
2010					
Financial Assets					
Cash and Cash Equivalents	4.05	11,472	-	-	-
Receivables	-	13,078	-	-	11,472
Other Financial Assets	-	2,107	-	-	13,078
Investments – Term Deposits	5.70	33,254	33,254	-	-
Total Financial Assets		59,912	33,254	-	24,550

2009

	Weighted Average Effective Interest Rates %	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000
Financial Assets					
Cash and Cash Equivalents	2.55	7,396	-	7,396	-
Receivables	-	13,121	-	-	17,556
Other Financial Assets	-	1,808	-	-	1,808
Investments – Term Deposits	4.28	47,814	43,379	-	-
Total Financial Assets		70,139	43,379	7,396	19,364

	Weighted Average Effective Interest Rates %	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000
2010					
Financial Liabilities					
Trade Creditors and Other Payables	-	21,455	-	-	21,455
Refundable Entrance Fees	-	5,536	-	-	5,536
Interest Bearing Liabilities	6.18	439	439	-	-
Total Financial Liabilities		27,430	439	-	26,991

2009

	Weighted Average Effective Interest Rates %	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000
Financial Liabilities					
Trade Creditors and Other Payables	-	20,238	-	-	20,238
Refundable Entrance Fees	-	4,436	-	-	4,436
Interest Bearing Liabilities	6.18	689	689	-	-
Total Financial Liabilities		25,363	689	-	24,674

Sensitivity Disclosure Analysis

Barwon Health has prepared a sensitivity analysis to illustrate the impacts on its financial position and financial results arising from a reasonably possible change in interest rates and equity prices. Actual results in the future may differ due to the inherent uncertainty of global financial markets. The sensitivity analysis is for illustrative purposes only, as in practice market rates rarely change in isolation, and are likely to be interdependent.

For interest rates, on the sensitivity analysis technique estimates the change based on an instantaneous increase or decrease in the floating interest rates to which Barwon Health is exposed, and has been determined based the exposure to interest rates at the reporting date, and the stipulated change taking place at the beginning of the financial year and being held constant throughout the reporting period.

NOTE 23 FINANCIAL INSTRUMENTS *continued*

For equity prices, the sensitivity analysis technique estimates the change based on an instantaneous increase or decrease in the value of instruments at the reporting date.

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, Barwon Health believes the following movements are 'reasonably possible' over the next 12 months:

- A parallel shift of +0.5% (50 basis points) and –0.5% (50 basis points) in market interest rates
- A parallel shift of +10% and -10% in market prices of listed equities

The following table discloses the impact on net operating result and equity for each category of financial instrument held by Barwon Health at year end as presented to key management personnel, if changes in the relevant risk occur:

2010	Carrying Amount	Interest Rate Risk				Price Risk			
		-0.50%	0.50%	-10%	10%	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets									
Cash and Cash Equivalents	11,472	(57)	(57)	57	57	-	-	-	-
Receivables	13,078	-	-	-	-	-	-	-	-
Other Financial Assets	2,107	-	-	-	-	-	(1,308)	-	1,308
Investments - Term Deposits	33,254	-	-	-	-	-	-	-	-
	59,912	(57)	(57)	57	57	-	(1,308)	-	1,308
Financial Liabilities									
Trade Creditors and Other Payables	21,455	-	-	-	-	-	-	-	-
Refundable Entrance Fees	5,536	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	439	2	2	(2)	(2)	-	-	-	-
	27,430	2	2	(2)	(2)	-	-	-	-
		(55)	(55)	55	55	-	(1,308)	-	1,308

2009	Carrying Amount	Interest Rate Risk				Price Risk			
		-0.50%	0.50%	-10%	10%	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets									
Cash and Cash Equivalents	7,396	(37)	(37)	37	37	-	-	-	-
Receivables	13,121	-	-	-	-	-	-	-	-
Other Financial Assets	1,808	-	-	-	-	-	(180)	-	180
Investments - Term Deposits	47,814	-	-	-	-	-	-	-	-
	70,139	(37)	(37)	37	37	-	(180)	-	180
Financial Liabilities									
Trade Creditors and Other Payables	20,238	-	-	-	-	-	-	-	-
Refundable Entrance Fees	4,436	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	689	4	4	(4)	(4)	-	-	-	-
	25,363	4	4	(4)	(4)	-	-	-	-
		(33)	(33)	33	33	0	(180)	0	180

NOTE 23 FINANCIAL INSTRUMENTS *continued*

Note 23(f) Fair Value

The fair values and net fair values of financial instrument assets and liabilities are measured as follows:

- The fair value of financial instrument assets and liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.

Barwon Health considers that the carrying amount of financial instrument assets and liabilities recorded in the financial statements to be a fair approximation of their fair values, because of the short-term nature of the financial instruments and the expectation that they will be paid in full.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2010	Hierarchy			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Available-for-Sale Financial Assets (at fair value)				
Other Financial Assets	2,107	-	-	2,107
	2,107	-	-	2,107

2009	Hierarchy			Total \$'000
	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Available-for-Sale Financial Assets (at fair value)				
Other Financial Assets	1,808	-	-	1,808
	1,808	-	-	1,808

NOTE 24 COMMITMENTS FOR EXPENDITURE

	Note	2010 \$'000	2009 \$'000
(a) Capital Commitments under Contract			
Building Projects		71,029	14,466
Equipment Upgrades		5,877	9,050
		76,907	23,516
Not later than one year		31,181	16,916
Later than 1 year and not later than 5 years		45,726	3,058
Later than 5 years		-	3,542
Total		76,907	23,516
(b) Operating Leases			
Equipment			
- Not later than one year		707	-
- Later than one year and not later than 5 years		3,537	-
		4,244	-
There are 2 MRI systems on non-cancellable operating leases.			
Motor Vehicles			
- Not later than one year		230	65
- Later than one year and not later than 5 years		116	7
		346	72
There are 20 Motor Vehicles on non-cancellable operating leases.			
(c) Finance Leases			
Commitments in relation to finance leases are payable as follows			
Equipment and Motor Vehicles			
- Not later than one year		254	254
- Later than one year and not later than 5 years		185	316
	19	439	570
Minimum lease payments		467	654
Less future finance charges		28	84
TOTAL		439	570
There are 22 non-cancellable finance leases for the purchase of motor vehicles.			
The weighted average interest rate implicit in leases is 6.18% (2009 6.18%).			
All motor vehicles are returned to the Lessor for resale at the completion of the agreed lease term.			
(d) Commitments from SWARH Joint Venture			
Maintenance and Agreement Obligations			
- Not later than one year		75	314
- Later than one year and not later than 5 years		3,986	2,878
		4,061	3,192
The service agreements provide support for communication networks and are non-cancellable.			
All amounts are shown exclusive of GST.			
Total commitments for expenditure (inclusive of GST)		85,997	27,349
Less GST recoverable from the Australian Tax Office		8,600	2,735
Total commitments for expenditure (exclusive of GST)		77,397	24,614

NOTE 25 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

There are no known material contingent assets or contingent liabilities for Barwon Health (2009: Nil).

NOTE 26 SEGMENT REPORTING

2010	Hospital \$'000	RACS \$'000	Linen \$'000	Community & Mental Health \$'000	Other \$'000	Eliminations \$'000	Total \$'000
REVENUE							
External Segment Revenue	315,321	43,760	7,079	43,832	51,555	-	461,548
Intersegment Revenue	2,746	2,934	(2,333)	(992)	(2,469)	113	-
Total Revenue	318,067	46,694	4,746	42,840	49,086	113	461,548
EXPENSES							
External Segment Expenses	322,856	51,314	9,893	55,467	33,930	-	473,459
Intersegment Expenses	2,746	2,934	(2,333)	(992)	(2,469)	113	-
Total Expenses	325,602	54,248	7,560	54,475	31,461	113	473,459
Net Result from ordinary activities	(7,535)	(7,554)	(2,814)	(11,635)	17,626	-	(11,912)
Interest Expense	(3)	-	-	-	-	-	(3)
Interest Income	58	9	292	8	2,364	-	2,730
Share of Net Result of Joint Venture	(201)	-	-	-	-	-	(201)
Net Result for Year	(7,681)	(7,545)	(2,522)	(11,627)	19,989	-	(9,385)
OTHER INFORMATION							
Segment Assets	302,445	84,288	4,958	104,120	-	-	495,812
Unallocated Assets	-	-	-	-	87,206	-	87,206
Total Assets	302,445	84,288	4,958	104,120	87,206	-	583,018
Segment Liabilities	4,276	6,962	33	179	-	-	11,451
Unallocated Liabilities	-	-	-	-	95,176	-	95,176
Total Liabilities	4,276	6,962	33	179	95,176	-	106,627
Investments in Joint Venture	331	-	-	-	-	-	331
Acquisition of Property, Plant and Equipment and Intangible Assets	29,236	2,282	5,606	1,210	-	-	38,334
Depreciation and Amortisation expense	18,424	5,924	592	4,626	1,362	-	30,928
Non cash expenses other than depreciation	4,352	-	-	-	-	-	4,352

NOTE 26 SEGMENT REPORTING *continued*

2009 Restated	Hospital \$'000	RACS \$'000	Linen \$'000	Community & Mental Health \$'000	Other \$'000	Eliminations \$'000	Total \$'000
REVENUE							
External Segment Revenue	312,902	43,216	6,562	34,987	37,548	-	435,215
Intersegment Revenue	16,987	4,693	2,536	4,005	-	(28,221)	-
Total Revenue	329,889	47,909	9,098	38,992	37,548	(28,221)	435,215
EXPENSES							
External Segment Expenses	339,560	36,813	8,366	35,276	10,235	-	430,250
Plus of correction of error (refer note 1.37)	655	95	9	86	104	-	949
Intersegment Expenses	16,987	4,693	47	6,494	-	(28,221)	-
Total Expenses	357,202	41,601	8,422	41,856	40,339	(28,221)	431,199
Net Result from ordinary activities	(27,313)	6,308	676	(2,864)	27,209	-	4,016
Interest Expense	(95)	-	(3)	(16)	-	-	(114)
Interest Income	-	-	356	-	2,767	-	3,123
Share of Net Result of Joint Venture	386	-	-	-	-	-	386
Net Result for Year	(27,022)	6,308	1,029	(2,880)	29,976	-	7,411
OTHER INFORMATION							
Segment Assets	275,342	168,816	6,469	40,896	-	-	491,523
Plus of correction of error (refer note 1.37)	(4,252)	(2,582)	(76)	(683)	-	-	(7,593)
Unallocated Assets	-	-	-	-	101,056	-	101,056
Total Assets	271,090	166,234	6,393	40,213	101,056	-	584,986
Segment Liabilities	101	5,870	134	6	-	-	6,111
Plus of correction of error (refer note 1.37)	655	95	9	86	104	-	949
Unallocated Liabilities	-	-	-	-	92,572	-	92,572
Total Liabilities	756	5,965	143	92	92,676	-	99,632
Investments in Joint Venture	532	-	-	-	-	-	532
Acquisition of Property, Plant and Equipment and Intangible Assets	4,626	-	166	-	18,921	-	23,713
Depreciation and Amortisation Expense	11,308	3,187	462	799	-	-	15,756
Non cash expenses other than depreciation	3,932	-	-	-	-	-	3,932

NOTE 26 SEGMENT REPORTING *continued*

The major products and services from which the above segments derive revenue are:

Business Segments	
Hospital	Acute and sub Acute health services
Residential and Aged Care Services (RACS)	Health services for the Aged in a residential facility
Linen Service	Provision of Linen and Laundry services [Internal and external]
Community and Mental Health	Provision of community based health and mental health services
Other	All other services and activities

Geographical Segment

Barwon Health operates predominately in Geelong, Victoria.

More than 95% of revenue, net surplus from operating activities and segment assets relate to operation in Geelong, Victoria.

NOTE 27 RESPONSIBLE PERSONS – DISCLOSURES

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

Note 27(a)

Responsible Minister	Period		
The Honourable Daniel Andrews, MLA, Minister for Health	1/07/09	-	30/06/10

Governing Board

Mr Owen Donald*	1/07/09	-	30/06/10
Dr Sarah Leach *	1/07/09	-	30/06/10
Mr Michael Hirst	1/07/09	-	21/08/09
Mr John Frame*	1/07/09	-	30/06/10
Mr Damian Gorman*	1/07/09	-	30/06/10
Mr Chris Burrell*	1/07/09	-	30/06/10
Mrs Janet Farrow	1/07/09	-	31/01/10
Dr David Mackay*	1/07/09	-	30/06/10
Mr Marcus Dripps*	1/07/09	-	30/06/10
Mr Stephen Wight*	18/02/10		30/06/10

* Board members who are in office as at date of signing the Financial Report

Accountable Officers

Mrs Sue De Gilio	1/07/09	-	18/09/09
Mr Paul Cohen	19/09/09	-	5/04/10
Dr David Ashbridge	6/04/10	-	30/06/10

Note 27(b) Other Transactions of Responsible Persons and their Related Parties

Michael Hirst, Director, was also a Director of Treasury Corporation Victoria (TCV) which provides services to Barwon Health on normal commercial terms and conditions. Barwon Health held two loan facilities with TCV with an original combined principal sum of \$0.456m however these facilities matured in August 2009. Interest paid on the loans for 2010 was \$124 (2009, \$4,129).

John Frame, Director, is also a Director of Ambulance Victoria (AV) which provides services to Barwon Health on normal commercial terms and conditions. Barwon

Health's business unit (Linencare) provides linen and laundry services to AV. Total receipts from AV for the financial year were \$1,586,514 (2009, \$1,615,017). Total payments made to AV for ambulance services in the financial year were \$639,474 (2009, \$511,826).

Chris Burrell, Director, is also a Director and Managing Partner of Prosperity Legal which provides services to Barwon Health on normal commercial terms and conditions. Total payments made to Prosperity Legal for the financial year were \$64.

Dr David Mackay, Director, is also an Honorary Fellow at Deakin University which provides services to Barwon Health on normal commercial terms and conditions. Total payments made to Deakin University in the financial year were \$157,421 (2009, \$427,794) and total receipts were \$18,358,054 (2009, \$5,246,000). Mr David Mackay is also a casual member of staff at RMIT in the School of Business IT and Logistics which provides services to Barwon Health on normal commercial terms and conditions. Total payments made to the RMIT Training Pty Ltd in the financial year were \$700 and total payments made to RMIT University in the financial year were \$30,000. Total payments received from RMIT were \$6,006. Dr David Mackay is also a Director of the Geelong Chamber of Commerce which provides services to Barwon Health on normal commercial terms and conditions. Total payments made to the Geelong Chamber of Commerce in the financial year were \$5,480 (2009, \$4,900).

Dr Sarah Leach, Director, was also a consultant from April to June 2010 for Bethany Community Support Inc which provides services to Barwon Health on normal commercial terms and conditions. Total payments received from Bethany Community Support Inc in the financial year were \$3,600.

Stephen Wight, Director, from 18 February 2010, is also a Director of Davidsons Pty Ltd which provides services to Barwon Health on normal commercial terms and conditions. Total payments made to Davidsons Pty Ltd for the financial year were \$880.

Sue De Gilio, Chief Executive until 18 September 2009, is a Director of the Geelong Chamber of Commerce and Chair of the Smart Geelong Network. Total payments made to the Smart Geelong Network from 1 July 09 to 18 Sept 2009 were \$9,480.

Sue De Gilio, Paul Cohen and David Ashbridge were executive members of the SWARH Regional ICT Joint Venture during the reporting period. Total payments made to SWARH for the financial year were \$1,470,436 (2009, \$622,810) and total payments received from SWARH for the financial year were \$108,073.

Note 27(c) Remuneration for Responsible Person

Number of Responsible Persons are shown in their relevant income bands:

	Salary Range \$	2010 No.	2009 No.
Directors	0 - 9,999	2	1
	10,000 - 19,999	7	7
	40,000 - 49,999	1	1
Chief Executive	70,000 - 79,999	1	
	320,000 - 329,999		1
	350,000 - 359,999	1	
Total Number		12	10

Income received or due and receivable by Responsible Persons from Barwon Health amounted to:

	2010 \$'000	2009 \$'000
	617	508

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet.

NOTE 27 RESPONSIBLE PERSONS – DISCLOSURES *continued*

Note 27(d) Executive Officers Disclosure

The number of executive officers and their total remuneration during the reporting year are shown within the following income bands. Base remuneration is exclusive of bonus payments, long service leave payments, redundancy payments and retirement benefits.

	Total Remuneration		Base Remuneration	
	2010 No.	2009 No.	2010 No.	2009 No.
Less than - 99,999		1		1
100,000 - 109,999				
110,000 - 119,999				
120,000 - 129,999				
130,000 - 139,999				
140,000 - 149,999				
150,000 - 159,999				
160,000 - 169,999		1		1
170,000 - 179,999		1		1
180,000 - 189,999	2		3	3
190,000 - 199,999	2	3	3	
200,000 - 209,999	1		1	
210,000 - 219,999	2	1		1
220,000 - 229,999			1	
230,000 - 239,999				
240,000 - 249,999				
250,000 - 259,999				
260,000 - 269,999				
270,000 - 279,999				
280,000 - 289,999				
290,000 - 299,999				
300,000 - 309,999				
310,000 - 319,000				1
320,000 - 329,999	1	1		
Total Number	8	8	8	8

Income received or due and receivable by Executive Officers from Barwon Health amounted to:

	2010 \$'000	2009 \$'000
	1,716	1,542

NOTE 28 EVENTS OCCURRING AFTER REPORTING DATE

There were no events occurring after reporting date, which require additional information to be disclosed.

DECLARATION

BOARD MEMBERS, ACCOUNTABLE OFFICERS, CHIEF EXECUTIVE AND CHIEF FINANCIAL OFFICER DECLARATION

We certify that the attached Financial Report for Barwon Health has been prepared in accordance with Standing Direction 4.2 of the *Financial Management Act 1994*, applicable *Financial Reporting Directions*, Australian Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, and notes to and forming part of the Financial Report, presents fairly the financial transactions during the year ended 30 June 2010 and financial position of Barwon Health as at 30 June 2010.

We are not aware of any circumstance, which would render any particulars included in the Financial Report to be misleading or inaccurate.

We authorise the attached Financial Report for issue on this day.



John Frame / Deputy Chairperson

Geelong, 6 August 2010



David Ashbridge / Chief Executive Officer

Geelong, 6 August 2010



Dale Fraser / Chief Financial Officer

Geelong, 6 August 2010

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Barwon Health

The Financial Report

The accompanying financial report for the year ended 30 June 2010 of Barwon Health which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the board members, accountable officers, chief executive and chief financial officer declaration, has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of Barwon Health are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of Barwon Health for the year ended 30 June 2010. The Board Members of Barwon Health are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on Barwon Health's web site.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Auditor's Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Barwon Health as at 30 June 2010 and its financial performance and cash flows for the year then ended in accordance with applicable Australian Accounting Standards (including the Australian Accounting Interpretations), and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
6 August 2010



D D R Pearson
Auditor-General

BARWON HEALTH LOCATIONS

GEELONG HOSPITAL

Bellerine Street, Geelong
T 5226 7111

CORIO COMMUNITY HEALTH CENTRE

Gellibrand Street, Corio
T 5260 3800

BELMONT COMMUNITY HEALTH CENTRE

1-17 Reynolds Road, Belmont
T 5260 3778

TORQUAY COMMUNITY HEALTH CENTRE

100 Surfcoast Highway, Torquay
T 5260 3900

MCKELLAR CENTRE

45-95 Ballarat Road, North Geelong
T 5279 2222

NEWCOMB COMMUNITY HEALTH CENTRE

104-108 Bellerine Highway, Newcomb
T 5260 3333

BELMONT COMMUNITY REHABILITATION CENTRE

120 Settlement Road, Belmont
T 5260 8333

ANGLESEA COMMUNITY HEALTH CENTRE

McMillan Street, Anglesea
T 5260 3901

Please note: this is not a complete listing of Barwon Health sites.



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Concept and design / Grindstone Creative
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