



BARWON HEALTH

15
16

ANNUAL REPORT



Barwon
Health

Care | Education | Research



VISION

Together with our community we build healthier lives, inspired by world class standards

MISSION

With our consumers at the forefront, we excel in delivering efficient integrated care, education and research to advance health and wellbeing for all

VALUES

Respect

We respect the people we connect with

Compassion

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

Commitment

We are committed to quality and excellence in everything we do

Accountability

We take accountability for what we do

Innovation

We drive innovation for better care

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Dr John Stekelenburg
Chair



Professor Belinda Moyes
Chief Executive

CAPITAL WORKS

Capital works continued to dominate the hospital site with the opening of new state-of-the-art wards in the new Baxter Wing. It was a privilege to have representatives from the Baxter family present to officially open the new Baxter Wing, which is named in honour of the Percy Baxter Charitable Trust, recognising the support and commitment the Baxter family have shown to Barwon Health since 1942.

These capital works were capped off with the commissioning of the new helipad on the roof of the Baxter Wing. In moving the helipad from its old site on the ground to the top of the Baxter Wing patients will be able to get urgent medical treatment faster than ever before and in greater comfort and privacy.

Looking to the future we are moving forward with developments in the North and South. Commencing July 2016 we will begin delivering a selection of elective surgery, renal and chemotherapy services from the Epworth Geelong site in Waurm Ponds, bringing care to patients closer to home.

STRATEGIC PLAN 2015-2020

Consumers at the forefront is a key driver of our new Strategic Plan for 2015-2020, which will guide us for the next five years. In coming years we will move from a position of providing consumer focussed care to consumer directed care. This is reflected in the role that consumers play throughout the organisation, embedded at so many levels to ensure that the service we deliver is truly world class and fit for purpose in meeting the needs and expectations of our community.

Inclusive practice is driving the organisation in many ways. The year has seen us focus on what we can do to 'Close the Gap' and improve health outcomes for Aboriginal and Torres Strait Islander people who come into contact with our health service. The result has seen us developing our first Reconciliation Action Plan due for launch in July 2016. In addition to this important step we launched our 'Be Proud' campaign with the organisation's Gay, Lesbian, Bisexual, Transgender, Intersex and Queer (GLBTIQ) Inclusive Practice and Workplace Culture Committee holding their first ever event; a presentation on 'From Blues to Rainbows', which is an Australian study into the lives of gender diverse, transgender and intersex young Australians, with a focus on their mental health and wellbeing. This event proved a great success with over 70 attendees from across the organisation and the Geelong community.

PATIENTS

At Barwon Health we care for patients from throughout South West Victoria with our primary catchment area being the Greater Geelong Area.

This year we treated 67,505 people in our Emergency Department, performed 21,739 operations and cared for 193,018 patients through our outpatients program. Our service provides care from the cradle to the grave; being the only public hospital within a 70km radius of Geelong. In the community we provided 52,011 episodes of dental care and supported 357 people in our Aged Care homes located in the north and south of Geelong.

Ensuring the right care at the right time and at the right place has seen strong performance across the organisation with the big stand out being the performance of our Elective Surgery team. We achieved zero long waiters on the elective surgery waiting list, which has been at an all-time low.

STAFF AND VOLUNTEERS

Barwon Health is the biggest employer in Geelong and employs 6,676 people, equating to 1,858 EFT. The volunteer workforce continues to grow from strength to strength, supported by an extensive personal development program; the number of volunteers supporting us in providing the best of care to our community is in excess of 1,000. At Barwon Health the people who work for us are very much our community. We connect with and support them in many ways to ensure the best quality care possible.

Barwon Health staff continue to be engaged. Results from Best Practice Australia have indicated that approximately 60 per cent of all staff completed the staff survey providing valuable data and feedback. This can be used to drive positive change throughout the organisation and ensure we maintain a working environment that reflects our values and supports all Barwon Health staff to achieve world class results.

RESEARCH AND ACADEMIA

2015-2016 has been an important year for academic activity at Barwon Health. The Health Education and Research Building (HERB) was formally commissioned, providing much needed space for researchers and educators. State-of-the-art education and training facilities including simulation laboratories are now available for staff. Different research groups are located in close proximity to each other to facilitate cross-discipline innovations. The focus of the year has been on the development of quality collaborative care across the organisation.

The Geelong Centre for Emerging Infectious Diseases (GCEID), located within HERB, was also commissioned. This is a partnership between Deakin University, the CSIRO's Australian Animal Health Laboratory and Barwon Health, focusing on the concept of One-Health, which investigates the relationships between human and animal diseases, as well as its interactions with the larger environment. This venture is expected to contribute to Australia's preparedness and responses on epidemics such as the Severe Acute Respiratory Syndrome (SARS) or the Ebola Virus Disease.

The Barwon Health Library opened its doors at the redesigned St Mary's building in March 2016, providing a contemporary health library for Barwon Health clinicians and other staff, as well as a focal point for developing regional and consumer health information services. It is a critical component of bringing to life our strategic goals of partnering with and empowering consumers, improving health literacy within our community, and encouraging the professional development and research skills of early-career staff.

Barwon Health's Research Strategy 2013-2015 was also completed, with all our objectives achieved, or significantly achieved. The next stage for Barwon Health is to develop a comprehensive Academic Strategy for our organisation, which would be inclusive of clinical education and training, research and library services.

REGIONAL LEADERSHIP

The past twelve months has seen Barwon Health focus on developing strong links with partners across the Barwon South West region.

We closed off the financial year by releasing information about the withdrawal of sugary drinks from our facilities. This release, which affirms our position of being a health promoting health service, was coordinated with health services across the region and represented the strength of the relationship between the thirteen health services in the Barwon South West region.

Australia's first ever Leadership in Health Volunteering Conference was staged by Barwon Health in partnership with Bendigo Health in late 2015. The conference, aimed at motivating volunteer leaders to strive for innovation and provide expert advice on how to build a successful volunteer strategy, was just one example of how Geelong is leading the way in volunteering. The volunteers who devote their time to Barwon Health are essential to our service and are a wonderful support to many patients and their loved ones.

COMMUNITY PARTNERSHIPS

Relationships continue to grow, with Northern Futures being an example of success. Through our partnership we have implemented a traineeship/apprenticeship program at Barwon Health. This partnership is helping provide pathways into employment for the community in Geelong's Northern suburbs. The program allows trainees to complete a Cert III/IV level traineeship whilst working in a full time role at Barwon Health to develop on-the-job skills.

FINANCIAL PERFORMANCE

As the sole public health service in the Greater Geelong region we are committed to sustainability. We recognise that the cost of providing health care is constantly rising; we are responding to the increasing costs by developing innovative ways of caring for our community without compromising quality of care. Managing patient flow, access and discharge planning continues to present challenges.

This financial year, excluding capital and controlled entities results, Barwon Health recorded an operational deficit of \$12.8 million.

Whilst we strive to deliver a break-even result the increased demand on our service has had a direct impact on our end of year result.

OUR SUPPORTERS

The first hospital on the University Hospital Geelong site was funded by the community over 160 years ago. The spirit of giving and community support continues to this day. Not only do we receive support from individuals and community groups, we also have substantial contributions from organisations throughout our region.

The Cotton On Foundation is the standout in this area. Over the years, through our partnership we have redeveloped the Children's ward and more recently the Special Care Nursery. With this partner we are now focussing again on Women's and Children's services by redeveloping the Maternity Day Assessment Unit and post-natal ward.

A key focus of fundraising over this year has been #ProjectLove. The focus of this campaign is to raise funds for the redevelopment of the oncology pharmacy and the chemotherapy day ward located within the Andrew Love Cancer Centre on the University Hospital site.

In the 2015/16 Financial Year the fundraising total reached \$2.8 million.

QUALITY

Barwon Health continues to receive glowing endorsements for the quality of its care. The Victorian Health Experience Survey shows that our consumer's overall satisfaction rate is at 94%. This reflects the commitment by staff to provide a positive health experience for the community.

There has also been a redoubled effort to ensure safety forms a cornerstone of the care we provide. This year Barwon Health launched its "Never Events" Program, looking at systematically understanding, and thus eliminating, harm that arises from system failures. This program aims to be a progressive evolution of the Sentinel Events program administered by the Department of Health and Human Services, to promote a culture of safety first in health services.

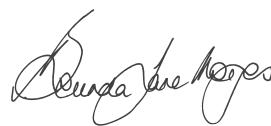
Careful introduction of new technologies and procedures into Barwon Health to provide best care for our patients is important, and this year we have introduced both the Transcatheter Aortic Valve Implantation and Faecal Microbiota Transplantation services into our arsenal of services. Both procedures have yielded positive results for our patients, and we look forward to continuing to provide innovative, world class care to our community.

ACKNOWLEDGEMENTS

This year saw us farewell Professor David Ashbridge as CEO. We would like to thank him for his leadership over the past five and half years. His leadership saw some great achievements and one of the busiest capital growth periods in our history. It also saw us focus on innovation and governance, ensuring that we are well positioned for the future.

The second half of the financial year saw us led by Interim Chief Executive Paul Cohen, and the Board would like to recognise his leadership over this time and thank him for his commitment in ensuring the ongoing stability of the organisation. The new financial year will see new leadership with the appointment of Professor Belinda Moyes.

Lastly we would like to thank all our staff and volunteers for their commitment to ensuring our community has not only access to quality health care but health care that is consumer focussed and in tune with their needs.



Professor Belinda Moyes
Chief Executive



Dr John Stekelenburg
Chair



REPORT OF OPERATIONS

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 2016.



Dr John Stekelenburg
Board Chair
Geelong
10 August 2016

MANNER OF ESTABLISHMENT AND THE RELEVANT MINISTER

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

RESPONSIBLE MINISTERS

The Hon. Jill Hennessy MP

Minister for Health; Minister for Ambulance Services

The Hon. Jenny Mikakos MP

Minister for Families and Children;
Minister for Youth Affairs

The Hon. Martin Foley MP

Minister for Housing, Disability and Ageing;
Minister for Mental Health

OBJECTIVES, FUNCTIONS, POWERS AND DUTIES

Barwon Health is charged with delivering public health care to the Greater Geelong Region in accordance with the principles established as guidelines for the delivery of public health services in Victoria, under section 17AA of the *Health Services Act 1988* (the Act).

A new strategic plan (the plan) was launched in 2015 that will take the organisation through to 2020. This plan has at its core a focus on the consumer; positioning the organisation to move from a position of 'Consumer Focussed Care' to one of 'Consumer Directed Care'. The plan outlines three key enablers:

- › Leadership / clinical and business leadership that has the ambition and capability to deliver on the Vision
- › Prosperity / Generating the capacity to deliver on the Vision
- › Using the power of our data and world knowledge as integrated information for care to deliver on the Vision

The new plan is divided into five pillars:

Our consumers at the forefront

- › Access to trusted health knowledge on demand
- › Confidence to sit at the forefront of one's own health management
- › Pathways of care, adapted to meet each person's needs
- › Lead the transition from consumer centred care to consumers at the forefront of care

Our people at their best

- › Living the values in every action and interaction
- › Harnessing our diversity, capabilities and integrating our efforts through high performing teams
- › Well-informed and consulted when decisions are made
- › Capable of responding with resilience in an environment of rapid change

Right care, right time, right place

- › Quality and safety to the highest standard all day, everyday
- › Putting consumers at the forefront of care delivery and service design
- › Transforming the timing of services and care
- › With our partners develop a wider range of services closer to local communities

Research, education and training for excellence

- › Excel in population and preventative health research
- › Generating and adopting leading health practices
- › Training and education our people for excellence in care delivery, teaching and research
- › Be the leading partner for education and training providers and learners

Our community's wellbeing

- › Prevention and wellness services tailored to individual and local community needs
- › Pathways of care are focussed on health and wellbeing outcomes
- › Understanding the health literacy profile of the community to address differences in access, self-management and engagement
- › With our partners encourage healthier living during childhood

NATURE AND RANGE OF SERVICES

Formed in 1998 Barwon Health is one of Victoria's largest health services, providing care to more than 500,000 people in the Barwon South West region across 21 sites.

Barwon Health is a major teaching facility with partnerships with Deakin University, The Gordon and numerous other tertiary education facilities from throughout Australia.

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

Care is provided to the community through:

- › Acute care at University Hospital Geelong and its associated services
- › Sub-acute care for both inpatients and community rehabilitation through the McKellar Centre
- › Aged Care through the McKellar Centre at sites in North Geelong and Charlemont
- › A total of 16 community-based sites at key locations throughout the region
- › Outreach clinics, home based services and telemedicine throughout the region

Our Bed Stock

Number of Beds	2015/16	2014/15
Acute	448	426
Transitional Care (off site)	20	20
Transitional Care (on site)	19	19
Aged Residential Care	370	389
Mental Health Acute	32	32
Mental Health Rehabilitation & Secure Extended Care	13	15
Prevention & Recovery (PARC)	6	6
Sub-acute	104	108
Total	1012	1015

Breakdown of Aged Care Beds	2015/16	2014/15
Blakiston Lodge: Consists of two secure units of 45 aged mental health beds and 45 dementia specific beds at the North Geelong Campus of the McKellar Centre	90	90
Wallace Lodge: high level care, located at the North Geelong Campus of the McKellar Centre	108	108
Alan David Lodge: high level care located at the Charlemont Campus of the McKellar Centre	89	89
Percy Baxter Lodges: low level care beds located at the North Geelong Campus of the McKellar Centre	83	102

Administrative Structure of Barwon Health

BOARD OF DIRECTORS

The Directors serving on the Board of Barwon Health during the 2015/16 reporting period:

Chair / Dr John Stekelenburg

MBBS, MAICD

Deputy Chair / Barbara Dennis

MA, (NYU), B.App.Sci (Occupational Therapy), GAICD

Jennifer Cromarty BA (Public Relations)

FPRIA

Marcus Dripps

B Physiotherapy, MAICD

Dr David Mackay

BAGec(Hons) MEc(NE) GradDipComp PhD (Deakin) FACS
FAICD

Marie Thornton

TPTC (Geelong TC), FAICD

Virginia Todd

EMPA, GAICD

Robyn Davis

LLB, BA, PGDip Asian Law, PGDip Bahasa Indonesia (from January 2016)

Dr Sarah Leach

RN, BN(Hons), PhD, MAICD (to September 2015)

COMMITTEES

Board of Directors and Finance Committee

Chair

- › Dr John Stekelenburg

Members

- › Jennifer Cromarty
- › Robyn Davis (from January 2016)
- › Barbara Dennis
- › Marcus Dripps
- › David Mackay
- › Marie Thornton
- › Virginia Todd
- › Sarah Leach (to September 2015)

Audit and Risk Management Committee

Chair

- › Marie Thornton

Members

- › Dr John Stekelenburg
- › Jennifer Cromarty (Observer)
- › Robyn Davis (from January 2016)
- › Barbara Dennis
- › Marcus Dripps
- › David Mackay (Observer)
- › Virginia Todd (Observer)
- › Sarah Leach (to September 2015)

Primary Care and Population Health

Chair

- › Marcus Dripps

Members

- › Dr John Stekelenburg (ex officio member)
- › David Mackay
- › Marie Thornton
- › Virginia Todd

Remuneration Committee

Chair

- › Barbara Dennis

Members

- › Dr John Stekelenburg (ex officio member)
- › Jennifer Cromarty

Community Advisory Committee**Chair**

- › Barbara Dennis

Members

- › Dr John Stekelenburg (ex officio member)
- › Robyn Davis (from January 2016)
- › David Mackay
- › Virginia Todd

Quality and Clinical Governance Committee**Chair**

- › Sarah Leach (to September 2015)

Chair

- › Dr John Stekelenburg/ ex officio member

Members

- › Jennifer Cromarty
- › Robyn Davis (Observer from January 2016)
- › Barbara Dennis
- › Marcus Dripps
- › David Mackay (Observer)
- › Marie Thornton
- › Virginia Todd (Observer)

EXECUTIVE TEAM**Chief Executive Officer**

July 2015 to December 2015

Professor David Ashbridge / MBBS, M.Public Health, Dip. Child Health, Dip. Tropical Medicine, GAICD, Member of the Royal Australian College of General Practitioners

Interim Chief Executive

December 2015 to June 2016

Paul Cohen BA / (Pol&Gov) Hons

Interim Deputy Chief Executive Officer

December 2015 to June 2016

Robyn Hayles MPH, BAppSc(Nursing)

Deputy Chief Executive Officer / Chief Operating Officer Acute Services

July 2015 to December 2015

Paul Cohen / BA (Pol&Gov) Hons

Chief Medical Officer

Associate Professor Alastair Mah / MBBS, BMedSci, MHSM, MBA, FRACMA, FCHSM, FHKCHSE, GAICD

Chief Nursing and Midwifery Officer

Adjunct Professor Lucy Cuddihy / DN, RN, RM, BAppSc (Adv Nurs), MBA

Interim Chief Operating Officer Acute Services

December 2015 to June 2016

Peter Watson

Executive Director Surgery and Perioperative Programme

Peter Watson

Chief Operating Officer Community Health, Rehabilitation, Palliative and Aged Care, Mental Health, Drugs & Alcohol Services

Robyn Hayles MPH, BAppSc(Nursing)

Chief Financial Officer

Nicole Peck CPA, GAICD

July 2015 to December 2015

Ian Sargent BBus(Accounting), MAppFin, CPA *December 2015 to June 2016*

Chief of Knowledge, Information and Regions

Ann Larkins MBT, CCRN, Honorary Fellow Deakin University – Centre for Pattern Recognition and Data Analytics (PRaDA)

July 2015

Tom Conway

July 2015 to February 2016

Chief Information Officer

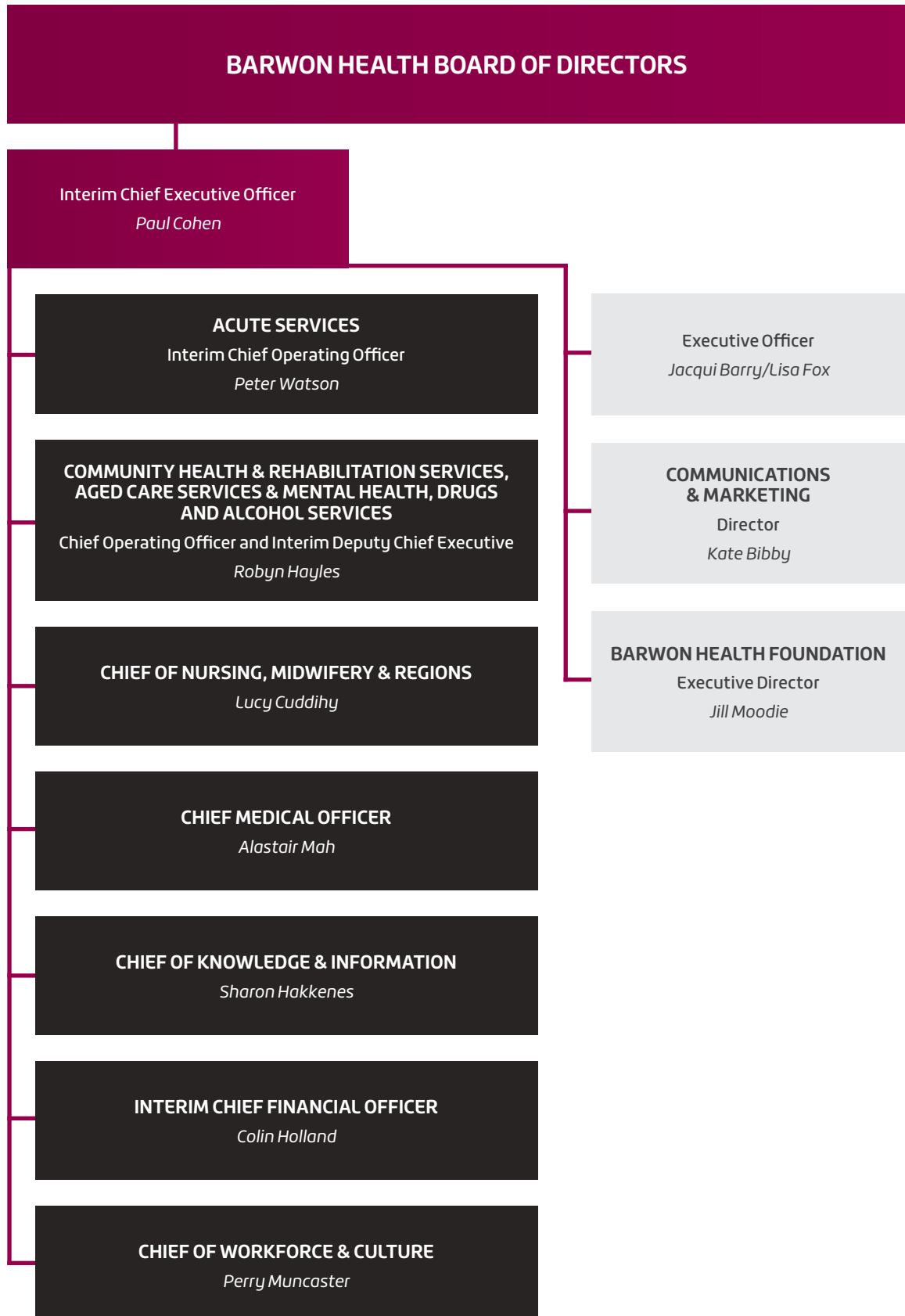
Sharon Hakkennes BPhysio, GradCertEBP, DPhysio, CHIA

February 2016 to June 2016

Chief of Workforce and Culture

Perry Muncaster

Barwon Health Organisational Structure as at 30 June 2016



WORKFORCE INFORMATION

Hospitals Labour Category	JUNE Current Month FTE*		JUNE YTD FTE**	
	2015	2016	2015	2016
Nursing	1827.18	1858.72	1809.13	1858.46
Administration and Clerical	710.09	716.17	689.14	720.05
Medical Support	432.22	425.37	424.45	432.98
Hotel and Allied Services	526.33	482.81	543.33	496.57
Medical Officers	66.10	70.90	65.02	71.04
Hospital Medical Officers	326.40	356.94	321.72	339.08
Sessional Clinicians	90.96	91.06	89.54	91.64
Ancillary Staff (Allied Health)	310.82	310.81	312.87	313.77

The FTE figures required in the table above are those excluding overtime. These do not include contracted staff (e.g. Agency nurses, Fee-for-Service Visiting Medical Officers) who are not regarded as employees for this purpose. The above data should be consistent with the information provided in the Minimum Employee Data Set.

***June current month FTEs are calculated as follows:**

FTEs are calculated for each employee per pay period as follows:

For a full time employee:

Actual Paid Hours / Employee's Base Hours = Full Time FTE

For a part time or a casual employee:

Actual Paid Hours / Employee's Standard Award Hours = Part Time & Casual FTE

June Current Month FTE for an employee

= the aggregation of all individual FTEs for all pays ending during June divided by the number of pays in the month.

June Current Month FTE for an agency

= the sum of all the current month FTEs for all its employees during the month.

****YTD FTE**

= the average FTE for the year, i.e. the sum of the monthly current months' FTEs divided by 12.

EMPLOYMENT AND CONDUCT PRINCIPLES

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

REPORT FROM THE CHIEF FINANCIAL OFFICER

Barwon Health recorded an operating deficit for the year of \$12.8 million (2015: \$1.3 million surplus), with total operating revenues of \$614.7 million. The net result after depreciation and other capital items was a deficit of \$22 million compared to a surplus of \$8.9 million in the prior year.

Whilst we strive to deliver a break even result the increased demand on our service has had a direct impact on our end of year result.

The Capital Works Program has seen a number of major projects come to fruition with the opening of the Geelong Centre for Emerging Infectious Diseases (GCEID), the Baxter Tower Helipad, St Mary's Hall, and major upgrades within the Baxter Wing.

In the coming year we will see further planning for the development of Barwon Health North which will significantly address the future access demands for health services in Geelong. In addition to this, significant investment will be made in consolidating and improving Renal Dialysis and Day of Surgery Admission (DOSA) services.

These upcoming capital projects will continue to build our capacity to provide improved service and support to our community as we work together to build healthier lives.

SUMMARY OF FINANCIAL RESULTS FOR FIVE YEARS

	2016 \$000	2015 \$000	2014 \$000	2013 \$000	2012 \$000
Total Revenue	658,235	641,798	615,730	567,259	531,816
Total Expenses	680,258	632,879	599,128	564,546	541,514
Net Result for the Year (inc. Capital and Specific Items)	-22,023	8,919	16,602	2,713	-9,698
Retained Surplus (Accumulated Deficit)	10,553	42,121	8,538	-12,632	-15,978
Total Assets	714,141	707,404	681,899	594,760	581,950
Total Liabilities	173,926	147,900	142,685	135,292	126,940
Net Assets	540,215	559,504	539,214	459,468	455,010
Total Equity	540,215	559,504	539,214	459,468	455,010

SUBSEQUENT EVENTS

Refer to Note 31 Events Occurring after the Balance Sheet Date.

DISCLOSURE OF EX-GRATIA PAYMENTS

	2015/2016 \$000	2014/2015 \$000	2013/2014 \$000	2012/2013 \$000	2011/2012 \$000
Barwon Health made the following ex-gratia payments to employees	64.17	9.52	0	0	0

DETAILS OF CONSULTANCIES (UNDER \$10,000)

In 2015/2016, there were 47 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during 2015/2016 in relation to these consultancies is \$124,446 (excl GST).

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

In 2015/2016, there were 8 consultancies where the total fees payable to the consultants were \$10,000 or greater. The total expenditure incurred during 2015/2016 in relation to these consultancies is \$784,325 (excl GST). Details of individual consultancies can be viewed upon request and subject to the Freedom of Information Act 1982. The following table details these consultancies.

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee	Expenditure 2015/16	Future Expenditure
Ernst & Young	Sustained Aged Care Funding and Performance Improvement	3/02/2016	28/03/2016	214,500	214,500	0
Applied Aged Care Solutions	Aged Care Funding Review Services Project	2/09/2015	2/06/2016	166,545	166,545	0
Deakin University	Employment of Post-Doctorate candidate consultant	1/07/2015	30/06/2016	110,000	110,000	0
Jo Fisher Executive	Executive search services for the position of Chief Executive Officer and Chief Financial Officer	17/12/2015	11/05/2016	106,960	106,960	0
Aspex Consulting	Financial and workforce analysis & West Victoria cardiac surgery review	8/01/2016	16/05/2016	66,340	66,340	0
Deloitte Private	Professional Service and Performance Improvement	31/07/2016	2/09/2016	54,400	54,400	0
The Cultural Consultancy Group	Development of reconciliation action plan	10/09/2016	18/05/2016	37,500	37,500	0
JH Resources Pty Ltd	Post implementation review of the Access Evaluation Project for Mental Health and Drug & Alcohol Services	14/07/2015	8/09/2016	28,080	28,080	0

ADVERTISING DISCLOSURE

In 2015/2016, advertising expenditure did not exceed \$100,000 per campaign.

INFORMATION AND COMMUNICATION TECHNOLOGY (ICT) DISCLOSURE

The total ICT expenditure incurred during 2015/2016 is \$17,344,437 (excluding GST) with the details shown below.

(\$million)

Business as Usual (BAU) ICT Expenditure	Non- Business as Usual (Non-BAU) ICT expenditure	Operational Expenditure (excluding GST)	Capital Expenditure (excluding GST)
\$15,277,846	\$2,116,591	\$15,691,701	\$1,652,736

CAR PARKING FEES

Barwon Health complies with the DHHS hospital circular on car parking fees effective 1 February 2016 and details of car parking fees and concession benefits can be viewed via the website: www.barwonhealth.org.au

Other Disclosures and Attestations

OCCUPATIONAL HEALTH AND SAFETY

Barwon Health complies with the Occupational Health and Safety Act (OH&S). Programs are in place to address and support the effect the ageing workforce has on OH&S and the prevention and management of psychological injuries.

All staff are supported by an in-house GP Clinic; StaffCare. The StaffCare team ensure that all staff have relevant vaccinations and drive numerous wellness campaigns.

COMPLIANCE WITH THE BUILDING ACT 1993

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

Actions that ensure that Barwon Health complies are:

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

FREEDOM OF INFORMATION

The Victorian Freedom of Information Act 1982 provides members of the public the right to apply for access to information held by Barwon Health.

Requests for records relating to medical records form the majority of requests. In accordance with the Barwon Health privacy policy, all care is taken to ensure information is released only to the individual to whom it pertains or to a recognised representative. 964 requests were received in the 2015/2016 Financial Year.

	2015/2016 \$000	2014/2015 \$000	2013/2014 \$000	2012/2013 \$000	2011/2012 \$000
Number of requests	964	983	1,034	975	275

FRD 25A VIPP DISCLOSURE – CONTRACTS

Barwon Health abides by the Victorian Participation Policy Act 2003. In 2015/2016 there were no contracts that required disclosure under the Victorian Participation Policy.

APPLICATION AND OPERATION OF PROTECTED DISCLOSURE ACT 2012

Barwon Health has in place appropriate procedures for disclosures in accordance with the Protected Disclosure Act 2012. No protected disclosures were made under the Act in 2015/2016.

In accordance with the Protected Disclosure Act 2012 there were no matters referred to the Independent Broad-based Anti-corruption Commission (IBAC).

APPLICATION AND OPERATION OF THE CARERS RECOGNITION ACT 2012 (CARERS ACT)

The Carers Recognition Act 2012 recognises, promotes and values the role of people in care relationships. Barwon Health understands the different needs of persons in care relationships and that care relationships bring benefits to the consumer, their supporters and the community. Barwon Health takes all practicable measures to ensure that its employees, agents and carers have an awareness and understanding of care relationship principles and this is reflected in our commitment to a model of care that is consumer centred. It is also reflected in the important role consumers play in the day-by-day operations of our organisation and with consumers at the forefront being a key pillar of our 2015/2020 Strategic Plan.

COMPETITIVE NEUTRALITY

As a publicly owned entity Barwon Health is obligated to compete fairly and equitably. Barwon Health is committed to transparent behaviour in this regard and complies with government policies regarding competitive neutrality with regard to all significant business activities.

ENVIRONMENTAL PERFORMANCE

Barwon Health are innovators and leaders when it comes to our commitment to sustainability and reducing our carbon footprint. We were the first health service in Victoria to install a Closed Loop Composting System at our McKellar Centre Food Services Central Production Unit.

Barwon Health staff are encouraged to participate in the extensive recycling program on offer. A waste management handbook is available to assist in identifying options to reduce, reuse and recycle.

ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

Consistent with FRD 22G (Section 6.19) details in respect of the items listed below have been retained by Barwon Health and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

- a) Declarations of pecuniary interests have been duly completed by all relevant officers;
- b) Details of shares held by senior officers as nominee or held beneficially;
- c) Details of publications produced by the entity about itself, and how these can be obtained;
- d) Details of changes in prices, fees, charges, rates and levies charged by the Health Service;

- e) Details of any major external reviews carried out on the Health Service;
- f) Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the Report of Operations or in a document that contains the financial statements and Report of Operations;
- g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;
- h) Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;
- i) Details of assessments and measures undertaken to improve the occupational health and safety of employees;
- j) General statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the Report of Operations;
- k) A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;
- l) Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

PRIVACY

Barwon Health is committed to protecting the privacy of patient and staff information. We are required by law to protect personal information and comply with the Health Records Act 2001 (HRA) and other relevant legislation relating to confidentiality and privacy.

NOMINATED PRIVACY OFFICER

Michelle Martella

OCCUPATIONAL VIOLENCE

Occupational violence statistics	2015-16
Workcover accepted claims with an occupational violence cause per 100 FTE	0.074
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	6.53
Number of occupational violence incidents reported	516
Number of occupational violence incidents reported per 100 FTE	12.8
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0.58%

Definitions

For the purposes of the above statistics the following definitions apply.

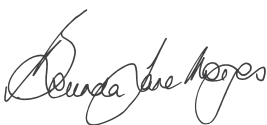
- › **Occupational violence** – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.
- › **Incident** – occupational health and safety incidents reported in the health service incident reporting system. Code Grey reporting is not included.
- › **Accepted Workcover claims** – Accepted Workcover claims that were lodged in 2015-16.
- › **Lost time** – is defined as greater than one day.

COMPLIANCE WITH DATAVIC ACCESS POLICY

Barwon Health complies with the DataVic Access Policy issued by the Victorian Government in 2012. All data included in the Annual Report goes to the Department of Health and Human Services to publish, which is made online at www.datavic.gov.au in machine readable format.

ATTESTATION ON DATA INTEGRITY

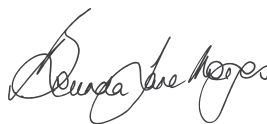
I, Professor Belinda Moyes, certify that Barwon Health has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. Barwon Health has critically reviewed these controls and processes throughout the year.



Accountable Officer: Professor Belinda Moyes
Chief Executive Officer
Barwon Health
10 August 2016

ATTESTATION FOR COMPLIANCE WITH THE MINISTERIAL STANDING DIRECTION 4.5.5 – RISK MANAGEMENT FRAMEWORK AND PROCESSES

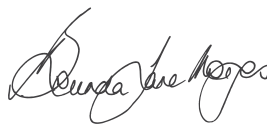
I, Professor Belinda Moyes, certify that Barwon Health has complied with the Ministerial Standing Direction 4.5.5. – Risk Management Framework and Processes. The Barwon Health Audit Committee verifies this.



Accountable Officer: Professor Belinda Moyes
Chief Executive Officer
Barwon Health
10 August 2016

ATTESTATION FOR COMPLIANCE WITH AUSTRALIAN/NEW ZEALAND RISK MANAGEMENT STANDARDS

I, Professor Belinda Moyes, certify that Barwon Health has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard ISO 31000:2009 and an internal control system is in place that enables the Executives 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.



Accountable Officer: Professor Belinda Moyes
Chief Executive Officer
Barwon Health
10 August 2016



KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING

The Statement of Priorities (SoP) is Barwon Health’s key accountability agreement with the Minister for Health and the Minister for Ageing. It sets out the key financial, access and service performance priorities and agreed targets.

STATEMENT OF PRIORITIES PART A

Domain	Action	Deliverables	Outcome
Patient experience and outcomes	Drive improved health outcomes through a strong focus on patient-centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	Completed year one of the 2015-2020 strategic priority pillar <i>Our consumers at the forefront</i> and its related objectives.	<p>In progress.</p> <p>Health Literacy Strategy key area of focus for remainder of the year.</p> <p>A new guide to Consumer Health Information has been published on the Library website. This contains reputable and trusted sources for consumers to find health information and evaluation guides.</p> <p>A training session for WISE volunteers and consumer representatives was conducted by the Reference Librarian with the volunteers manager. The aim was to develop skills in searching for evidence-based information and critical appraisal.</p>
		Ensure that care, services and facilities provided by Barwon Health are planned, delivered and evaluated in collaboration with consumers, carers and the community in accordance with the <i>Consumer and person centred care policy</i> .	Achieved. Continues to implemented.
	Strengthen the response of health services to family violence. This includes implementing interventions, processes and systems to prevent; identify and respond appropriately to family violence at an individual and community level.	Ensure the <i>Hospital Admission Risk Program</i> via a multidisciplinary team operates to identify people with complex psychosocial needs (eg domestic/family violence).	<p>Achieved. Screening practices are in place.</p> <p>Workgroup formed to develop a Barwon Health strategic approach to prevention and response to family violence.</p> <p>Vulnerable Children’s Working Group established.</p>

Domain	Action	Deliverables	Outcome
		Identify, assess and manage all patients, residents or clients in consultation with employees and document in medical records and Nursing Care plans.	Workgroup formed to develop a Barwon Health strategic approach to prevention and response to family violence. Learnings from Bendigo Health are being reviewed currently.
	Use consumer feedback and develop participation processes to improve person and family centred care, health service practice and patient experiences.	Real time consumer feedback across programs.	Achieved. Annual Volunteer Survey completed. VHES qualitative feedback is recorded in the feedback management system. Board walkaround data is recorded in feedback management system. Point of care feedback formally recorded in system. Implemented Feedback Management System (C.Gov online) across the organisation.
		Implement objectives from the <i>Consumer and Community Participation Framework</i> .	In progress. Has not been released by the Department of Health and Human Services at this time.
		Include community feedback in Quality Improvement and Risk Management reports.	Achieved. Aggregated analysis of consumer feedback forms the prioritisation of Quality Improvement activities.
		Establish foundation systems for customer service including consumer orientation to care/ service processes and better develop our understanding of what matters to consumers.	In progress. 'About me' pilot currently being evaluated. Achieved. Empower leadership program supports staff education in this area.
		Increase staff engagement in customer service and consumer-driven improvement in care (for example via the People Matter Survey).	Achieved. To be undertaken in the final quarter.

Domain	Action	Deliverables	Outcome
		Include the consumer experience in all clinical training programs.	<p>Achieved. Consumer stories are being incorporated into clinical education and training programs.</p> <p>Literature review underway to explore ways to reflect the consumer experience and expectations.</p> <p>Increasing engagement of consumers with 'lived experience' as guest presenters in short courses.</p> <p>Curriculum reviews incorporate consumers as part of the review process.</p>
	Identify service users who are marginalised or vulnerable to poor health, and develop interventions that improve their outcomes relative to other groups, for example, women, Aboriginal people, people affected by mental illness, people at risk of elder abuse, people with disability, homeless people, refugees and asylum seekers, people whose alcohol and other drug use is damaging their health or impacting on their recovery.	Ensure mental health services are delivered in a way that supports the recovery of the consumer in accordance with the <i>Assessment, care and evaluation manual (ACD Guidelines)</i> .	<p>Achieved. Catchment based intake in place and monitored internally via reporting structure and externally via consortium group.</p> <p>Care and coordination provided in line with Program Guidelines.</p>
	Support the effective delivery of alcohol and other drug treatment services.	Implement the <i>Drugs and Alcohol Service Policy</i> for assessment, consultation, targeted intervention, group programs and outreach support initiatives.	Achieved. Intake is catchment based and monitored internally via management and externally via consortium. Care and coordination is provided and monitored. Program guidelines are met.
	Improve the health outcomes of Aboriginal and Torres Strait Islanders by increasing accessibility and cultural responsiveness of the Victorian health system.	Ensure that Aboriginal and Torres Strait islander people receive a culturally appropriate assessment, care and service delivery via the <i>Culturally appropriate care to Aboriginal and Torres Strait Islander Community Procedure</i> .	<p>Achieved. Aboriginal Advisory Gathering continues to meet.</p> <p>Welcome to Country at all sites. Artwork at a number of sites. Aboriginal Employment Plan implemented.</p> <p>Staff education competency tool created and in use.</p>

Domain	Action	Deliverables	Outcome
		Complete priorities for the <i>Aboriginal Reconciliation Action Plan 2015/16</i> .	Progressing well. Barwon Health Reconciliation Action Plan (RAP) established and implemented. RAP action plans in all directorates.
	Implement an organisation-wide approach to advance care planning including a system for identifying, documenting and/or receiving advance care plans in partnership with patients, carers and substitute decision makers so that people's wishes for future care can be activated when medical decisions need to be made.	Uphold the <i>Advance Care Planning Policy and Procedure</i> and update from relevant 'RiskMan' reports and the 'Adherence to wishes' death audit.	Achieved. Progress monitored via End of Life Steering Committee.
	Develop an organisational policy for the provision of safe, high quality end of life care in acute and subacute settings, with clear guidance about the role of, and access to, specialist palliative care.	Implement the first year of Barwon Health's <i>End of Life Care Strategy</i> initiatives and related policies.	In progress. Business case developed. Proposed measurement matrix and gap analysis complete. Education and training for staff under review. Ivalidate and My Values in place.
		Introduce and complete Advance Care Planning within the Community Palliative Care Program.	In progress. Clinic scoped.
	Demonstrate an organisational commitment to quality cancer services through engagement with the local Integrated Cancer Service and implementation of the Optimal Care Pathways.	Continue to convene and Chair the Barwon South Western Regional Integrated Cancer Services (BSWRICS) Governance Group for regional services, care coordination, supportive and multidisciplinary care and quality monitoring.	Achieved and ongoing.

Domain	Action	Deliverables	Outcome
Governance, leadership and culture	Demonstrate an organisational commitment to Occupational Health and Safety, including mental health and wellbeing in the workplace. Ensure accessible and affordable support services are available for employees experiencing mental ill health. Work collaboratively with the Department of Health and Human Services and professional bodies to identify and address systemic issues of mental ill health amongst the medical professions.	Implement year one of the <i>Barwon Health 2015-2020 Workforce Plan</i> and recommendations of the Cultural Survey.	Achieved and ongoing. Cultural Survey Action Plans created and implementation underway. Plans monitored via governance structures. Return to work and Staff Care in place and accessible to all staff.
		Uphold the principles of the <i>Employee Health and Wellbeing Policy</i> , which reflects the key principles outlined in the government's 'Victorian Healthy Workplaces Framework' and the 'Healthy Together Victoria Achievement Program' for Workplaces.	Achieved - Healthy Workplace.
	Monitor and publically report incidents of occupational violence. Work collaboratively with the Department of Health and Human Services to develop systems to prevent the occurrence of occupational violence.	Actively endorse a workplace that is free of violence and aggression by the promotion of preventative training, education, support, reporting and effective management of all incidents.	Achieved. Values and associated behaviours are in place and endorsed throughout the organisation. No tolerance to bullying and violence is in place and reinforced.
	Promote a positive workplace culture and implement strategies to prevent bullying and harassment in the workplace. Monitor trends of complaints of bullying and harassment and identify and address organisational units exhibiting poor workplace culture and morale.	Have employees receive and abide by the 2015 revised <i>Employee Code of Conduct</i> .	Achieved.
		Manage complaints of unsatisfactory performance and misconduct in accordance with organisational guidelines and the <i>Acceptable behaviours policy</i> .	Achieved and ongoing. Actively monitored and managed. Managers provided with education.

Domain	Action	Deliverables	Outcome
	Improve data reporting systems to increase accountability and transparency, consistent with the Transparency in Government Bill.	Ensure the Information and Data Governance Committee supports the provision of excellent data stewardship, integrity and information management across the organisation.	In progress.
	Undertake an annual board assessment to identify and develop board capability to ensure all board members are well equipped to effectively discharge their responsibilities.	Complete an annual Board assessment to improve performance and governance.	Achieved and scheduled on annual workplan.
		In addition all Board Committee Chairs will complete an annual performance review of their committee, for Board consideration.	Achieved and scheduled on Board annual workplan.
	Contribute to the development and implementation of the 10 Year Mental Health Plan for Victoria and <i>State of Victoria's Mental Health Services Annual Report</i> .	Implement the <i>Mental Health Outcome Measure Performance Guideline</i> .	Achieved. Relevant data collected and reported monthly via Quality and Safety structures. All active consumers are reviewed within guidelines.
	Embed the principles of the <i>Mental Health Act 2014 (Vic)</i> into all levels of service and system design and delivery.	Apply the principles of the <i>Mental Health Act 2014 (Vic)</i> via the clinical guidelines, policies and procedures developed by Barwon Health for recovery and supported decision making, compulsory treatment and for improved oversight and service treatment.	In progress. Current practices align with the principles of the Act. The new restructure will further enhance the consumer engagement and strengthen a recovery focus.
	Apply existing capability frameworks and clinical guidelines to inform service system planning, giving consideration to the capability of neighbouring services and how best to allocate available resources so as to deliver the maximum benefit to the local community.	Deliver a community paediatric service model.	Achieved.
	Implement strategies to support health service workers to respond to the needs of people affected by ice.	Support and promote staff wellness services for staff.	Achieved and ongoing. Supervision is provided in program areas. Staff support is available and offered frequently on a needs basis.

Domain	Action	Deliverables	Outcome
	Build workforce capability and sustainability by supporting formal and informal clinical education and training for staff and health students, in particular inter-professional learning.	Increase career and training pathways for clinical and non-clinical workforce groups.	Achieved and ongoing. Training pathways have been implemented for Northern Futures and for Cert II and Cert IV programs. Established Oral Surgery Registrar Program.
		Build inter-professional and multidisciplinary training using a range of mechanisms to ensure excellence in clinical practice.	Achieved and ongoing. Interprofessional Education (IPE). International consultation, visiting academics and workshops in interprofessional education concluded to develop curriculum. Collaboration with Deakin University and Victoria University to build capacity in IPE. Barwon Health IPE Pilot program scheduled for April. Clinical Training Needs Training Survey with over 500 responses, analysis underway. Director and Deputy Director Simulation appointed with focus on undergraduate students.
	Support excellence in clinical training through productive engagement in clinical training networks and developing health education partnerships across the continuum of learning.	Build capacity for clinical placements and seek opportunities for clinical placement innovation including opportunities to maximise existing relationships with tertiary education and research institutions.	Achieved and ongoing. New community and regional sites negotiated for clinical placement. Partnering with Tan Tock Seng Hospital (Singapore).
	Adopt the Healthy Choices: Food and Drink Guidelines for Victorian public hospitals, to increase the availability of healthy food and drinks for purchase by staff, visitors and the general public.	Ensure the availability and active promotion of healthy and nutritious foods in accordance with the Healthy Choices: Food and Drink Guidelines for Victorian public hospitals.	Achieved. Plan to remove sugary drinks announced.
Safety and quality	Ensure management plans are in place to prevent, detect and contain Carbapenem Resistant Enterobacteriaceae as outlined in Hospital Circular O2/15 (issued 16 June 2015).	Implement the <i>Multiple-Antibiotic Resistant Organisms procedure</i> to effectively manage CRE and to reduce the risk of transmission of microorganisms to patients, staff or visitors.	Achieved and ongoing. Screening tool for all admissions and transfers New CRE procedure for Barwon Health and laboratory.

Domain	Action	Deliverables	Outcome
	Implement effective antimicrobial stewardship practices and increase awareness of antimicrobial resistance, its implications and actions to combat it, through effective communication, education, and training.	Compliance with the <i>Restricted Antimicrobial Prescribing procedure</i> through governance, communication, education and training.	Achieved and ongoing. Comprehensive program in place in Acute and Subacute areas. Antimicrobial restriction/ approval, antimicrobial ward rounds/decision support and audit tool with >80% compliance.
	Ensure that emergency response management plans are in place, regularly exercised and updated, including trigger activation and communication arrangements.	Proactively maximise the efficiency and effectiveness of critical business and clinical functions in the event of a major incident, while maintaining the highest level of safety for consumers, employees and others.	Achieved.
	Develop perinatal mortality and morbidity review processes in alignment with the Clinical Practice Guideline for Perinatal Mortality.	Review that the meetings and processes of the <i>Perinatal Morbidity & Mortality Committee</i> are aligned with the Clinical Practice Guideline for Perinatal Mortality.	Achieved.
	Provide information and support about prevention, risk factors and early detection and management of diseases by employing a prevention and detection approach similar to the ' <i>Supporting patients to be smoke free: an ABCD approach in Victorian health services</i> ' model.	Tailor prevention and wellness services to individual and local community needs.	Achieved and ongoing.
Financial sustainability	Improve cash management processes to ensure that financial obligations are met as they are due.	Accurate cash management forecast and payments to supplier's made on time.	Achieved and ongoing. Cash forecasting processes put in place including regular reconciliations between forecast and actual position to enable follow up and remedial actions. Accounts Payable has been given additional focus and resources during 2015/16 to help ensure timely supplier payments.
	Identify opportunities for efficiency and better value service delivery.	Complete commercial review in corporate service and clinical areas.	In progress. Financial Improvement plans in place and enacted across the organisation.

Domain	Action	Deliverables	Outcome
	Work with Health Purchasing Victoria to implement procurement savings initiatives.	Ensure that probity and procurement activity is efficiently and consistently managed across Barwon Health in accordance with Health Purchasing Victoria's policies.	In progress. On track with Health Purchasing Victoria reform initiative including policy development. Rollout of new policies (and processes) will provide an opportunity for greater efficiencies and consistency across the organisation.
	Invest in revenue optimisation initiatives to ensure maximisation of revenue from both public and private sources.	Internal reviews completed on billing practises to any high risk areas identified.	In progress. Reviews well underway on Outpatient (MBS) Billing opportunities, Private elective co-payment and expanding the 'Barwon Private' model to General Surgery. External consultant engaged and review well advanced into optimising Aged Care Funding Instrument (ACFI) funding.
	Undertake cost benchmarking and develop partnerships with peers to improve operating efficiency.	Investigate the efficiency of Barwon Health compared with similar service providers, and request plans for improvements to be submitted where appropriate.	In progress. External review undertaken of BH's cost base and FTE growth. This included an assessment of the relative cost of Barwon Health's corporate services which provided a catalyst for some efficiency measures being taken.
	Develop collaboration with peers to selectively provide services that represent the best value of money whilst in the best interests of patients.	Provide accessible, high quality health services to our Barwon South Western (BSW) Region via Regional Programs and collaboration via the BSW CEO Council.	Achieved and ongoing. CEO forums and collaboration continues. Barwon Health remains an active participant in the Barwon South West Council.
Access	Implement integrated care approaches across health and community support services to improve access and responses for disadvantaged Victorians.	Develop plans to improve access to car parking for patients and their support people.	In progress. Tarmac on old helipad site to increase capacity at University Hospital Geelong by approx 100 car parks.
	Progress partnerships with other health services to ensure patients can access treatments as close to where they live when it is safe and effective to so, making the most efficient use of available resources across the system.	Develop a framework for Barwon@Home.	In progress. Required review due to impact of health reform and financial situation.
		Implement surgical program with the Epworth.	Achieved.

Domain	Action	Deliverables	Outcome
		Heart Institute implemented with St John of God.	In progress. Third cardiothoracic surgeon appointed. Relationship with Ballarat Health Service established. Pathways agreed.
	Optimise system capacity by ensuring that allocated points of care are implemented as per the Travis review recommendations.	Fulfil obligations of the strategic pillar <i>Right Care, Right Time, Right Place</i> via the RESPECT and Matrix frameworks to ensure safe, effective person-centred care that is clinically appropriate, inclusive of access and flow.	Achieved and ongoing. Weekly R3 monitoring meeting continues. Physical bed capacity increased in March with plans to open a further 24 bed ward in May.
	Optimise alternatives to hospital admission.	Monitor changes to patient access and flow to identify process improvements to access Hospital in the Home (HITH) and Post Acute Care programs.	Achieved. All programs meeting targets. Chemo HITH pilot complete and sustainable program implemented.
	Ensure that policies, procedures and service models are in place to manage and monitor colonoscopy referrals and ensure timely access for patients with an urgent clinical need.	Implement the colonoscopy prioritisation procedure and the online colonoscopy urgency categorisation decision support tool and include in the surgical orientation program.	In progress.
	Contribute to the provision of additional dental services to achieve the targets, milestones and objectives of the National Partnership on Adult Public Dental Services.	Deliver on activity targets for adult dental.	Achieved.
	Review acute (including specialist clinics) data collection and reporting practices to facilitate greater transparency and timely public reporting of data.	Manage and effectively deliver information in line with the <i>Barwon Health Digital Strategy 2015-2020</i> .	Achieved.
	Develop Tele-health service models to facilitate the delivery of high quality and equitable specialist services to patients across regional Victoria.	Continue to develop the Tele-health regional program for the Barwon South West (BSW) as governed via the BSW CEO Council.	Achieved. Stroke Telehealth pilot - stage 2 complete.

STATEMENT OF PRIORITIES PART B: PERFORMANCE PRIORITIES

Safety and Quality Performance

Key Performance Indicator	Target	2015/2016 Actual
Compliance with NSQHS Standards accreditation	Full Compliance	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Achieved
Cleaning Standards	Full Compliance	Achieved
Compliance with the Hand Hygiene Australia program	80%	81%
Percentage of healthcare workers immunised for influenza	75%	75%

Patient Experience and Outcomes Performance

Key Performance Indicator	Target	2015/2016 Actual
Victorian Healthcare Experience Survey – data submission	Full Compliance	Achieved
Victorian Healthcare Experience Survey – patient experience	95% Positive Experience	89%
Number of patients with surgical site infection	No Outliers	Achieved
ICU central line-associated blood stream infection	1.5	Achieved
SAB rate per occupied bed days*	<2/10,000	0.7
Maternity – Percentage of women with prearranged postnatal home care	100%	100%
Mental Health – Percentage of seclusion events relating to an acute admission – composite seclusion rate	15%	17.8%
Mental Health – Percentage of adult inpatients who are readmitted within 28 days of discharge	14%	12.1%
Mental Health – Percentage of adult patients who have post-discharge follow-up within seven days	75%	81.9%
Mental Health – Rate of seclusion events relating to an adult acute admission	≤15/1,000	21/1000
Mental Health – Percentage of child and adolescent patients with post-discharge follow-up within seven days	75%	51%
Mental Health – Percentage of aged patients who have post-discharge follow-up within seven days	75%	96.7%
Mental Health – Rate of seclusion events relating to an aged acute admission	≤15/1,000	3.6/1000

*Note: SAB is staphylococcus aureus bacteraemia

Source: DHHS mental health KPI reports. Accessed 02/08/2016. Note that the recording of mental health outcomes performance has been affected by Industrial Action.

Governance, Leadership and Culture Performance

Key Performance Indicator	Target	2015/2016 Actual
People Matter Survey – percentage of staff with a positive response to safety culture questions	80%	90%

Financial Sustainability Performance

Key Performance Indicator	Target	2015/2016 Actual
FINANCE		
Operating Results (\$m)	0.20	(\$12.8)
Trade Creditors	<60 days	45 days
Patient fee debtors	<60 days	36 days
Public and private WIES performance to target	100%	98.5%
ASSET MANAGEMENT		
Asset management plan	Full compliance	Achieved
Adjusted current asset ratio	0.7	0.62
Days of available cash	14 days	16.35 days

Access Performance

Key Performance Indicator	Target	2015/2016 Actual
EMERGENCY CARE		
Percentage of ambulance patients transferred within 40 minutes	90%	91%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	64%
Percentage of emergency patients with a length of stay less than four hours	81%	60%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
ELECTIVE SURGERY		
Percentage of elective patients removed within clinically recommended timeframes	94%	95%
Percentage of Urgency Category 1 elective patients removed within 30 days	100%	100%
10% longest waiting Category 2 and 3 removals from the elective surgery waiting list	100%	100%
Number of patients on the elective surgery waiting list*	1,125	1,079
Number of hospital initiated postponements per 100 scheduled admissions	≤8 /100	5.6
Number of patients admitted from the elective surgery waiting list – annual total	7,972	7,875
CRITICAL CARE		
Adult ICU number of days below the agreed minimum operating capacity+	0	16 days

Notes

- › *The target shown is the number of patients on the elective surgery waiting list as at 30 June 2016
- › +The agreed minimum operating capacity is 16 ICU equivalent beds, increasing to 17 ICU equivalent beds in April 2016

STATEMENT OF PRIORITIES PART C: ACTIVITY AND FUNDING

Funding Type	2015/2016 Activity Achievement	Actual (\$'000)
Acute Admitted		
WIES Public	48,457	221,137
WIES Private	11,123	38,506
WIES (Public and Private)	59,580	259,643
WIES DVA	783	3,758
WIES TAC	440	1,842
WIES TOTAL	60,803	262,066
Acute Non-Admitted		
Emergency Services	-	25,130
Specialist Clinics – DVA	-	27
Specialist Clinics – Non DVA	-	25,728
Renal Dialysis – Home ABF	57	3,082
Radiotherapy WAUs Public	35,931	8,120
Radiotherapy WAUs DVA	807	225
Subacute & Non-Acute Admitted		
Rehab Public	11,864	6,730
Rehab Private	9,816	3,942
Rehab DVA	1,354	515
GEM Public	13,217	6,186
GEM Private	4,971	2,635
GEM DVA	815	691
Palliative Care Public	4,379	2,320
Palliative Care Private	2,068	1,351
Palliative Care DVA	156	183
Transition Care – Bed-days	12,410	1,849
Transition Care – Homeday	6,570	342
Subacute Non-Admitted		
Palliative Care Other Non-admitted	-	1,319
Health Independence Program	65,777	13,468
Health Independence Program – DVA	-	241
Victorian Artificial Limb Program	-	437
Subacute Non-Admitted Other	-	78
Subacute & Non-Acute Other		
Other specified funding	-	1,060
Aged Care		
Aged Care Assessment Service	-	2,334
Residential Aged Care	115,350	6,996
HACC	121,848	9,940
Aged Care Other	-	676

Funding Type	2015/2016 Activity Achievement	Actual (\$'000)
Mental Health and Drug Services		
Mental Health Inpatient – Bed Days	1,096	\$602
Mental Health Inpatient – WOT	11,713	\$7,583
Mental Health Ambulatory	56,372	\$24,552
Mental Health Residential	16,436	\$1,635
Mental Health Subacute	8,036	0
Mental Health: Other	-	0
Mental Health Service System Capacity	-	0
Drug Services	2,351	\$2,373
Primary Health		
Community Health / Primary Care Programs	31,100	\$3,273
Community Health: Other	-	\$1,487
Other		
Health Workforce	-	\$10,885
Other Specified Funding	-	\$1,060

STATEMENT OF PRIORITIES PART D

The Victorian health system has faced a number of changes to Commonwealth funding since 2012-13. The 2015-16 Commonwealth Budget also presented significant changes to funding arrangements. The new funding arrangements will continue to be linked to actual activity levels between 1 July 2015 and 30 June 2016.

The Commonwealth funding contribution outlined in the 2015-16 Commonwealth Budget was based on estimates and has since been updated by the Administrator of the National Health Funding Pool, based on latest activity estimates from States and Territories. However, given that final funding amounts are based on actual activity, there may be adjustments to funding throughout the year as a result of reconciliations and other factors outlined below.

Period 1 July 2015 to 30 June 2016

	Estimated National Weighted Activity Units	Total Funding (\$)	Provisional Commonwealth Percentage (%)
Activity Based Funding	95,282	357,580,101	
Other Funding		36,720,923	
Total		394,301,024	47.5

Note:

- › Estimated National Weighted Activity Unit may be amended by the Department following the finalisation of the 2014-15 reconciliation by the Administrator of the National Health Funding Pool.
- › Provisional Commonwealth Contribution Percentage is subject to change following state-wide adjustments (i.e. cross border patient flows), the 2014-15 reconciliation and Commonwealth announcements (i.e. Mid-Year Economic and Fiscal Outlook 2015-16).
- › Activity loadings are included in the Estimated National Weighted Activity Units (i.e. Paediatric, Indigenous, Remoteness, Intensive Care Unit, Private Patient Service Adjustment, and Private Patient Accommodation Adjustment).
- › In situations where a change is required to the Part D, changes to the agreement will be actioned through an exchange of letters between the Department and the Health Service Chief Executive Officer.



FINANCIAL REPORT

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

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Comprehensive Operating Statement

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FINANCIAL REPORT

	Note	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Revenue from Operating Activities	2	614,281	577,665	614,657	577,665
Revenue from Non-Operating Activities	2	2,945	6,530	3,033	6,530
Employee Benefits	3	(448,038)	(425,848)	(448,037)	(425,848)
Non Salary Labour Costs	3	(9,904)	(10,294)	(9,903)	(10,294)
Supplies, Consumables and Purchased Services	3	(108,109)	(89,570)	(108,108)	(89,570)
Other Expenses from Continuing Operations	3	(63,971)	(57,155)	(62,479)	(57,155)
Net Result before Capital and Specific Items		(12,796)	1,328	(10,837)	1,328
Capital Purpose Income	2	34,970	52,310	34,724	52,310
(Loss) / Gain on Revaluation of Non-Current Assets	2	530	431	530	431
Depreciation and Amortisation	4	(43,324)	(40,948)	(43,324)	(40,948)
Expenditure Using Capital Purpose Income	3	(3,364)	(1,344)	(3,118)	(1,344)
Specific Expenditure	3	-	(1,080)	-	(1,080)
Impairment of Financial Assets	3	-	(205)	-	(205)
Share of Revenue from Joint Operation	24	5,291	4,861	5,291	4,861
Share of Expenditure from Joint Operation	24	(5,289)	(4,858)	(5,289)	(4,858)
NET RESULT FOR THE YEAR FROM CONTINUING OPERATIONS		(23,982)	10,495	(22,023)	10,495
Operational Profit/(Loss) from Discontinued Operation	30	-	(1,232)	-	(1,232)
Capital Profit/(Loss) from Discontinued Operation	30	-	(344)	-	(344)
NET RESULT FOR THE YEAR		(23,982)	8,919	(22,023)	8,919
Other Comprehensive Income					
Items that may be reclassified to net result					
Changes in the fair value of available-for-sale financial assets	21	1,013	(755)	1,013	(755)
Total Other Comprehensive Income		1,013	(755)	1,013	(755)
COMPREHENSIVE RESULT FOR THE YEAR		(22,969)	8,164	(21,010)	8,164

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

	Note	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000	Consol'd 2016 \$'000	Consol'd 2015 \$'000
ASSETS					
Current Assets					
Cash and Cash Equivalents	22	11,158	12,696	11,276	12,696
Receivables	9	41,476	21,803	41,487	21,803
Investments and Other Financial Assets	10	19,879	5,829	20,588	5,829
Inventories	11	4,246	3,698	4,247	3,698
Share of Assets in Joint Operation	24	5,852	4,773	5,852	4,773
Non-financial assets classified as held for sale	12	1,743	3,169	1,743	3,169
Total Current Assets		84,353	51,968	85,192	51,968
Non-Current Assets					
Receivables	9	22,127	20,873	22,127	20,873
Investments and Other Financial Assets	10	9,382	31,142	10,509	31,142
Property, Plant and Equipment	13	579,385	588,439	579,385	588,439
Intangible Assets	14	1,770	1,954	1,770	1,954
Investment Properties	15	15,158	13,028	15,158	13,028
Total Non-Current Assets		627,822	655,436	628,949	655,436
TOTAL ASSETS		712,175	707,404	714,141	707,404
LIABILITIES					
Current Liabilities					
Payables	16	39,582	26,941	39,588	26,941
Monies Held in Trust	17	10,738	8,105	10,739	8,105
Share of Liabilities in Joint Operation	24	5,726	4,649	5,726	4,649
Employee Benefits and related on-cost Provisions	19	97,340	89,698	97,340	89,698
Total Current Liabilities		153,386	129,393	153,393	129,393
Non-Current Liabilities					
Employee Benefits and related on-cost Provisions	19	20,533	18,507	20,533	18,507
Total Non-Current Liabilities		20,533	18,507	20,533	18,507
TOTAL LIABILITIES		173,919	147,900	173,926	147,900
NET ASSETS		538,257	559,504	540,215	559,504
EQUITY					
Land Revaluation Reserve	21	36,733	36,733	36,733	36,733
Buildings Revaluation Reserve	21	234,565	234,565	234,565	234,565
Available-for-Sale Revaluation Reserve	21	(87)	130	(87)	130
Restricted Specific Purpose Reserve	21	11,640	11,180	11,640	11,180
Internally Managed Reserves	21	13,617	4,532	13,617	4,532
Contributed Capital	21	233,194	230,243	233,194	230,243
Accumulated Surplus / (Deficit)	21	8,595	42,121	10,553	42,121
TOTAL EQUITY		538,257	559,504	540,215	559,504
Commitment for Expenditure	25				
Contingent Liabilities and Contingent Assets	26				

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

Statement of Changes in Equity

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FINANCIAL REPORT

Consolidated	Note	Land Reval Reserve \$'000	Building Reval Reserve \$'000	Available-for-Sale Financial Assets Reserve \$'000	Restricted Specific Purpose Reserve \$'000	Internally Managed Specific Purpose Reserve \$'000	Contributed Capital \$'000	Accumulated Surpluses/ (Deficits) \$'000	Total \$'000
Balance at 1 July 2015		36,733	234,565	130	11,180	4,532	230,243	42,121	559,504
Net Result for the Year	21	-	-	-	-	-	-	(22,023)	(22,023)
Transfer to Reserves	21	-	-	-	460	9,085	-	(9,545)	-
Movement in Reserves	21	-	-	(217)	-	-	-	-	(217)
Contribution from Victorian Government	21	-	-	-	-	-	2,951	-	2,951
BALANCE AT 30 June 2016		36,733	234,565	(87)	11,640	13,617	233,194	10,553	540,215
Balance at 1 July 2014		36,733	234,565	3,597	10,418	29,959	215,405	8,537	539,214
Net Result for the Year	21	-	-	-	-	-	-	8,919	8,919
Transfer to Reserves	21	-	-	-	763	(25,427)	-	24,664	-
Movement in Reserves	21	-	-	(3,467)	-	-	-	-	(3,467)
Contribution from Victorian Government	21	-	-	-	-	-	14,838	-	14,838
BALANCE AT 30 June 2015		36,733	234,565	130	11,180	4,532	230,243	42,121	559,504

Parent	Note	Land Reval Reserve \$'000	Building Reval Reserve \$'000	Available-for-Sale Financial Assets Reserve \$'000	Restricted Specific Purpose Reserve \$'000	Internally Managed Specific Purpose Reserve \$'000	Contributed Capital \$'000	Accumulated Surpluses/ (Deficits) \$'000	Total \$'000
Balance at 1 July 2015		36,733	234,565	130	11,180	4,532	230,243	42,121	559,504
Net Result for the Year	21	-	-	-	-	-	-	(23,981)	(23,981)
Transfer to Reserves	21	-	-	-	460	9,085	-	(9,545)	-
Movement in Reserves	21	-	-	(217)	-	-	-	-	(217)
Contribution from Victorian Government	21	-	-	-	-	-	2,951	-	2,951
BALANCE AT 30 June 2016		36,733	234,565	(87)	11,640	13,617	233,194	8,595	538,257
Balance at 1 July 2014		36,733	234,565	3,597	10,418	29,959	215,405	8,537	539,214
Net Result for the Year	21	-	-	-	-	-	-	8,919	8,919
Transfer to Reserves	21	-	-	-	763	(25,427)	-	24,664	-
Movement in Reserves	21	-	-	(3,467)	-	-	-	-	(3,467)
Contribution from Victorian Government	21	-	-	-	-	-	14,838	-	14,838
BALANCE AT 30 June 2015		36,733	234,565	130	11,180	4,532	230,243	42,121	559,504

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

	Note	Parent Entity 2016 \$'000	Parent Entity 2015 \$'000	Consol'd 2016 \$'000	Consol'd 2015 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Grants from Government		472,580	453,655	472,580	453,655
Patient and Resident Fees Received		55,320	54,763	55,320	54,763
GST Received from ATO		12,398	15,024	12,395	15,024
Pharmaceutical Sales		19,059	12,733	19,059	12,733
Linen Fees		951	-	951	-
Pharmaceutical Benefits Scheme		32,231	19,864	32,231	19,864
Recoupment from Private Practice for use of hospital facilities		2,604	3,518	2,604	3,518
Investment Income Receipts		2,556	3,423	2,596	3,423
Other Receipts		34,597	30,139	34,536	30,139
Total Receipts		632,296	593,119	632,272	593,119
Employee Benefits Paid		(456,945)	(430,856)	(456,945)	(430,856)
Payments for Supplies, Consumables and Purchased Services		(151,372)	(139,319)	(149,696)	(139,319)
IT Services and Software		(11,840)	(10,594)	(11,894)	(10,594)
Repairs and Maintenance		(7,842)	(8,235)	(7,878)	(8,235)
Fuel, Light, Power and Water		(5,845)	(6,206)	(5,872)	(6,206)
Maintenance Contracts		(6,945)	(4,961)	(6,977)	(4,961)
Operating Lease Payments		(1,830)	(1,425)	(1,830)	(1,425)
Total Payments		(642,619)	(601,596)	(641,092)	(601,596)
Cash Generated from Operations		(10,323)	(8,477)	(8,820)	(8,477)
Capital Grants from Government		31,891	47,140	31,891	47,140
Capital Donation and Bequests Received		2,717	3,970	3,156	3,970
NET CASH FLOW FROM OPERATING ACTIVITIES	22(b)	24,285	42,633	26,227	42,633
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for Non-Financial Assets		(35,621)	(78,440)	(35,621)	(78,440)
Proceeds from Sale of Non-Financial Assets		1,774	3,784	1,774	3,784
Purchase of Investments		(17,200)	(11,648)	(19,036)	(11,648)
Proceeds from Sale of Investments		23,461	30,158	23,474	30,158
NET CASH FLOW USED IN INVESTING ACTIVITIES		(27,586)	(56,146)	(29,409)	(56,146)
CASH FLOWS FROM FINANCING ACTIVITIES					
Contributed Capital from Government		2,951	14,838	2,951	14,838
NET CASH FLOW FROM FINANCING ACTIVITIES		2,951	14,838	2,951	14,838
Cash flows used in Discontinued Operation	30	-	(933)	-	(933)
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		(350)	392	(231)	392
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		11,069	10,677	11,069	10,677
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	22(a)	10,719	11,069	10,838	11,069

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

Note 1: Statement of significant accounting policies

1.1 STATEMENT OF COMPLIANCE

These annual financial statements represent the audited general purpose financial statements for Barwon Health for the period ending 30 June 2016. The purpose of the report is to provide users with information about Barwon Health's stewardship of resources entrusted to it.

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

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

The annual financial statements were authorised for issue by the Board of Barwon Health on 10 August 2016.

1.2 BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2016, and the comparative information presented in these financial statements for the year ended 30 June 2015.

As a result of the financial performance and position, Barwon Health has obtained a letter of support from the State Government and in particular, the Department of Health and Human Services (DHHS), confirming that the department will continue to provide Barwon Health adequate cash flow to meet its current and future obligations up to September 2017. On that basis, the financial statements have been prepared on a going concern basis.

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 a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed when new indices are published by the Valuer General 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;
- › Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income – items that may be reclassified subsequent to net result); and
- › The fair value of assets other than land is generally based on their depreciated replacement value.

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. Management have made judgements and estimates specifically in the following areas:

- › Discount rates and inflation factors used in the calculation of employee benefits, disclosed further in Note 1.37 and 19;
- › Bad debt write offs, disclosed further in Note 1.23 and 9; and
- › Fair value of financial and non-financial assets, disclosed further in Notes 12, 13, 14 and 15.

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

- › The fair value of land, buildings, infrastructure, plant and equipment, (refer to Note 1.30);

Note 1: Statement of significant accounting policies

[CONTINUED]

- › Superannuation expense (refer to Note 1.17); and
- › Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1.37).

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.

Barwon Health determines the policies and procedures for both recurring fair value measurements such as property, plant and equipment, investment properties and financial instruments, and for non-recurring fair value measurements such as non-financial physical assets held for sale, in accordance with the requirements of AASB 13 and the relevant FRDs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

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

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

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

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

Barwon Health, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

Valuation policies and processes used by Barwon Health are detailed further in Notes 1.25, 1.26, 1.28, 1.29, 1.30, 1.31, 1.32 and 1.33.

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. Judgements and assumptions made by management in the application of Australian Accounting Standards that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- › The fair value of land, buildings infrastructure, plant and equipment, (refer to Note 1.30);
- › Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1.37).

1.3 REPORTING ENTITY

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

Its principal address is:
Ryrie Street,
Geelong Victoria 3220

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

1.4 ROUNDING OF AMOUNTS

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

Minor discrepancies in tables between totals and sum of components may be present due to rounding.

1.5 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.

1.6 SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

Principles of Consolidation

In accordance with AASB 10 Consolidated Financial Statements:

- › The consolidated financial statements of Barwon Health include all reporting entities controlled by Barwon Health as at 30 June 2016; and
- › Control exists when Barwon Health has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the controlled entities listed in Note 32.

Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Entities consolidated into Barwon Health reporting entity include:

- › Barwon Health Foundation Future Fund Limited and The Trustee of Barwon Health Future Fund are controlled entities of Barwon Health by virtue of the existence of congruent objectives, exposure to variable returns and significant management control over these entities.

Intersegment Transactions

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

Joint Arrangements

Interests in jointly controlled operations and 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 arrangements. Details of the joint arrangement are set out in Note 24.

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.

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 Human Services, and are also funded from other sources such as the Commonwealth, patients and residents, while Services Supported by Hospital and Community Initiatives (H & CI) are funded by Barwon Health's own activities or local initiatives and/or the Commonwealth.

Residential Aged Care Service

The aged care service 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 Notes 3 and 5 to the financial statements.

Comprehensive Operating Statement

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 sub-total 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 Human Services, and the Victorian Government to measure the ongoing result of Barwon Health in operating hospital services.

Note 1: Statement of significant accounting policies

[CONTINUED]

1.6 SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS CONTINUED

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.

Expenditure using capital purpose income comprises expenditure which either falls below the asset capitalisation threshold, or does not 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.

Other economic flows are changes arising from market remeasurements. They include:

- › Gains and losses from disposals of non-financial assets;
- › Revaluations and impairments of non-financial physical and intangible assets;
- › fair value changes of financial instruments.

Specific income/expense comprising the revaluation increments/decrements of investment properties owned by Barwon Health, as described in Note 15.

Impairment of financial and non-financial assets includes all impairment losses (and reversal of previous impairment losses) which have been recognised in accordance with Notes 1.26, 1.29 and 1.30.

Finance costs include interest on short-term and long-term borrowings and finance charges.

Balance Sheet

Assets and liabilities are categorised either as current or non-current (non-current being those assets or liabilities expected to be recovered / settled more than 12 months after reporting period) and are disclosed in the notes where relevant.

Statement of Changes in Equity

The statement of changes in equity presents reconciliations of each non-owner and owner equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income.

Cash Flow Statement

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 *Statement of Cash Flows*.

1.7 INCOME FROM TRANSACTIONS

Income is recognised in accordance with AASB 118 Revenue. Revenue is recognised to the extent that it is probable that the economic benefits will flow to Barwon Health and the income can be reliably measured at fair value. 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.

1.8 GOVERNMENT GRANTS AND OTHER TRANSFERS OF INCOME (OTHER THAN CONTRIBUTIONS BY OWNERS)

In accordance with AASB 1004 Contributions, government grants and other transfers of income (other than contributions by owners) are recognised as income when Barwon Health gains control of the underlying assets irrespective of whether conditions are imposed on Barwon Health's use of the contributions.

Contributions are deferred as income in advance when Barwon Health has a present obligation to repay them and the present obligation can be reliably measured.

1.9 INDIRECT CONTRIBUTIONS FROM THE DEPARTMENT OF HEALTH AND HUMAN SERVICES

The Department of Health and Human Services meets certain costs on behalf of Barwon Health. Barwon Health recognises both the costs and contributions relating to these items as follows:

- › Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- › Long Service Leave 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 05/2013 (update for 2014-15)."

1.10 PATIENT AND RESIDENT FEES

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

1.11 PRIVATE PRACTICE FEES

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

1.12 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. Unspent donations which are for a specific purpose may be appropriated to a specific purpose reserve.

1.13 DIVIDEND REVENUE

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

1.14 INTEREST REVENUE

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

1.15 SALE OF INVESTMENTS

The gain/loss on the sale of investments is recognised when the investment is realised.

1.16 EXPENSE RECOGNITION

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

1.17 EMPLOYEE EXPENSES

Employee expenses include

- › Wages and salaries;
- › Annual leave;
- › Sick leave;
- › On costs;
- › Long service leave; and
- › Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Defined Contribution Superannuation Plans

Contributions to defined contribution superannuation plans are expensed when incurred.

Defined Benefit Superannuation Plans

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

The name and details of the major employee superannuation funds and contributions made by Barwon Health are disclosed in Note 20.

Note 1: Statement of significant accounting policies

[CONTINUED]

1.18 DEPRECIATION

Assets with a cost in excess of \$2,000 (2015: \$2,000) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their useful lives. The exception is IT assets which are capitalised if in excess of \$5,000 (2015: \$5,000). 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 and Human Services.

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.

	2016	2015
Buildings and Leasehold Improvements	3–50 years	3–50 years
Plant and Equipment	5–10 years	5–10 years
Medical Equipment	5–10 years	5–10 years
Furniture and Fittings	5–10 years	5–10 years
Linen	3–5 years	3–5 years
Intangible Assets	4–5 years	4–5 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 in the above table.

Amortisation:

Amortisation is allocated to intangible non-produced assets with finite useful lives on a systematic (typically straight line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The consumption of intangible non-produced assets with finite useful lives is classified as amortisation.

The amortisation period and amortisation methods for an intangible asset with a finite useful life 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 asset concerned is tested as to whether its carrying value exceeds its recoverable amount.

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 OTHER OPERATING EXPENSES

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

Supplies and Consumables

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

Bad and Doubtful Debts

Refer to Note 1.26 *Impairment of Financial Assets*

1.21 FINANCIAL INSTRUMENTS

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

Loans and Receivables

Loans and receivables are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Loans and receivables category includes cash and deposits, term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Available-for-Sale Financial Assets

Shares and fixed and floating debt obligations 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 other comprehensive income 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 the net result for the period. Fair value is determined in the manner described in Note 23.

Financial Liabilities at Amortised Cost

Financial instrument liabilities include all of Barwon Health's contractual payables and deposits held and advances received. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount in the redemption value being recognised in profit and loss over the period of the interest-bearing liability, using the effective interest rate method. Financial instrument liabilities measured at amortised cost include all of Barwon Health's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

Revaluations of financial instruments at fair value

The revaluation gain/(loss) on financial instruments at fair value excludes dividends or interest earned on financial assets.

1.22 CASH AND CASH EQUIVALENTS

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

1.23 RECEIVABLES

Receivables consist of:

- › Contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables; and
- › Statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable.

Receivables that are contractually classified as financial instruments and categorised as loans and receivables. Statutory receivables are recognised and measured similarly to contractual receivables (except impairment), but are not classified as financial instruments because they do not arise from a contract.

Receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less any accumulated impairment. 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.

1.24 PREPAYMENTS

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

Note 1: Statement of significant accounting policies

[CONTINUED]

1.25 INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments and 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.

1.26 IMPAIRMENT OF FINANCIAL ASSETS

At the end of each reporting period, Barwon Health assesses whether there is objective evidence that a financial asset or group of financial assets are impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment. Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed. Bad debt written off by mutual consent and the allowance for doubtful debts are classified as 'other comprehensive income' in the net result.

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Where the fair value of an investment in an equity instrument at balance date has reduced by 20 percent or more than its cost price or where its fair value has been less than its cost price for a period of 12 months or more, the financial asset is treated as impaired. In order to determine an appropriate fair value as at 30 June 2016 for its portfolio of financial assets, Barwon Health obtained a valuation based on the best available advice using an estimated market value through a reputable financial institution. This value was compared against valuation methodologies provided by the issuer as at 30 June 2016. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

1.27 NET GAIN / (LOSS) ON FINANCIAL INSTRUMENTS

Net gain / (loss) on financial instruments is made up of the disposals of financial assets.

1.28 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.

1.29 NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD-FOR-SALE

Non-financial physical assets and disposal groups and related liabilities are treated as current and are classified as held-for-sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. The condition is regarded as met only when the sale is highly probable, the asset's sale (or disposal group) is expected to be completed within 12 months from the date of classification, and the asset is available for immediate use in the current condition.

Non-financial physical assets (including disposal groups) classified as held-for-sale are treated as current and are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation.

1.30 PROPERTY, PLANT AND EQUIPMENT

All non-current physical assets are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment. Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

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

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

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.

1.31 REVALUATIONS OF NON-CURRENT PHYSICAL ASSETS

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103F *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 recognised in 'other comprehensive income' and are credited directly to the asset revaluation surplus, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, the increment is recognised as income in the net result.

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve 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 surpluses are not transferred to accumulated funds on derecognition of the relevant asset.

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

1.32 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 (2015: 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, in accordance with AASB 136 Impairment of Assets. 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.

1.33 INVESTMENT PROPERTIES

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. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. Investment properties are neither depreciated nor tested for impairment.

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.

Note 1: Statement of significant accounting policies

[CONTINUED]

1.34 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.

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 reserve amount applicable to that same class of asset.

1.35 PAYABLES

Payables consist of contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to Barwon Health prior to the end of the financial year that are unpaid, and arise when Barwon Health becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms for accounts payable are usually 30 days. Statutory payables are also included, such as goods and services tax and fringe benefits tax payables.

Contractual payables are classified as financial instruments and are initially recognised at fair value, and then subsequently carried at amortised cost. Statutory payables are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from a contract.

Monies 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.

1.36 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 the net result over the period of the interest bearing liability using the effective interest method. Fair value is determined in the manner described in Note 23.

1.37 EMPLOYEE BENEFITS

Wages and Salaries, Annual Leave and Accrued Days Off

This provision arises for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date.

Liabilities for wages and salaries, including non-monetary benefits and annual leave, are all recognised in the provision for employee benefits as 'current liabilities', because Barwon Health does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlement, liabilities for wages and salaries, annual leave and sick leave are measured at:

- › Undiscounted value – if Barwon Health expects to wholly settle within 12 months; or
- › Present value – if Barwon Health does not expect to wholly settle within 12 months.

Long Service Leave

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

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.

Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as another economic flow.

Superannuation Liabilities

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.

Employee Benefit On-Costs

Employee benefit on-costs, such as workers compensation and superannuation are recognised together with provisions for employee benefits.

1.38 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. The leased asset is not recorded in the balance sheet.

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.

1.39 CONTRIBUTED CAPITAL

Consistent with Australian Accounting Interpretation 1038 *Contributions by Owners Made to Wholly-Owned Public Sector Entities* and Financial Reporting Direction 119A *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 to or distributions by owners that have been designated as contributed capital are also treated as contributed capital.

1.40 LAND AND BUILDINGS REVALUATION RESERVE

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

Note 1: Statement of significant accounting policies

[CONTINUED]

1.41 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.

1.42 SPECIFIC RESTRICTED PURPOSE FUNDS

Barwon Health's Specific Restricted Purpose Funds comprise funds for which Barwon Health exercises control over the use of those 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.

1.43 COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 25) at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

1.44 CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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

1.45 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 for expenditure and contingent assets and liabilities are presented on a gross basis.

1.46 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.

Mental Health Services (Mental Health)

Mental Health comprises all recurrent health revenue/expenditure on specialised mental health services (child and adolescent, general and adult, community and forensic) managed or funded by the state or territory health administrations, and includes: admitted patient services, outpatient services, community-based services, residential and ambulatory services.

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.

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.

1.47 INVESTMENTS IN JOINT OPERATIONS

In respect of any interests in joint operations, Barwon Health recognises in the financial statements:

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

1.48 NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2016 reporting period. As at 30 June 2016, the following standards and interpretations had been issued but were not mandatory for financial years ending 30 June 2016. Barwon Health has not and does not intend to adopt these standards early.

Note 1: Statement of significant accounting policies

[CONTINUED]

1.49

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Barwon Health Financial Statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	<p>The assessment has identified that the financial impact of available-for-sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss.</p> <p>While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.</p>
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2017 (Exposure Draft 263 – potential deferral to 1 Jan 2018)	<p>The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.</p> <p>A potential impact will be the upfront recognition of revenue from arrangements that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.</p>
AASB 2014 1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASBs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014 4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: <ul style="list-style-type: none"> › establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; › prohibit the use of revenue based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset. 	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue-based method is not used for depreciation and amortisation.

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Barwon Health Financial Statements
AASB 2014 9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements [AASB 1, 127 & 128]	Amends AASB 127 Separate Financial Statements to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 Jan 2016	The assessment indicates that there is no expected impact as the entity will continue to account for the investments in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A.
AASB 2014 10 Amendments to Australian Accounting Standards – Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]	<p>AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that:</p> <ul style="list-style-type: none"> › a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and › a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. 	1 Jan 2016	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.
AASB 2015 6 Amendments to Australian Accounting Standards – Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit public sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP), and the related party transactions.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	<p>The assessment has indicated that there is limited impact, as Barwon Health holds a limited number of operating leases and no finance leases.</p> <p>Where Barwon Health maintains operating leases (that are not considered short term) as a lessor, a lease liability of the operating lease contract and an associated 'right to use' asset will be recognised on Barwon Health's balance sheet.</p>

Note 2: Analysis of revenue by source

2016	Note	Admitted Patients \$'000	Non-Admitted \$'000
Consolidated			
Government Grants		364,715	25,662
Indirect Contributions by Department of Health and Human Services		1,174	91
Patient and Resident Fees	5	37,361	5,523
Private Practice Fees		132	-
Recoupment from Private Practice for use of Hospital Facilities		2,510	55
Business Units and Specific Purpose Funds		-	-
Other Revenue from Operating Activities		6,687	597
Total Revenue from Operating Activities		412,579	31,928
Interest		-	-
Dividends and Profit on Sale of Available-for-Sale Investments		-	-
Total Revenue from Non-Operating Activities		-	-
Capital Purpose Income		-	-
Donations and Bequests		-	-
Net Gain/(Loss) from Disposal of Non-Current Assets	6	-	-
Total Capital Purpose Income		-	-
Net Gain/(Loss) on Revaluation of Non-Current Assets	15	-	-
Total Other Revenue		-	-
TOTAL REVENUE FROM OPERATIONS		412,579	31,928

2015	Note	Admitted Patients \$'000	Non-Admitted \$'000
Consolidated			
Government Grants		329,476	25,254
Indirect Contributions by Department of Health and Human Services		2,623	151
Patient and Resident Fees	5	35,872	5,517
Private Practice Fees		135	-
Recoupment from Private Practice for use of Hospital Facilities		2,692	74
Business Units and Specific Purpose Funds		-	-
Other Revenue from Operating Activities		7,469	525
Total Revenue from Operating Activities		378,267	31,521
Interest		-	-
Dividends and Profit on Sale of Available-for-Sale Investments		-	-
Total Revenue from Non-Operating Activities		-	-
Capital Purpose Income		-	-
Donations and Bequests		-	-
Net Gain/(Loss) on Disposal of Non-Current Assets	6	-	-
Total Capital Purpose Income		-	-
Net Gain/(Loss) on Revaluation of Non-Current Assets	15	-	-
Total Other Revenue		-	-
TOTAL REVENUE FROM OPERATIONS		378,267	31,521

	EDS \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
	25,636	36,505	27,568	2,437	27,012	2,318	511,853
	79	117	100	9	83	-	1,653
	1,480	2,150	6,914	543	755	3,209	57,935
	-	-	-	-	-	50	182
	1	1	1	-	2	5	2,575
	-	-	-	-	-	27,633	27,633
	601	2,185	403	136	1,378	839	12,826
	27,797	40,958	34,986	3,125	29,230	34,054	614,657
	-	-	-	-	-	1,941	1,941
	-	-	-	-	-	1,092	1,092
	-	-	-	-	-	3,033	3,033
	-	-	-	-	-	31,536	31,536
	-	-	-	-	-	2,850	2,850
	-	-	-	-	-	338	338
	-	-	-	-	-	34,724	34,724
	-	-	-	-	-	530	530
	-	-	-	-	-	530	530
	27,797	40,958	34,986	3,125	29,230	72,341	652,944

	EDS \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
	29,457	35,389	26,839	15,153	13,560	2,212	477,340
	175	379	228	146	93	24	3,819
	734	460	7,964	576	104	4,260	55,487
	-	-	-	-	-	12	147
	-	-	-	-	-	-	2,766
	-	-	-	-	-	23,951	23,951
	600	3,014	473	404	1,170	500	14,155
	30,966	39,242	35,504	16,279	14,927	30,959	577,665
	-	-	-	-	-	2,899	2,899
	-	-	-	-	-	3,631	3,631
	-	-	-	-	-	6,530	6,530
	-	-	-	-	-	47,966	47,966
	-	-	-	-	-	3,929	3,929
	-	-	-	-	-	415	415
	-	-	-	-	-	52,310	52,310
	-	-	-	-	-	431	431
	-	-	-	-	-	431	431
	30,966	39,242	35,504	16,279	14,927	90,230	636,936

Note 3: Analysis of expenses by source

2016	Note	Admitted Patients \$'000	Non-Admitted \$'000
Consolidated			
Employee Benefits		307,142	17,493
Non-Salary Labour Costs		7,819	145
Supplies, Consumables and Purchased Services		85,148	3,692
Other Expenses		40,614	2,224
Total Expenditure from Operating Activities		440,723	23,554
Expenditure for Capital Purposes		572	24
Specific Expenditure		-	-
Impairment of Available-for-Sale Financial Assets		-	-
Depreciation and Amortisation	4	31,303	1,676
Total Other Expenses		31,875	1,700
Total Expenses from Ordinary Activities		472,598	25,254

2015	Note	Admitted Patients \$'000	Non-Admitted \$'000
Consolidated			
Employee Benefits		286,278	16,517
Non-Salary Labour Costs		7,036	5
Supplies, Consumables and Purchased Services		67,757	2,152
Other Expenses		36,295	2,127
Total Expenditure from Operating Activities		397,366	20,801
Expenditure for capital purposes		-	8
Specific Expenditure		-	-
Impairment of Available-for-Sale Financial Assets		-	-
Depreciation and Amortisation	4	27,855	2,135
Total Other Expenses		27,855	2,143
Total Expenses from Ordinary Activities		425,221	22,944

	EDS \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
	20,252	40,876	25,226	15,538	9,969	11,541	448,037
	229	692	772	121	100	25	9,903
	5,460	5,511	4,348	1,838	1,864	247	108,108
	2,235	4,337	2,783	1,419	1,775	7,092	62,479
	28,176	51,416	33,129	18,916	13,708	18,905	628,527
	38	83	33	19	16	2,333	3,118
	-	-	-	-	-	-	-
	-	-	-	-	-	-	-
	2,006	3,661	2,357	1,346	975	-	43,324
	2,044	3,744	2,390	1,365	991	2,333	46,442
	30,220	55,160	35,519	20,281	14,699	21,238	674,969

	EDS \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
	19,104	41,353	24,866	15,880	10,186	11,664	425,848
	78	294	630	2,154	11	86	10,294
	4,533	2,009	2,158	569	1,314	9,078	89,570
	1,877	3,431	1,857	962	2,711	7,895	57,155
	25,592	47,087	29,511	19,565	14,222	28,723	582,867
	18	115	18	11	15	1,159	1,344
	-	-	-	-	-	1,080	1,080
	-	-	-	-	-	205	205
	2,490	2,992	2,269	1,281	1,146	780	40,948
	2,508	3,107	2,287	1,292	1,161	3,224	43,577
	28,100	50,194	31,798	20,857	15,383	31,947	626,444

Note 4: Depreciation and Amortisation

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Depreciation		
Building and Leasehold	33,071	30,985
Plant and Equipment	4,021	3,566
Medical Equipment	5,302	4,994
Furniture and Fittings	176	65
Linen	-	600
Total Depreciation	42,570	40,210
Amortisation		
Intangible Assets	754	738
Total Amortisation	754	738
Total Depreciation and Amortisation	43,324	40,948

Note 5: Patient and Resident fees

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Patient Fees Raised		
Acute	39,171	38,186
Subacute	7,218	7,182
Other	5,477	4,116
Resident Fees Raised		
Geriatric	5,297	5,289
Mental Health	772	714
TOTAL	57,935	55,487

Note 6: Net gain/(loss) on disposal of non-financial assets

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Proceeds from Disposal of Property, Plant and Equipment		
- Motor Vehicles	182	243
- Plant and Equipment	153	-
- Medical Equipment	-	-
- Building	-	-
Total Proceeds from Disposal of Property, Plant and Equipment	335	243
Less: Written Down Value of Property, Plant and Equipment Disposed		
- Motor Vehicles	-	38
- Plant and Equipment	-	-
- Medical Equipment	246	-
- Building	-	-
Total Written Down Value of Property, Plant and Equipment Disposed	246	38
Net Loss on Disposal of Property, Plant and Equipment Disposed	89	205
Proceeds from Disposal of Property Held-for-Sale		
- Building	-	2,187
- Land	1,429	1,593
Total Proceeds from Disposal of Property Held-for-Sale	1,429	3,780
Less: Written Down Value of Property Held-for-Sale		
- Building	1,180	1,480
- Land	-	2,090
Total Written Down Value of Property Held-for-Sale	1,180	3,570
Net Gain on disposal of Property Held-for-Sale	249	210
Proceeds from Disposal of Intangible Assets		
- Intangible Assets	-	-
Total Proceeds from Disposal of Intangible Assets	-	-
Less: Written Down Value of Intangible Assets		
- Intangible Assets	-	-
Total Written Down Value of Intangible Assets	-	-
Net Loss on disposal of Intangible Assets	-	-
Total Net (Loss) / Gain on Disposal of Non-Financial Assets	338	415

Note 7: Analysis of revenue and expenses by internally managed and restricted specific purpose funds

	Revenue		Expense	
	Consol'd 2016 \$'000	Consol'd 2015 \$'000	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Commercial Activities				
Pharmacy Services	15,423	12,733	11,180	9,369
Laundry	920	-	4,490	2,060
Research	3,272	3,091	2,289	2,070
Staff Care	153	144	1,055	1,033
Laboratory Medicine	1,025	1,103	925	1,038
Chronic Disease Management Project	112	645	128	453
Property	1,891	2,013	1,372	1,334
Salary Packaging Charges	2,072	2,016	491	454
Other	3,445	2,207	746	-
Total Business Unit and Specific Purpose Funds	28,313	23,952	22,676	17,811
Other Activities				
Recoupment from Private Practice Arrangements	3,042	2,766	2,827	2,387
Discontinued Operations	-	3,175	-	4,752
TOTAL	31,355	29,893	25,503	24,950

Note 8: Finance costs

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Finance Charges on Finance Leases	-	-
TOTAL	-	-

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
CURRENT		
Contractual		
Patient Fees	8,563	6,424
Sundry Debtors	16,072	6,175
Less: Allowance for Doubtful Debts	(390)	(367)
Accrued Investment Income	1,002	781
Accrued Revenue - Other	6,001	4,404
Prepayments	9,266	816
	40,514	18,233
Statutory		
GST Receivable	973	1,327
Accrued Revenue - Department of Health / Department of Health and Human Services	-	2,243
TOTAL CURRENT RECEIVABLES	41,487	21,803
NON CURRENT		
Statutory		
Long Service Leave - Department of Health / Department of Health and Human Services	22,127	20,873
TOTAL NON-CURRENT RECEIVABLES	22,127	20,873
TOTAL RECEIVABLES	63,614	42,676
(a) Movement in allowance for patient fee doubtful debts:		
Balance at beginning of year	(367)	(387)
Amounts written off during year	221	485
(Increase) / decrease in allowance recognised in net result	(244)	(465)
Balance at end of the year	(390)	(367)
(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 10: Investments and other financial assets

	Note	Operating Fund		Capital Fund		Total	
		Consol'd 2016 \$'000	Consol'd 2015 \$'000	Consol'd 2016 \$'000	Consol'd 2015 \$'000	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Current							
- Australian Dollar Term Deposits > 3 months		46	46	-	-	46	46
- Australian Dollar Term Deposits < 3 months		17,909	-	-	-	17,909	-
- Fixed Bonds and Floating Rate Notes		-	4,114	2,633	1,669	2,633	5,783
TOTAL CURRENT		17,955	4,160	2,633	1,669	20,588	5,829
Non-Current							
- Equities at Fair Value		1,127	2,455	-	-	1,127	2,455
- Fixed Bonds and Floating Rate Notes		1,716	23,878	7,667	4,809	9,382	28,687
TOTAL NON-CURRENT		2,843	26,333	7,667	4,809	10,509	31,142
TOTAL	23 (b)	20,798	30,493	10,300	6,478	31,097	36,971
Represented by:							
Health Service Investments						20,797	30,493
Monies Held in Trust							
- Refundable Entrance Fees						10,300	6,478
TOTAL						31,097	36,971

(a) Ageing analysis of investments - term deposits.

Please refer to Note 23 for the ageing analysis of investments and other financial assets.

(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 11: Inventories

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Pharmaceuticals at Cost	2,238	1,222
Medical and Surgical Lines at Cost	1,767	2,288
Bulk Store at Cost	242	188
TOTAL INVENTORIES	4,247	3,698

Note 12: Non-financial physical assets classified as held-for-sale

(A) ASSETS HELD-FOR-SALE

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Land and Buildings - Held-for-Sale at Fair Value		
Land	975	1,905
Buildings	575	825
Total Land and Building Assets Classified as Held-for-Sale	1,550	2,730
Plant and Equipment - Held-for-Sale at Fair Value		
Other Equipment	158	376
Plant	33	61
IT Equipment	2	2
Total Plant and Equipment Assets Classified as Held-for-Sale	193	439
Total Non-Financial Physical Assets Classified as Held-for-Sale	1,743	3,169

(B) FAIR VALUE MEASUREMENT OF NON-FINANCIAL PHYSICAL ASSETS HELD-FOR-SALE

	Carrying amount	Fair value measurement at end of reporting period using:		
	2016 \$'000	Level 1 (1)	Level 2 (1)	Level 3 (1)
Land	975	-	975	-
Buildings	575	-	575	-
Other Equipment	158	-	-	158
Plant	33	-	-	33
IT Equipment	2	-	-	2
Total Property Held-for-Sale	1,743	-	1,550	193

	Carrying amount	Fair value measurement at end of reporting period using:		
	2015 \$'000	Level 1 (1)	Level 2 (1)	Level 3 (1)
Land	1,905	-	1,905	-
Buildings	825	-	825	-
Other Equipment	376	-	-	376
Plant	61	-	-	61
IT Equipment	2	-	-	2
Total Property Held-for-Sale	3,169	-	2,730	439

(1) Classified in accordance with the fair value hierarchy (Note 1)

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

For land and buildings, an independent valuation was performed by independent valuers the Valuer-General Victoria (VGV) to determine the fair value using the market approach. Valuation of the assets was determined by

analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

To the extent that land and buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Note 13: Property, plant and equipment

(A) GROSS CARRYING AMOUNT AS AT 30 JUNE 2016

2016	At Cost / Valuation	Accumulated Depreciation / Amortisation	Net Assets 2016
Consolidated	\$'000	\$'000	\$'000
Land and Buildings			
At Fair Value			
Land at Revaluation on 30 June 2014	37,865	-	37,865
Crown Land at Revaluation on 30 June 2014	8,730	-	8,730
Buildings at Revaluation on 30 June 2014	899,336	418,011	481,325
	945,931	418,011	527,920
Buildings Under Construction at Cost	9,567	-	9,567
Leasehold Improvements at Fair Value	1,514	741	773
Plant and Equipment at Fair Value			
- Plant	8,895	4,300	4,595
- Motor Vehicles	5,989	4,156	1,833
- Other	28,664	18,724	9,940
	43,548	27,180	16,368
Medical Equipment at Fair Value	69,474	47,034	22,440
Furniture and Fittings at Fair Value	2,838	586	2,252
Linen at Fair Value	65	-	65
Total Property, Plant and Equipment	1,072,937	493,552	579,385

Please refer to Note 1.31 for more details on revaluation of property, plant and equipment.

(A) GROSS CARRYING AMOUNT AS AT 30 JUNE 2015

2015	At Cost / Valuation	Accumulated Depreciation / Amortisation	Net Assets 2015
Consolidated	\$'000	\$'000	\$'000
Land and Buildings			
At Fair Value			
Land at Revaluation on 30 June 2014	39,465	-	39,465
Crown Land at Revaluation on 30 June 2014	8,730	-	8,730
Buildings at Revaluation on 30 June 2014	869,266	385,155	484,111
	917,461	385,155	532,306
Buildings Under Construction at Cost	12,983	-	12,983
Leasehold Improvements at Fair Value	1,513	525	988
Plant and Equipment at Fair Value			
- Plant	8,193	3,514	4,679
- Motor Vehicles	5,992	3,660	2,332
- Other	28,134	16,079	12,055
	42,319	23,253	19,066
Medical Equipment at Fair Value	63,767	41,867	21,900
Furniture and Fittings at Fair Value	1,605	410	1,195
Linen at Fair Value	-	-	-
Total Property, Plant and Equipment	1,039,648	451,210	588,439

Note 13: Property, plant and equipment

[CONTINUED]

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

2016	Land	Buildings and Leasehold Improvements
Consolidated	\$'000	\$'000
Balance at 1 July 2015	48,195	498,081
Work in Progress	-	(3,416)
Additions	-	30,070
Revaluation Increment/Decrement	-	-
Asset write off	-	-
Classified as Property Held-for-Sale	-	-
Transfers	(1,600)	-
Disposals	-	-
Depreciation and Amortisation	-	(33,071)
Balance at 30 June 2016	46,595	491,664

2015	Land	Buildings and Leasehold Improvements
Consolidated	\$'000	\$'000
Balance at 1 July 2014	48,195	467,900
Work in Progress	-	(30,108)
Additions	-	91,275
Revaluation Increment/Decrement	-	-
Asset write off	-	-
Classified as Property Held-for-Sale	-	-
Disposals	-	-
Depreciation and Amortisation	-	(30,985)
Balance at 30 June 2015	48,195	498,081

Land and Buildings carried at Valuation

An independent valuation of Barwon Health's property, plant and equipment was performed by the Valuer-General Victoria to determine reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The

The effective date of the valuation is 30 June 2014.

Plant and Equipment	Medical Equipment	Furniture and Fittings	Linen	Total
\$'000	\$'000	\$'000	\$'000	\$'000
19,068	21,900	1,195	-	588,439
(1,692)	-	-	-	(5,108)
3,086	6,341	1,233	65	40,795
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	(1,600)
(72)	(499)	-	-	(571)
(4,021)	(5,302)	(176)	-	(42,570)
16,369	22,440	2,252	65	579,385

Plant and Equipment	Medical Equipment	Furniture and Fittings	Linen	Total
\$'000	\$'000	\$'000	\$'000	\$'000
17,023	18,449	180	991	552,738
993	-	-	-	(29,115)
5,094	8,445	1,080	-	105,894
-	-	-	-	-
-	-	-	(391)	(391)
(439)	-	-	-	(439)
(38)	-	-	-	(38)
(3,566)	(4,994)	(65)	(600)	(40,210)
19,068	21,900	1,195	-	588,439

the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by the valuation was based on independent assessments.

Note 13: Property, plant and equipment

[CONTINUED]

(C) FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS

	Consolidated carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using:			
		\$'000	Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
Land and Buildings at Fair Value					
Non-specialised Land	18,412	-	18,412	-	-
Specialised Land	28,183	-	-	-	28,183
Non-specialised Buildings	838	-	838	-	-
Specialised Buildings	480,487	-	-	-	480,487
Leasehold Improvements	773	-	773	-	-
Total Land and Buildings at Fair Value	528,693	-	20,023	508,670	-
Plant and Equipment at Fair Value					
- Plant at Depreciated Replacement Cost	4,595	-	4,595	-	-
- Motor Vehicles at Depreciated Replacement Cost	1,833	-	1,833	-	-
- Other at Depreciated Replacement Cost	9,940	-	9,940	-	-
Total Plant and Equipment at Fair Value	16,368	-	16,368	-	-
Medical equipment at Fair Value	22,440	-	20,409	2,031	-
Furniture and Fittings at Fair Value	2,252	-	2,252	-	-
Linen at Fair Value	65	-	65	-	-
	569,818	-	59,114	510,701	-

⁽¹⁾ Classified in accordance with the fair value hierarchy, see Note 1.2. There have been no transfers between levels during the period.

	Consolidated carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:			
		\$'000	Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
Land and Buildings at Fair Value					
Non-specialised Land	20,012	-	20,012	-	-
Specialised Land	28,183	-	-	-	28,183
Non-specialised Buildings	811	-	811	-	-
Specialised Buildings	483,299	-	-	-	483,299
Buildings Under Construction	12,983	-	6,541	-	6,442
Leasehold Improvements	989	-	989	-	-

	Consolidated carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		\$'000	Level 1 ⁽¹⁾	Level 2 ⁽¹⁾
Total Land and Buildings at Fair Value	546,278	-	28,354	517,924
Plant and Equipment at Fair Value				
- Plant at Depreciated Replacement Cost	4,679	-	4,679	-
- Motor Vehicles at Depreciated Replacement Cost	2,332	-	2,332	-
- Other at Depreciated Replacement Cost	12,056	-	12,056	-
Total Plant and Equipment at Fair Value	19,067	-	19,067	-
Medical equipment at Fair Value	21,900	-	18,935	2,965
Furniture and Fittings at Fair Value	1,195	-	1,195	-
Linen at Fair Value	-	-	-	-
	588,440	-	67,551	520,889

⁽¹⁾ Classified in accordance with the fair value hierarchy, see Note 1.2. There have been no transfers between levels during the period.

Non-specialised land and non-specialised buildings

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by independent valuers the Valuer-General Victoria (VGV) to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

To the extent that non-specialised land and non-specialised buildings do not contain significant, unobservable adjustments, these assets are classified as Level 2 under the market approach.

Specialised land and specialised buildings

The market approach is also used for specialised land and specialised buildings although is adjusted for the community service obligation (CSO) to reflect the specialised nature of the assets being valued.

Specialised assets contain significant, unobservable adjustments; therefore these assets are classified as Level 3 under the market based direct comparison approach.

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

An independent valuation of Barwon Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2014.

Note 13: Property, plant and equipment

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Vehicles

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

Plant and equipment

Plant and equipment is held at carrying value (depreciated cost). When plant and equipment is specialised in use,

such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. As there is market evidence that current replacement costs are not significantly different from the original acquisition cost, it has been assessed that depreciated replacement cost will not be materially different from the existing carrying value.

There were no changes in valuation techniques throughout the period to 30 June 2016.

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

(D) RECONCILIATION OF LEVEL 3 FAIR VALUE

2016	Specialised Land	Specialised Buildings	Medical Equipment
Consolidated	\$'000	\$'000	\$'000
Opening Balance	28,183	483,299	2,965
Additions / (Capitalisation)	-	29,996	-
Transfers in (out) of Level 3	-	-	-
Gains or losses recognised in net result			
- Depreciation	-	(32,808)	(934)
Subtotal	28,183	480,487	2,031
Items recognised in other comprehensive income			
- Revaluation	-	-	-
Closing Balance	28,183	480,487	2,031

2015	Specialised Land	Specialised Buildings	Medical Equipment
Consolidated	\$'000	\$'000	\$'000
Opening Balance	28,183	423,001	4,260
Additions / (Capitalisation)	-	90,803	-
Gains or losses recognised in net result			
- Depreciation	-	(30,505)	(1,295)
Subtotal	-	(30,505)	(1,295)
Items recognised in other comprehensive income			
- Revaluation	-	-	-
Closing Balance	28,183	483,299	2,965

⁽ⁱ⁾ Classified in accordance with the fair value hierarchy, see Note 1.2.

(E) DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATIONS:

Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land			
Market approach	Community Service Obligation (CSO) adjustment	2016: 20% 2015: 20%	A significant increase or decrease in the CSO adjustment would result in a significantly lower (higher) fair value.
Specialised buildings			
Depreciated replacement cost	Direct cost per square metre	2016: \$500 - \$4,300/m ² (\$1,900/m ²) 2015: \$500 - \$4,300/m ² (\$1,900/m ²)	A significant increase or decrease in direct cost per square meter adjustment would result in a significantly higher or lower fair value.
	Useful life of specialised buildings	2016: 5-51 years (30 years) 2015: 5-51 years (23 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
Medical equipment at fair value			
Depreciated replacement cost	Useful life of medical equipment	2016: 7-10 years (8 years) 2015: 7-10 years (8 years)	Increase (decrease) in useful life would result in a significantly higher (lower) fair value.

The significant unobservable inputs remain unchanged in 2016.

Note 14: Intangible assets

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Intangible Assets	1,770	1,954
Total Intangible Assets	1,770	1,954
Reconciliation of the carrying amounts of intangible assets at the beginning and the end of the previous and current financial year:		
Reconciliation of movement in Intangible Assets		
Balance at beginning of financial year	1,954	1,083
Reclass of Assets	-	-
Additions	570	1,609
Disposals	-	-
Amortisation	(754)	(738)
Balance at end of financial year	1,770	1,954
Total Intangible Assets	1,770	1,954

(A) MOVEMENTS IN CARRYING VALUE FOR INVESTMENT PROPERTIES AS AT 30 JUNE 2016

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Balance at Beginning of Period	13,028	12,598
Net Gain from fair value adjustment	530	430
Transfer from Property, Plant & Equipment	1,600	-
Balance at the end of Period	15,158	13,028

Investment properties were revalued at 30 June 2016 by the Victorian Valuer General's Office, to determine the fair value of the properties.

Rental income from Investment Properties for the year was \$1,143,016 (2015: \$628,466). Related operating expenses were \$13,700 (2015: \$16,235).

(B) FAIR VALUE MEASUREMENT HIERARCHY FOR INVESTMENT PROPERTIES AS AT 30 JUNE 2016

	Consolidated carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using:		
		\$'000	Level 1 ⁽¹⁾	Level 2 ⁽¹⁾
Investment properties	15,158	-	15,158	-
	15,158	-	15,158	-

	Consolidated carrying amount as at 30 June 2015	Fair value measurement at end of reporting period using:		
		\$'000	Level 1 ⁽¹⁾	Level 2 ⁽¹⁾
Investment properties	13,028	-	12,358	670
	13,028	-	12,358	670

⁽¹⁾ Classified in accordance with the fair value hierarchy, see Note 1.2.

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2016.

For investment properties measured at fair value, the current use of the asset is considered the highest and best use.

The fair value of Barwon Health's investment properties at 30 June 2016 have been arrived on the basis of an independent valuation carried out by independent valuers the Valuer-General Victoria (VGV). This valuation was performed in the comparative financial year.

The valuation was determined by reference to market evidence of transaction process for similar properties with no significant unobservable adjustments, in the same location and condition and subject to similar lease and other contracts.

If there is no market based evidence of fair value because of the specialised nature of the item of the investment property and the item is rarely sold, except as part of a continuing business, the fair value is established using a depreciated replacement cost approach. Further details of significant unobservable inputs relating to Level 3 land and buildings are disclosed in Note 13 (e).

Note 16: Payables

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Current		
Contractual		
Trade Creditors	17,315	5,804
Accrued Expenses	15,478	6,869
Accrued Expense - Department of Health and Human Services	129	-
Australian Taxation Office	2,248	1,291
Superannuation	96	3,947
Salary Packaging	1,207	5,127
Other - payables	3,115	3,903
Total Payables	39,588	26,941

(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.

Note 17: Monies held in trust

	Note	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Current			
Contractual			
Refundable Entrance Fees		9,951	7,237
Residential Patient Monies held in Trust		788	868
Total Monies Held in Trust		10,739	8,105
Total Monies Held in Trust			
Represented by the following assets:			
Cash held - monies held in trust	22	439	1,627
Investments and other financial assets	10	10,300	6,478
Total Monies Held in Trust		10,739	8,105

Note 18: Interest bearing liabilities

	Note	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Current			
Lease Liabilities	25	-	-
Total Current		-	-
Total Interest Bearing Liabilities	25	-	-

Barwon Health has no unsecured Finance Leases for Motor Vehicles at 30 June 2016.

(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 19: Employee benefits and related on-costs provisions

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Current Provisions		
Employee Benefits		
Annual leave (Note 19 (a))		
- Unconditional and expected to be settled within 12 months	26,806	25,582
- Unconditional and expected to be settled after 12 months (present value)	4,285	4,067
Long service leave (Note 19 (b))		
- Unconditional and expected to be settled within 12 months	21,175	20,673
- Unconditional and expected to be settled after 12 months (present value)	24,585	23,553
Accrued Salaries and Wages	11,608	7,165
Accrued Days Off	699	715
	89,158	81,755
Provisions related to employee benefit on-costs		
- Annual Leave	3,280	3,155
- Unconditional Long Service Leave Entitlements	4,828	4,710
- Accrued Days Off	74	78
	8,182	7,943
Total Current Provisions	97,340	89,698
Non-Current Provisions		
- Conditional Long Service Leave Entitlements (present value)	18,573	16,726
- Employee benefit on-costs for Long Service Leave	1,960	1,781
Total Non-Current Provisions	20,533	18,507
Total Provisions	117,873	108,205
A) EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Current Employee Benefits and Related On-costs		
Unconditional Annual Leave	34,372	32,803
Unconditional Long Service Leave Entitlements	50,587	48,936
Accrued Salaries and Wages	11,608	7,165
Accrued Days Off	773	793
Non-Current Employee Benefits and Related On-costs		
Conditional Long Service Leave Entitlements	20,533	18,507
Total Employee Benefits and Related On-Costs	117,874	108,205
B) MOVEMENT IN LONG SERVICE LEAVE		
Balance at start of year	67,443	61,107
Provision made during the year	11,541	13,212
Settlement made during the year	(7,864)	(6,876)
Balance at end of year	71,120	67,443

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 4.125% 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 and Finance.

On-costs are based on a superannuation rate of 9.5% and workcover rate of 1.05% during 2015-16.

Note 20: Superannuation

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

Barwon Health does not recognise any defined benefit liability in respect of the plans because the entity has no legal or contractive obligation to pay future benefits

relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of Barwon Health. The name, details and amounts expensed in relation to the major employee superannuation funds and contributions made by Barwon Health are as follows:

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	Consol'd 2016 \$'000	Consol'd 2015 \$'000	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Defined contribution plans:				
- Health Super	21,703	19,851	-	2,666
- Hesta	11,602	9,241	-	1,191
- Other compliant superannuation funds as selected by employee	1,329	1,180	-	18
Defined benefit plans:				
- Health Super	588	738	96	72
- GSO	185	205	-	-
Total	35,407	31,215	96	3,947

Note 21: Reserves

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
A) RESERVES		
Land Revaluation Reserve		
Balance at start of year	36,733	36,733
Movements	-	-
Balance at end of year	36,733	36,733
Building Revaluation Reserve		
Balance at start of year	234,565	234,565
Movements	-	-
Balance at end of year	234,565	234,565
Available for Sale Revaluation Reserve		
Balance at start of year	130	3,597
Movement for Sale of AFS Investments	(1,230)	(2,917)
Valuation Gain recognised	1,013	(755)
Impairment of Financial Assets	-	205
Balance at end of year	(87)	130
Restricted Specific Purpose Reserve		
Balance at start of year	11,180	10,418
Transfer (to)/from Accumulated Surplus/(Deficit)	460	763
Balance at end of year	11,640	11,180
Internally Managed Reserve		
Balance at start of year	4,532	29,959
Transfer (to)/from Accumulated Surplus/(Deficit)	9,085	(25,427)
Balance at end of year	13,617	4,532
B) CONTRIBUTED CAPITAL		
Balance at start of year	230,243	215,405
Capital contributions received from Victorian Government	2,951	14,838
Balance at end of year	233,194	230,243
C) ACCUMULATED SURPLUS/(DEFICIT)		
Balance at start of year	42,121	8,537
Net result for the year	(22,023)	8,919
Transfer (to)/from Restricted Specific Purpose Reserve	(460)	(763)
Transfer (to)/from Internally Managed Reserve	(9,085)	25,427
Balance at end of year	10,554	42,121
Total Equity at the end of the financial year	540,215	559,504

Note 22: Cash and cash equivalents and cash flow reconciliation

NOTE 22(A) CASH AND CASH EQUIVALENTS

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Cash at Bank	11,245	12,666
Cash on Hand	31	30
Total Cash and Cash Equivalents	11,276	12,696
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	10,837	11,069
Cash held for residential patient monies held in trust	439	1,627
Total Cash and Cash Equivalents	11,276	12,696

Refer to Note 17 for monies held in trust disclosure.

NOTE 22(B) RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Net Result for the Period	(22,023)	8,919
Non-cash movements:		
Depreciation and Amortisation	43,324	40,948
Impairment of Available for Sale Investments	-	205
Provision for Doubtful Debts	-	(20)
Movements included in investing and financing activities:		
Loss / (Gain) on Revaluation of Investment Property	(530)	(431)
Loss / Gain on sale of AFS Shares	1,217	(2,842)
Loss / (Gain) on Sale of Property, Plant & Equipment	(344)	(219)
Movements in assets and liabilities:		
Increase / (Decrease) in Employee Benefits	1,897	6,403
Increase / (Decrease) in Trade Creditors	21,077	(5,513)
Decrease / (Increase) in Patient Fees Receivable	(2,116)	304
Decrease / (Increase) in Inventories	(612)	1
Increase / (Decrease) in Monies Held in Trust	2,634	1,894
Increase / (Decrease) in Other Payables	403	1,170
Decrease / (Increase) in Other Receivables	(18,697)	(10,110)
Non-Operating Cash Flows from Discontinued Operations	-	1,924
Net Cash Inflow from Operating Activities	26,231	42,633

Note 23: Financial instruments

NOTE 23(A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND 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.

Barwon Health's main financial risks include credit risk, liquidity risk, interest rate risk and equity price risk. 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

Consolidated 2016	Note	Contractual Financial Assets - Loans and Receivables \$'000	Available for Sale Financial Assets at Fair Value \$'000	Contractual Financial Liabilities at Amortised Cost \$'000	Total \$'000
Financial Assets					
Cash and Cash Equivalents	22	11,276	-	-	11,276
Receivables	9	25,246	-	-	25,246
Investments and Other Financial Assets	10	17,955	13,142	-	31,097
Total Financial Assets		54,477	13,142	-	67,619
Financial Liabilities					
Trade Creditors and Other Payables	16	-	-	37,115	37,115
Refundable Entrance Fees	17	-	-	9,951	9,951
Residential Patient Monies held in Trust	17	-	-	788	788
Total Financial Liabilities		-	-	47,854	47,854

Consolidated 2015	Note	Contractual Financial Assets - Loans and Receivables \$'000	Available for Sale Financial Assets at Fair Value \$'000	Contractual Financial Liabilities at Amortised Cost \$'000	Total \$'000
Financial Assets					
Cash and Cash Equivalents	22	12,696	-	-	12,696
Receivables	9	13,013	-	-	13,013
Investments and Other Financial Assets	10	46	36,925	-	36,971
Total Financial Assets		25,755	36,925	-	62,680
Financial Liabilities					
Trade Creditors and Other Payables	16	-	-	21,161	21,161
Refundable Entrance Fees	17	-	-	7,237	7,237
Residential Patient Monies held in Trust	17	-	-	868	868
Total Financial Liabilities		-	-	29,266	29,266

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

NOTE 23(C) NET HOLDING GAIN / (LOSS) ON FINANCIAL INSTRUMENTS BY CATEGORY

Consolidated 2016	Note	Net holding gain / (loss) \$'000	Total interest income / (expense) \$'000	Fee income / (expense) \$'000	Impairment Loss \$'000	Total \$'000
Financial Assets						
Cash and Cash Equivalents	22	-	593	-	-	593
Receivables	9	-	-	-	(244)	(244)
Investments and Other Financial Assets	10	(1,230)	2,215	(159)	-	826
Total Financial Assets		(1,230)	2,808	(159)	(244)	1,175
Financial Liabilities						
Trade Creditors and Other Payables	16	-	-	-	-	-
Refundable Entrance Fees	17	-	-	-	-	-
Residential Patient Monies held in Trust	17	-	-	-	-	-
Interest Bearing Liabilities	18	-	-	-	-	-
Total Financial Liabilities		-	-	-	-	-

Consolidated 2015	Note	Net holding gain / (loss) \$'000	Total interest income / (expense) \$'000	Fee income / (expense) \$'000	Impairment Loss \$'000	Total \$'000
Financial Assets						
Cash and Cash Equivalents	22	-	473	-	-	473
Receivables	9	-	-	-	(465)	(465)
Investments and Other Financial Assets	10	2,842	3,375	(130)	(205)	5,881
Total Financial Assets		2,842	3,847	(130)	(670)	5,889
Financial Liabilities						
Trade Creditors and Other Payables	16	-	-	-	-	-
Refundable Entrance Fees	17	-	-	-	-	-
Residential Patient Monies held in Trust	17	-	-	-	-	-
Interest Bearing Liabilities	18	-	-	-	-	-
Total Financial Liabilities		-	-	-	-	-

Note 23: Financial instruments

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NOTE 23(D) CREDIT RISK

Credit risk arises from the contractual 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 contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is Barwon Health's policy to deal with entities with high credit ratings. Barwon Health does not engage in hedging for its financial assets and Barwon Health's policy is to only deal with banks with high credit ratings. 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 9, 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 of the financial assets that are past due but not impaired.

Table: 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	
2016								
Financial Assets								
Cash and Cash Equivalents	11,276	11,276	-	-	-	-	-	-
Receivables	25,246	16,723	4,090	3,545	1,279	-	-	390
Investments and Other financial Assets	31,097	31,097	-	-	-	-	-	-
Total Financial Assets	67,619	59,096	4,090	3,545	1,279	-	-	390
2015								
Financial Assets								
Cash and Cash Equivalents	12,696	12,696	-	-	-	-	-	-
Receivables	13,013	8,936	2,125	1,873	446	-	-	367
Investments and Other financial Assets	36,971	36,971	-	-	-	-	-	-
Total Financial Assets	62,680	58,603	2,125	1,873	446	-	-	367

There are no material financial assets which are individually determined to be impaired. Currently Barwon Health does not hold any collateral as security nor credit enhancements relating to any of its financial assets.

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.

NOTE 23(E) 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.

The following table discloses the contractual maturity analysis for Barwon Health's financial liabilities.

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	
2016								
Financial Liabilities:								
Trade Creditors and Other Payables	37,115	37,115	33,085	3,291	739	-	-	
Refundable Entrance Fees	9,951	9,951	454	162	9,335	-	-	
Residential Patient Monies held in Trust	788	788	139	233	358	58	-	
Total Financial Liabilities	47,854	47,854	33,678	3,686	10,432	58	-	
2015								
Financial Liabilities:								
Trade Creditors and Other Payables	21,161	21,161	15,607	1,613	3,428	513	-	
Refundable Entrance Fees	7,237	7,237	330	118	6,789	-	-	
Residential Patient Monies held in Trust	868	868	152	257	395	64	-	
Total Financial Liabilities	29,266	29,266	16,088	1,988	10,612	577	-	

Note 23: Financial instruments

[CONTINUED]

NOTE 23(F) 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.

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.

Interest Rate Risk

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

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.

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 Health's excess funds are predominantly invested in term deposits or bonds. Price risk is managed by reviewing the prices of all these listed equity investments on a regular 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.

Table: Interest Rate Exposure of Financial Assets and Liabilities as at 30 June

	Weighted Average Effective Interest Rates (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000
2016					
Financial Assets					
Cash and Cash Equivalents	2.25	11,276	-	11,276	-
Receivables	-	25,246	-	-	25,246
Other Financial Assets - Equities	-	1,127	-	-	1,127
Investments	4.91	29,970	519	29,451	-
Total Financial Assets		67,619	519	40,727	26,373
2015					
Financial Assets					
Cash and Cash Equivalents	2.50	12,696	-	12,696	-
Receivables	-	13,013	-	-	13,013
Other Financial Assets - Equities	-	2,455	-	-	2,455
Investments	5.19	34,516	2,095	32,421	-
Total Financial Assets		62,680	2,095	45,117	15,468

	Weighted Average Effective Interest Rates (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000
2016					
Financial Liabilities:					
Trade Creditors and Other Payables	-	37,115	-	-	37,115
Refundable Entrance Fees	-	9,951	-	-	9,951
Residential Patient Monies held in Trust	-	788	-	-	788
Total Financial Liabilities		47,854	-	-	47,854
2015					
Financial Liabilities:					
Trade Creditors and Other Payables	-	21,161	-	-	21,161
Refundable Entrance Fees	-	7,237	-	-	7,237
Residential Patient Monies held in Trust	-	868	-	-	868
Total Financial Liabilities		29,266	-	-	29,266

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, in 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. 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 +0.25% (25 basis points) and -0.75% (75 basis points) in market interest rates
- › A parallel shift of +10% and -10% in market prices of listed equities

Note 23: Financial instruments

[CONTINUED]

NOTE 23(F) MARKET RISK [CONTINUED]

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.

2016	Carrying Amount	Interest Rate Risk				Price Risk			
		-0.25%		0.75%		-10%		10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets									
Cash and cash equivalents	11,276	(28)	(28)	85	85	-	-	-	-
Receivables	25,246	-	-	-	-	-	-	-	-
Other Financial Assets - Equities	1,127	-	-	-	-	-	(113)	-	113
Investments	29,970	(75)	(75)	225	225	-	-	-	-
	67,619	(103)	(103)	310	310	-	(113)	-	113
Financial Liabilities									
Trade Creditors and Other Payables	37,115	-	-	-	-	-	-	-	-
Refundable Entrance Fees	9,951	-	-	-	-	-	-	-	-
Residential Patient Monies held in Trust	788	-	-	-	-	-	-	-	-
	47,854	-	-	-	-	-	-	-	-
Total		(103)	(103)	310	310	-	(113)	-	113

2015	Carrying Amount	Interest Rate Risk				Price Risk			
		-0.25%		0.75%		-10%		10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets									
Cash and cash equivalents	12,696	(32)	(32)	95	95	-	-	-	-
Receivables	13,013	-	-	-	-	-	-	-	-
Other Financial Assets - Equities	2,455	-	-	-	-	-	(246)	-	246
Investments	34,516	(86)	(86)	259	259	-	-	-	-
	62,680	(118)	(118)	354	354	-	(246)	-	246
Financial Liabilities									
Trade Creditors and Other Payables	21,161	-	-	-	-	-	-	-	-
Refundable Entrance Fees	7,237	-	-	-	-	-	-	-	-
Residential Patient Monies held in Trust	868	-	-	-	-	-	-	-	-
	29,266	-	-	-	-	-	-	-	-
Total		(118)	(118)	354	354	-	(246)	-	246

NOTE 23(G) FAIR VALUE

The fair values and net fair values of financial instrument assets and liabilities are measured as 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 - the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.
- › Level 2 - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly.
- › Level 3 - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

2016	Carrying Amount \$'000	Hierarchy			Total \$'000
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Available for sale financial assets (at fair value)					
Fixed Bonds and Floating Rate Notes	12,015	12,015	-	-	12,015
Equities	1,127	1,127	-	-	1,127
	13,142	13,142	-	-	13,142

2015	Carrying Amount \$'000	Hierarchy			Total \$'000
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	
Available for sale financial assets (at fair value)					
Fixed Bonds and Floating Rate Notes	34,470	34,470	-	-	34,470
Equities	2,455	2,455	-	-	2,455
	36,925	36,925	-	-	36,925

Fixed Bonds and Floating Rate Notes

In the absence of an active market, the fair value of fixed bonds and floating rate notes are valued using observable inputs such as recently executed transaction prices in securities of the issuer or comparable issuers and yield curves.

Equities

All equities are listed share assets and measured at fair value with reference to quoted (unadjusted) market prices from active markets. Barwon Health recognises these instruments as Level 1.

Note 24: Jointly controlled operations and assets

Name of Entity	Principle Activity	Ownership Interest 2016 %	Ownership Interest 2015 %
South West Alliance of Rural Health (Vic)	Information Systems	24%	24%

The South West Alliance of Rural Health (SWARH) is an alliance of public health agencies covering 33 physical sites in the South West of Victoria. SWARH connects all public acute hospitals and associated health services in the region through the delivery of Information Technology services. This enables each of the public acute hospitals and associated health services within the region to improve service delivery and gain returns on investment not possible on their own. Barwon Health is party to this unincorporated arrangement, and therefore treats the arrangement as a Joint Operation, taking a share of the operations to account. SWARH's principal place of business is Ryot Street, Warrnambool Victoria, Australia. SWARH has not been audited for the year ended 30 June 2016 as at the date of signing these financial statements.

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Current Assets		
Cash and Cash Equivalents	492	476
Inventories	17	8
Receivables	3,519	452
Prepayments	68	-
Total Current Assets	4,096	936
Non Current Assets		
Property, Plant and Equipment	23	20
Leased assets	1,703	3,779
Intangible Assets	30	38
Total Non Current Assets	1,756	3,837
Total Assets	5,852	4,773
Current Liabilities		
Payables	3,516	2,069
Current Lease Liabilities	721	729
Employee Benefits and Related On-Cost Provisions	424	383
Total Current Liabilities	4,661	3,181
Non Current Liabilities		
Employee Benefits and Related On-Cost Provisions	83	95
Non-Current Lease Liabilities	982	1,374
Total Non Current Liabilities	1,065	1,469
Total Liabilities	5,726	4,650
Net Assets	126	123
Equity	126	123

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

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Revenues		
Operating Revenue	5,291	4,862
Total Revenue	5,291	4,862
Expenses		
Operating Expenses	(4,383)	(3,309)
Total Expenses	(4,383)	(3,309)
Net Result Before Capital and Specific Items	909	1,552
Finance Lease Charges	(98)	(109)
Depreciation	(809)	(1,441)
Net Result	2	2

Note 25: Commitments for expenditure

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
(A) CAPITAL COMMITMENTS UNDER CONTRACT		
Building Projects	60,255	32,921
Equipment Upgrades	5,431	5,811
	65,686	38,732
Not later than one year	51,924	37,633
Later than 1 year and not later than 5 years	13,762	1,100
Total	65,686	38,733
(B) OPERATING LEASES		
Equipment		
- Not later than one year	857	1,610
- Later than one year and not later than 5 years	548	857
	1,405	2,467
There are 2 MRI systems and 63 Photocopiers on non-cancellable operating leases.		
Motor Vehicles		
- Not later than one year	146	95
- Later than one year and not later than 5 years	81	25
	227	120
There are 27 Motor Vehicles on non-cancellable operating leases.		
Property		
- Not later than one year	416	533
- Later than one year and not later than 5 years	303	196
	719	729
There are 15 properties on non-cancellable operating leases.		
(C) COMMITMENTS FROM SWARH JOINT VENTURE		
Maintenance and Agreement Obligations		
- Not later than one year	3,862	4,145
- Later than one year and not later than 5 years	16,438	17,641
	20,300	21,786
The service agreements provide support for communication networks and are non-cancellable.		
All amounts are shown inclusive of GST.		
Total commitments for expenditure (inclusive of GST)	88,337	63,833
Less GST recoverable from the Australian Tax Office	8,031	5,803
Total commitments for expenditure (exclusive of GST)	80,306	58,030

Note 26: Contingent liabilities and contingent assets

There are no known material contingent assets or contingent liabilities for Barwon Health. (2015: Nil)

Note 27: Operating segments

2016 Consolidated	Hospital \$'000	RACS \$'000	Linen \$'000	Community and Mental Health \$'000	Other \$'000	Total \$'000
REVENUE						
External Segment Revenue	470,587	37,494	396	69,700	76,659	654,835
Total Revenue	470,587	37,494	396	69,700	76,659	654,835
EXPENSES						
External Segment Expenses	528,072	55,800	365	69,859	26,162	680,258
Total Expenses	528,072	55,800	365	69,859	26,162	680,258
Net Result from Ordinary Activities	(57,485)	(18,306)	31	(159)	50,496	(25,423)
Interest Expense	-	-	-	-	-	-
Interest Income	1,717	617	-	488	211	3,033
Net Result for Year	(55,768)	(17,689)	31	329	50,707	(22,390)
OTHER INFORMATION						
Segment Assets	404,196	145,349	-	114,932	49,664	714,141
Total Assets	404,196	145,349	-	114,932	49,664	714,141
Segment Liabilities	110,696	22,357	-	31,288	9,585	173,926
Total Liabilities	110,696	22,357	-	31,288	9,585	173,926
Acquisition of property, plant and equipment and intangible assets	23,090	8,303	-	6,565	2,837	40,795
Depreciation and Amortisation expense	34,985	3,703	-	4,636	-	43,324
Non cash expenses other than depreciation	159	17	-	21	8	205

Note 27: Operating segments

[CONTINUED]

2015 Consolidated	Hospital \$'000	RACS \$'000	Linen \$'000	Community and Mental Health \$'000	Other \$'000	Total \$'000
REVENUE						
External Segment Revenue	437,058	50,454	14	53,118	94,623	635,267
Total Revenue	437,058	50,454	14	53,118	94,623	635,267
EXPENSES						
External Segment Expenses	476,265	52,655	1,442	65,577	36,939	632,878
Total Expenses	476,265	52,655	1,442	65,577	36,939	632,878
Net Result from Ordinary Activities	(39,207)	(2,201)	(1,428)	(12,459)	57,684	2,389
Interest Expense	-	-	-	-	-	-
Interest Income	3,696	1,329	-	1,051	454	6,530
Net Result for Year	(35,511)	(872)	(1,428)	(11,408)	58,138	8,919
OTHER INFORMATION						
Segment Assets	400,383	143,978	-	113,848	49,195	707,404
Total Assets	400,383	143,978	-	113,848	49,195	707,404
Segment Liabilities	94,132	19,012	-	26,606	8,151	147,901
Total Liabilities	94,132	19,012	-	26,606	8,151	147,901
Acquisition of property, plant and equipment and intangible assets	59,935	21,553	-	17,042	7,364	105,894
Depreciation and Amortisation expense	32,480	3,550	-	4,138	780	40,948
Non cash expenses other than depreciation	433	48	-	60	34	575

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 delivery services [internal and external]
- › Community and Mental Health – Provision of community based health and mental health services
- › Other – All other services and activities

Geographical Segments

- › Services are provided in the Barwon region of Victoria.

Note 28: 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 28(A)

	Period
Responsible Ministers	
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	1/07/2015 - 30/06/2016
The Honourable Jill Hennessy, Minister for Health and Ambulance Services	1/07/2015 - 30/06/2016
Governing Board	
Dr John Stekelenburg*	1/07/2015 - 30/06/2016
Dr Sarah Leach	1/07/2015 - 11/09/2015
Dr David Mackay*	1/07/2015 - 30/06/2016
Mr Marcus Dripps*	1/07/2015 - 30/06/2016
Ms Barbara Dennis*	1/07/2015 - 30/06/2016
Mrs Marie Thornton*	1/07/2015 - 30/06/2016
Ms Jennifer Cromarty*	1/07/2015 - 30/06/2016
Ms Robyn Davis*	29/01/2016 - 30/06/2016
Ms Virginia Todd*	1/07/2015 - 30/06/2016
* Board members who are in office as at date of signing the Financial Report	
Accountable Officers	
Professor David Ashbridge	1/07/2015 - 16/01/2016
Mr Paul Cohen	17/01/2016 - 24/06/2016
Accountable Officers Commencing After 30 June 2016	
Professor Belinda Moyes	4/07/2016 - Current

NOTE 28(B) REMUNERATION FOR RESPONSIBLE PERSONS

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

	Salary Range \$	2016 No.	2015 No.
	0 - 9,999	2	-
	10,000 - 19,999	-	-
	20,000 - 29,999	6	8
	40,000 - 49,999	1	1
	320,000 - 329,999	1	-
	350,000 - 359,999	1	-
	460,000 - 469,999	-	1
Total Numbers		11	10
Income received or due and receivable by Responsible Persons from Barwon Health amounted to:		\$879,391	\$687,763

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

Note 28: Responsible persons – disclosures

[CONTINUED]

NOTE 28(C) OTHER TRANSACTIONS OF RESPONSIBLE PERSONS AND THEIR RELATED PARTIES

Professor David Ashbridge and Mr Paul Cohen were both an executive member of the SWARH Regional ICT Joint Arrangement during the reporting period. Total payments made to SWARH for the financial year were \$3,049,927 (2015, \$7,361,299) and total payments received from SWARH for the financial year were \$2,173,086 (2015, \$150,000). Professor Ashbridge is also a Director of Deakin University which provide services to and receive services from Barwon Health. Total payments made to Deakin University until Professor Ashbridge's resignation were \$495,441 (2015, \$2,468,067), and total receipts were \$5,475,960 (2015, \$5,405,952).

Ms Jennifer Cromarty is a board member of Anam Cara. Barwon Health is currently undertaking a short-term contract with Anam Cara House with regards to strategic Planning. Total payments made to Anam Cara House for the financial year were \$1,334 (2015, \$3,408).

NOTE 28(D) EXECUTIVE OFFICERS DISCLOSURE

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

Salary Range \$	Total Remuneration		Base Remuneration	
	2016 No.	2015 No.	2016 No.	2015 No.
Less than - 99,999	1	-	1	-
120,000 - 129,999	-	-	1	-
130,000 - 139,999	1	-	-	-
140,000 - 149,999	1	-	1	-
160,000 - 169,999	2	-	2	-
170,000 - 179,999	1	-	1	-
180,000 - 189,999	-	-	-	1
200,000 - 209,999	-	1	-	-
210,000 - 219,999	-	1	1	2
220,000 - 229,999	1	1	1	4
230,000 - 239,999	-	3	1	1
240,000 - 249,999	2	1	-	-
250,000 - 259,999	-	-	-	1
260,000 - 269,999	-	1	1	1
270,000 - 279,999	1	1	-	-
280,000 - 289,999	-	1	-	-
330,000 - 339,999	-	1	-	1
350,000 - 359,999	1	-	1	-
Total Number	11	11	11	11
Total Remuneration	\$2,178,141	\$2,752,200	\$2,090,679	\$2,586,939

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
Victorian Auditor-General's Office		
Audit of Financial Statements	177	170
TOTAL	177	170

Note 30: Discontinued operations

	Consol'd 2016 \$'000	Consol'd 2015 \$'000
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LinenCare

On 30 June 2015, Barwon Health announced its intention to exit the Laundry operations of the LinenCare business and initiated an active program to wind down operations. The associated assets and liabilities were consequently presented as held for sale in the financial statements. It is therefore being reported as a discontinued operation. The financial information relating to the discontinued operation for the period to the date of disposal is set out below.

(A) NET RESULT FROM DISCONTINUED OPERATIONS:

Revenues from ordinary activities	-	3,175
Expenses form ordinary activities	-	(4,751)
Net Result	-	(1,576)
Gain/(loss) on re-measurement to fair value less costs to sell	-	-
Net result from discontinued operations	-	(1,576)
Cash flows from discontinued operations		
Cash inflow/(outflow) from operating activities	-	(933)
Cash inflow/(outflow) from investing activities	-	-
Cash inflow/(outflow) from financing activities	-	-
Total cash inflow/(outflow)	-	(933)

(B) CARRYING AMOUNTS OF ASSETS AND LIABILITIES (MAJOR CLASSES) COMPRISING THE OPERATIONS CLASSIFIED AS HELD FOR SALE AT BALANCE DATE

Assets		
Property, plant and equipment	193	439
Trade receivables	-	-
Cash and cash equivalents	-	-
Inventories	-	-
Total Assets	193	439
Liabilities		
Trade creditors	-	-
Provision for employee benefits	-	-
Total Liabilities	-	-
Net Assets Held for Sale	193	439

Note 31: Events occurring after reporting date

On 4 July 2016, Professor Belinda Moyes commenced as Chief Executive Officer of Barwon Health.

Note 32: Controlled entities

Name of Entity	Country of Incorporation	Equity Holding
The Trustee for Barwon Health Foundation Future Fund	Australia	n/a
Barwon Health Foundation Future Fund Limited	Australia	Limited by Guarantee

Controlled Entities Contribution to the Consolidated Results Net Result for the Year	2016 \$'000	2015 \$'000
The Trustee for Barwon Health Foundation Future Fund	-	-
Barwon Health Foundation Future Fund Limited	1,959	-

Note 33: Economic dependency

The financial performance and position of Barwon Health has declined since the prior year, with the health service reporting a deficit net result before capital and specific items of \$10,836,892 (2015: \$1,328,115 surplus), a net current liability position of \$68,200,594 (2015: \$77,425,647), resulting in a current asset ratio of 0.56 (2015: 0.40) and a (continued) cash outflow from operations (before capital cash flows) of \$8,820,960 (2015: \$8,477,276).

As a result of the financial performance and position, Barwon Health has obtained a letter of support from the State Government and in particular, the Department of Health and Human Services (DHHS), confirming that the department will continue to provide Barwon Health adequate cash flow to meet its current and future obligations up to September 2017. On that basis, the financial statements have been prepared on a going concern basis.

Board Members, Accountable Officers, Chief Executive and Chief Financial Officer Declaration

The attached financial statements for Barwon Health have been prepared in accordance with Standing Directions 4.2 of the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, and other mandatory professional reporting requirements.

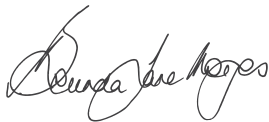
We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2016 and the financial position of Barwon Health at 30 June 2016.

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

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



Dr John Stekelenburg
Chairperson



Professor Belinda Moyes
Chief Executive Officer



Mr Colin Holland
Interim Chief Financial Officer

Geelong
10 August 2016

VAGO

Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Barwon Health

The Financial Report

I have audited the accompanying financial report for the year ended 30 June 2016 of Barwon Health which comprises comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's declaration of Barwon Health and the consolidated entity. The consolidated entity comprises Barwon Health and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 32 to the financial statements.

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, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

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. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about 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 judgment, 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)*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, I and my staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Darwin Health as at 30 June 2016 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
11 August 2016


Dr Peter Frost
Acting Auditor-General

A**AASB**

The Australian Accounting Standards Board

AASs

Australian Accounting Standards

AHCA

Australian Health Care Agreement

B**Best Practice**

The way leading edge organisations deliver world class performance

BSWRICS

Barwon South Western Regional Integrated Cancer Service

C**CEO**

Chief Executive Officer

CSO

The community service obligation

D**DVA**

Department of Veterans Affairs

E**ED**

Emergency Department

F**FRD**

Financial Reporting Directions

FTE

Full Time Equivalent

G**GCEID**

Geelong Centre for Emerging Infectious Diseases

GEM

Geriatric Evaluation and Management

GP

General Practitioner

H**HACC**

Home and Community Care

HITH

Hospital in the Home

I**ICU**

Intensive Care Unit

IS

Information Services

IT

Information Technology

K**KPI**

Key Performance Indicator

M**MH**

Mental Health

MRI

Magnetic Resonance Imaging

O**OH&S**

Occupational Health and Safety

R**RAC incl. Mental Health**

Residential Aged Care including Mental Health

RACS

Residential Aged Care Service

S**SAB**

Staphylococcus aureus bacteraemia

Separation

Process by which a patient is discharged from care

Standard

A statement of a level of performance to be achieved

SWARH

South West Alliance of Rural Health

T**TAC**

Transport Accident Commission

V**VGV**

The Valuer-General Victoria

W**WIES**

Weighted Inlier Equivalent Separations; allocated resource weight for a patient's episode of care. A formula is applied to the resource weight to determine the WIES for recovery of funding.

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



OUR VALUES

- RESPECT
- COMPASSION
- COMMITMENT
- ACCOUNTABILITY
- INNOVATION

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**Barwon
Health**

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