

17

18





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.

Contents

02	Chair's and Chief Executive Officer's Message
06	<i>Report of Operations</i>
07	Background Information
09	Administrative Structure of Barwon Health
10	Barwon Health Organisational Structure as at June 2018
12	Financial Results
14	Consultancies
18	Other Disclosures
20	Additional Information Available Upon Request
21	Other Information
22	Attestations
23	<i>Key Financial and Service Performance Reporting</i>
24	Reporting against the Statement of Priorities – Part A
28	Reporting against the Statement of Priorities – Part B
30	Statement of Priorities - Part C: Activity and Funding
31	<i>Financial Report</i>
32	Disclosure Index
34	Board Chair's, Chief Executive Officer's and Chief Financial Officer's Declaration
35	Comprehensive Operating Statement
36	Balance Sheet
37	Statement of Changes in Equity
38	Cash Flow Statement
39	Notes To The Financial Statements
91	Board Member's, Accountable Officer's and Chief Finance Officer's Declaration



Brian Cook
Chair



Professor Ruth Salom
Chief Executive

Chair's and Chief Executive Officer's Message

Year in review

2017/18 has been a time of adapting to natural changes in the health industry, and also implementing our own changes and improvements that allow us to deliver the best possible care to a wide community that relies on our services every single day.

World class standards have inspired the vision of the current Strategic Plan, as Barwon Health works with the community to build healthier lives. Barwon Health's leadership team is constantly finding areas to bring us closer to this reality in as many ways as possible.

Our community's wellbeing

January 2018 started with the launch of our 'No discharge summary, no discharge' policy, which made clinical teams responsible for sending more timely patient discharge summaries to GPs. This was a medically-led initiative to create a safer transfer of clinical care to primary carers.

Media reports this year have highlighted cases of Victorian emergency workers being mistreated and, unfortunately, this issue is one that can impact all healthcare workers. Our managers have recently adopted a guide designed to support staff members who experience occupational violence and aggression. This process will ensure incidents are fully investigated and anyone involved has the medical, emotional and practical

care they require to feel safe at work. Abuse and intimidation should never be accepted as “part of the job” and we are working to improve health and safety for staff, as well as patients and their families.

By nurturing psychological health and well-being, organisations like ours can put staff in the best position to care for people in the community at their most vulnerable, in their times of greatest need.

Increased security is another way we can make our sites safer for staff and patients, and we are thankful to have received \$433,605 to install swipe card access at all hospital inpatient wards, along with mobile personal duress systems on high-risk hospital wards. The Swanston Centre received funding for three additional CCTV cameras, as well as other alterations to increase safety, while the McKellar Centre received \$71,333 of state funding to boost security to 24/7 coverage.

Providing the right care in the right place at the right time

At Barwon Health, we care for patients throughout south-west Victoria, with the Greater Geelong area as our primary catchment area.

The latest Quality Account, published last October, reflects the breadth of work undertaken across all areas of Barwon Health's services, including aged care, acute and mental health, to ensure we deliver exceptional patient care and experience.

A patient's journey to better health often begins with a visit to our Emergency Department, which experienced its busiest year ever in 2017/18, partly due to the continued population growth of Geelong and surrounding districts.

Our Emergency Department has treated 73,373 people this financial year, while Barwon Health has performed 21,567 operations and cared for 148,819 patients through our outpatients program. The latest data shows 86,667 patients were admitted for the year, an increase from 82,986 admissions for the same period a year earlier (2016/2017) and 2,533 babies were born, up on the 2,491 born in the previous year.

Our dental program has great reach in the community, providing 52,040 patients with dental care. Community programs for dental continue to go from strength to strength and be recognised for their innovative approach to improving the dental health of the community.

The Victorian Public Healthcare Awards last year awarded highly commended titles to our Wide Smiles program for the Improving Children's Health award, while the volunteer-based Dignity Therapy program was recognised in the Safer Care Victoria Compassionate Care Award.

The Barwon Health Oral Health Services Administration and Outreach Team was also recognised for the Wide Smiles program in the Barwon Health Quality Awards (Workforce Safety Awards) in the Our Community's Wellbeing category, as well as the Board of Directors Awards.

Ensuring the right care is provided at the right time and the right place has prompted a strong performance across the organisation. The Elective Surgery team finished the year with 996 on the waiting list, against a target of 1,115.

The first full year of the Paediatric Short Stay Unit had a positive impact on our performance with 2,821 patients, an average of eight a day.

There have been several changes within University Hospital Geelong designed to improve experiences for patients, while saving time for staff. The Transit Lounge opened in May to provide acute care patients with a clinically safe and comfortable area near the hospital entrance where they can wait for transport, medication or any equipment necessary to ensure a safe discharge. This is assisting appropriate bed utilisation and improving access to acute beds, while giving patients a smoother departure from care on a ward.

In April, we moved our neurosciences services to a specialised 18-bed ward at University Hospital Geelong – a first for regional Victoria. This allows staff in neurology to keep up with the evolving therapies offered to stroke patients in recent years, with state-of-the-art facilities providing the best outcomes. It is also conveniently located next to allied health services, providing ease of access for inpatients to vital equipment to aid in their recovery.

Our people at their best

Barwon Health remains Geelong's largest employer, with 7,033 staff equating to 4,446.16 FTE. The organisation's volunteer workforce is supported by an extensive personal development program and continues to grow, thanks to the many services and programs that utilise their generous spirit of volunteering. Support from more than 1,312 volunteers helps Barwon Health provide the greatest care to Geelong and western Victoria.

When Healthscope announced Geelong Private Hospital staff would lose work as the facility closed, Barwon Health was quick to discuss employment opportunities with

the State Government. We knew we could benefit from their experienced and dedicated permanent staff, rather than relying on agency (locum) staff, while the talented employees of Geelong Private would welcome being able to continue working in their fields of expertise. It is a fantastic result for Geelong to avoid these job losses and in the true spirit of caring for your local community, we have given our best by converting as many employment opportunities as possible to support the community.

The Message in a Bottle / Bright Ideas initiative was launched in October as a way of encouraging suggestions and feedback from Barwon Health staff to the CEO, which has led to numerous new projects and improvements around the organisation. Nobody knows how to improve our healthcare delivery system better than the people working inside it every day and we are pleased to say our staff have an important role in the two-way communication that makes Barwon Health a work environment that values accountability and innovation.

Research, education and training for excellence

It has been another year of growth and learning at Barwon Health, with teaching activity a continued focus across the organisation.

In 2017/18, staff participation has aided our teaching and clinical supervision in numerous development programs, each used as opportunities to enhance clinical skills and knowledge, as well as organisational efficiency.

As a teaching and training facility, we strive to make University Hospital Geelong a rich clinical learning environment for students, trainees and interns, but also for staff who continue to improve their skills through their years of experience. Our educators and clinical supervisors are enthusiastic and committed to supporting our current and future health workforce through practical development.

Our work in research has been strengthened by a partnership with Deakin University that saw recruitment begin in April for a joint position of Professor of Medicine and Director of Research at Barwon Health.

Research Week in November was a key opportunity to showcase our research activities and success stories over the previous twelve months, showcased in tandem with the 2017 Research Report. We look forward to this year's upcoming Research Week with education sessions, panels and guest lectures from prominent Geelong researchers, highlighting the great work happening within Barwon Health and the example we set as a regional centre for medical research of national significance.

The Barwon Health Foundation Future Fund continues to support research by funding an independent, long-term pool to aid Barwon Health's strategic purposes.

Capital Works

It is essential that we expand our services to cater to the population growth happening in Geelong and surrounding districts. Thankfully, the State Government has continued to support the demand we are experiencing via various capital works projects underway to improve facilities.

Minister for Health Jill Hennessy MP officially opened our new \$6.38 million surgical hub at University Hospital Geelong in December, and Premier Daniel Andrews visited in May to discuss his funding announcement for the Emergency Department's Behavioural Assessment Room and Psychiatric Assessment and Planning Unit (PAPU).

Funding raised through the Barwon Health Foundation, in partnership with the Cotton On Foundation, was put towards the maternity refurbishment project, which was completed in February, while redevelopments of University Hospital Geelong's entrance, podium and cafeteria have also been completed or progressed to improve comfort and make the site a more welcoming place for staff, patients and their families.

Our medical imaging staff are also enjoying a new space on Level 3, with ultrasound and mammography services now utilising purpose-built rooms and waiting areas separate from the rest of BMI. This new space is proving to have a positive impact on patient flow with efficiencies in waiting times already becoming apparent.

As part of a \$6.4 million funding boost from the State Government in 2016, a new, purpose-built Renal Services unit has been constructed on the corner of Swanston and Lt Myers streets, which is due to open in August 2018. The single storey unit features a larger, more accessible renal out-patient clinic, a larger, more modernised home therapies unit as well as renal education and administration services on site. The building has been constructed in such a way to allow opportunity for future service expansion.

Building works at Barwon Health North commenced in the last quarter of the financial year; this project is exciting for families in the Northern suburbs as once it is completed they will have easy access to vital services closer to home. This facility will meet the growing needs of an increasingly diverse community, serving as a modern, hybrid facility that bridges the gap between community health and the acute hospital setting.

The final quarter of the financial year also saw the announcement of the closure of the Healthscope operated Geelong Private Hospital. As a consequence of this Barwon Health is working swiftly to develop a plan for this site. The State Government provided a \$10 million study grant to assist in identifying options for transforming this site on Ryrie Street into a Women's and Children's hospital.

The study will look at options to deliver additional maternity and paediatric services for Geelong families, as well as more inpatient beds, delivery rooms, operating theatres and clinics for the growing community.

Financial Performance

As the Greater Geelong region's sole public health service, we are committed to sustainability and high quality health care. The cost of providing this care is constantly rising, along with the demands of our population, which means we must respond to increasing costs through innovation and responsible spending, while considering the patient's healthcare experience at all times. We have worked hard to manage patient flow, access and discharge through aforementioned initiatives, after previously determining this as an area of focus.

This financial year, excluding capital and controlled entities results, Barwon Health recorded an operational surplus of \$1.7 million (inclusive of proportionate allocation from SWARH).

Our supporters

During the 2017/18 Financial Year Barwon Health Foundation revenue surpassed \$2.5million, thanks to the generosity of the community. Over the past year the Barwon Health Foundation has focussed on the Kids Appeal, aiming to raise \$3 million dollars for a purpose built children and youth rehabilitation centre. This past year the Barwon Health Foundation funded over \$1.8m in new medical equipment and facilities across Barwon Health.

Acknowledgements and thanks

There have been a number of changes to the senior leadership team this year. We saw the departure of our Chief Operating Officer Robyn Hayles who left to take up a role as CEO of Bairnsdale Regional Health Service. Following Robyn's departure her role was undertaken by Adjunct Professor Lucy Cuddihy; we would like to formally thank Lucy for stepping into the role of Acting Chief Operating Officer.

It's been great to have some fresh perspectives introduced to our medical leadership team, with the appointments of Dr Sean Jespersen as Chief Medical Officer, Professor Philip Campbell as Director of Cancer Services, Dr Dean Dimovski as Director of Anaesthesia, Pain and Perioperative Medicine, and Associate Professor Steve Moylan as the Clinical Director for Mental Health, Drug and Alcohol Services (MHDAS).

In closing, thanks must be given to the staff and Board for their unwavering commitment in delivering the very best care possible to our community. Additionally, we must also acknowledge that Barwon Health could not do the amazing work it does without our force of volunteers, who continue to provide exceptional support to help staff and care for patients. We thank our army of 1,312 volunteers for the hours of service they donate willingly to make this such an amazing community to live in.



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 2018.

Brian Cook
Board Chair

Geelong, 15 August 2018

Background Information

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 Honourable Jill Hennessy MLA, Minister for Health

Martin Foley MLA, Minister for Mental Health, Minister for Housing, Disability and Ageing

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).

Barwon Health's current Strategic Plan, which runs until 2020, 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 Strategic Plan 2015/2020 is divided into four 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, every day
- › 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 educating 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 22 sites.

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

Barwon Health provides care at all stages of life and circumstance through a 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	2017/18	2016/17
Acute	430	437
Transitional Care (off site)	18	20
Transitional Care (on site)	34	19
Aged Residential Care	365	370
Mental Health Acute	32	32
Mental Health Rehabilitation & Secure Extended Care	12	13
Prevention & Recovery (PARC)	6	6
Sub Acute	100	100
Total	997	997

Breakdown of Aged Care Beds	2017/18	2016/17
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: located at the North Geelong Campus of the McKellar Centre	108	108
Alan David Lodge: located at the Charlemont Campus of the McKellar Centre	89	89
Percy Baxter Lodges: located at the North Geelong Campus of the McKellar Centre	83	83

Administrative Structure of Barwon Health

Board of Directors

The Directors serving on the Board of Barwon Health during the 2017/18 reporting period:

Chair / Brian Cook

Deputy Chair / Mike Feehan

Prof. George Braitberg (Jul 2017 – Feb 2018)

Robyn Davis

Virginia Todd

Prof. Brendan Crotty

Christine Leahy

Jason Trethowan

Jennifer Williams

Prof. Louise Newman

(delegate to the Board Jul 2017 – Jun 2018),
(advisor to the Board Jun 2018)

Committees

Finance Committee

Chair / Brian Cook (Jul 2017-Sept 2017)
Mike Feehan (Oct 2017-date)

Members

- › Prof. George Braitberg (July 2017 - February 2018)
- › Mike Feehan
- › Jennifer Williams
- › Virginia Todd

Audit and Risk Management Committee

Chair / Mike Feehan (Jul 2017-Nov 2017)
Jennifer Williams (Nov 2017-date)

Members

- › Jennifer Williams
- › Robyn Davis
- › Mike Feehan
- › Robyn Davis
- › Christine Leahy
- › Prof. Louise Newman

Primary Care and Population Health Committee

Chair / Virginia Todd

Members

- › Jason Trethowan
- › Prof. Brendan Crotty
- › Virginia Todd

Remuneration Committee

Chair / Brian Cook

Members

- › Mike Feehan
- › Jennifer Williams

Community Advisory Committee

Chair / Robyn Davis

Members

- › Christine Leahy
- › Prof. Louise Newman
- › Virginia Todd

Quality and Clinical Governance Committee

Chair / Prof. George Braitberg (Jul 2017-Feb 2018)
Prof. Brendan Crotty (Feb 2018-date)

Members

- › Jason Trethowan
- › Prof. Louise Newman

Executive Team

Chief Executive

Professor Ruth Salom
FRCPA, MB BS, MD, BMedSci(Hon),
MBA, AFCHSM, FAICD
(August 2017 to current)

Interim Chief Executive

Associate Professor Alex Cockram
Mbbs mmed (pysch), FRanzcp, GAICD
(April 2017 to August 2017)

Chief Medical Officer

Associate Professor Alastair Mah
MBBS, BMedSc, MHSM, MBA,
FRACMA, FCHSM, FHKCHSE, MAICD
(to October 2017)

Chief Medical Officer/Executive Director Clinical Services

Adjunct Associate Professor
Sean Jespersen
MBCbB, MMed Psych, FC Psych,
FRANZCP, FRACMA
(Dec 2017 to current)

Chief Nursing and Midwifery Officer

Adjunct Professor Lucy Cuddihy
DN, RN, RM, BAppSc (Adv Nurs), MBA
(to January 2018)

Acting Chief Nursing and Midwifery Officer

Ben Maw
BNurs, RN, MBA
(February 2018 to May 2018)

Acting Chief Nursing and Midwifery Officer

Jo Bourke
RN, GDCM, MAICD
(June 2018 to current)

Chief Operating Officer

Robyn Hayles / MPH, BAppSc
(Nursing)
(to January 2018)

Acting Chief Operating Officer

Adjunct Professor Lucy Cuddihy
DN, RN, RM, BAppSc (Adv Nurs), MBA
(January 2018 to June 2018)

Chief Financial Officer

Cobus Lothingen
CA,B.Com, B.Compt (HONS)

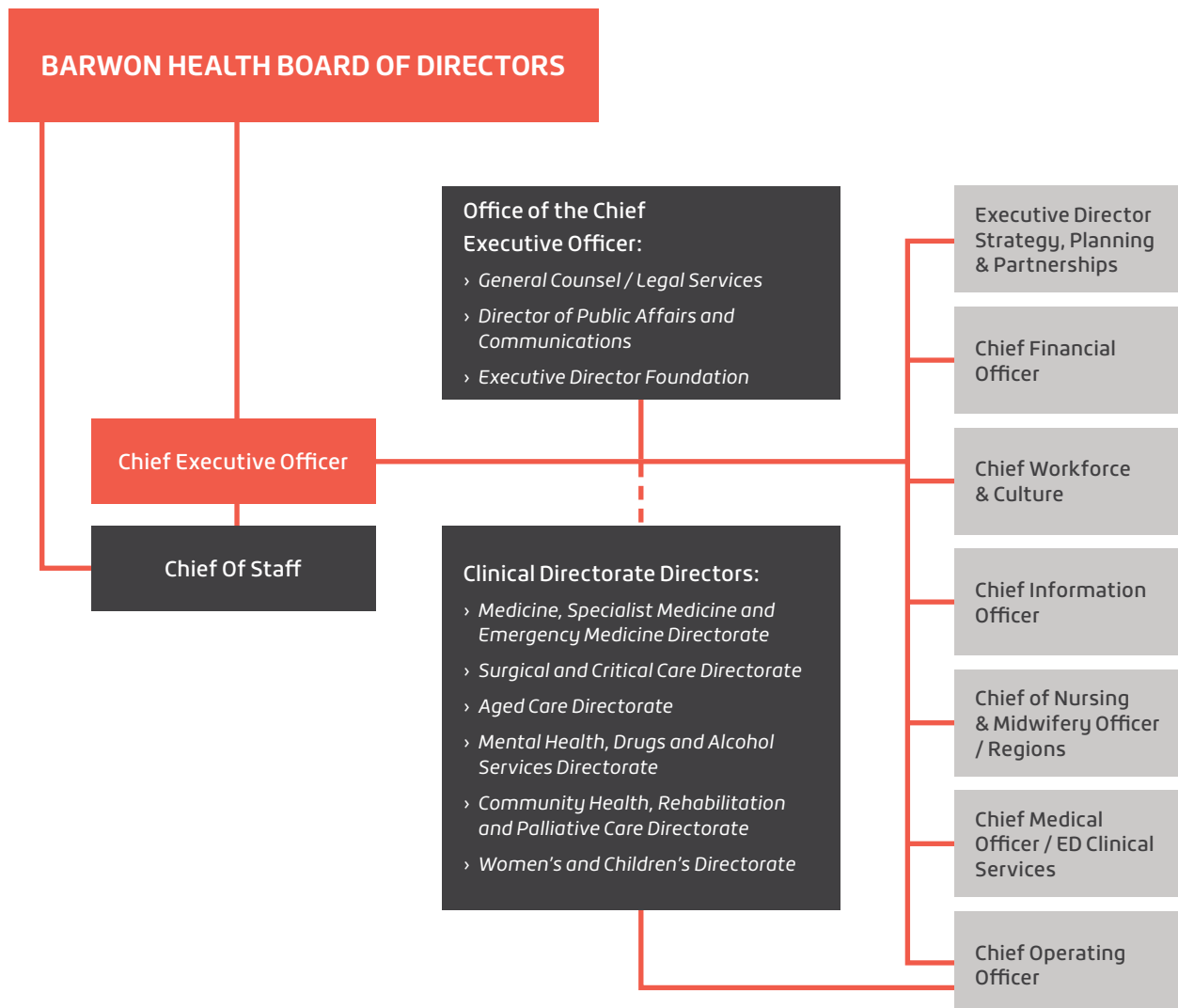
Chief Information Officer

Adjunct Associate Professor
Sharon Hakkennes
BPhysio, GradCertEBP, DPhysio,
MBA, CHIA

Chief of Workforce and Culture

Perry Muncaster

Barwon Health Organisational Structure as at 30 June 2018



Workforce Information

Hospitals Labour Category	JUNE			JUNE
		Current Month FTE		YTD FTE
	2017	2018	2017	2018
Nursing	1915.40	1918.38	1872.31	1894.66
Administration and Clerical	713.38	717.67	705.89	715.26
Medical Support	413.68	425.77	400.30	416.07
Hotel and Allied Health Services	499.14	495.28	4932.84	504.21
Medical Officers	71.66	76.43	71.32	75.68
Hospital Medical Officers	345.76	378.73	341.54	368.16
Sessional Clinicians	99.84	113.38	96.92	104.26
Ancillary Staff (Allied Health)	365.46	387.07	353.90	367.87
Total	4424.32	4512.67	4336.02	4446.16

Excludes: Overtime and Agency FTE (Per FRD 22F and FRD 29A). Data extracted as at 16 July 2018

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.

Financial Results

Report from the Chief Financial Officer

Report to be supplied after year end – to include:

Barwon Health traded at an operating surplus of \$1.7million for the financial year ending June 30, 2017/18.

The year has been a challenging one as the financial result has been achieved against a background of steadily increasing demand. This is clearly represented by emergency department presentations seeing an increase year on year of greater than 5.2% with the added complication of increasing level of acuity for patients who present.

Elective surgery has performed above expectations for the year. A major factor influencing performance was the introduction of a full day emergency theatre to accommodate trauma patients more readily whilst securing increased elective theatre sessions for elective patients. The year ended with Barwon Health exceeding the elective surgery waiting list target, achieving a waiting list of 996 against a target of 1,115. We are also seeing a steady increase in inpatient separations with a 3.8% overall increase year on year.

The organisation has had positive annual growth in patient billing revenue and ACFI earnings, also maintaining aged care bed occupancy at above 96% and delivering increased investment returns. Negotiated Enterprise Bargaining Agreements (EBA) during this financial year settled high

and together with an increase in staffing numbers to accommodate the overall increase in patient activity, the labour cost grew by 8.2% compared to the previous year. Non labour cost increases were well contained to below 2% year on year.

Major capital works projects completed in 2017/2018 included the \$6million surgical hub redevelopment, the \$7million Renal Services building, the \$1.3million maternity day assessment unit, the development of the neuro/stroke ward and the \$5.6million BMI redevelopment delivered over two stages, focussing on mammography, ultrasound, Emergency Department reception and CT for stage 1. All of the above major works projects were delivered in budget and on time. Medical equipment, new and replacement capital program investment was in excess of \$10million for the year with facility engineering and investment in IT infrastructure being \$9million collectively.

Despite a high level of investment in capital projects Barwon Health has maintained a healthy balance sheet throughout the financial year with strong solvency and liquidity ratio's.

Healthscope has provided Barwon Health with notice of their intention to surrender the Geelong Private Hospital site lease and Barwon Health is currently considering options to facilitate future use of this key facility. The Barwon Health North construction contract was awarded in June 2018 with an overall 12 month construction period.

Summary of Consolidated Financial Results

	2018 \$000	2017 \$000	2016 \$000	2015 \$000	2014 \$000
Total Revenue	715,101	670,230	622,849	584,195	553,620
Total Expenses	(712,788)	(667,040)	(632,635)	(582,867)	(552,181)
*Operating Result	(2,314)	(3,190)	(9,786)	1,328	1,439
Total Assets	715,702	715,299	714,589	707,404	681,899
Total Liabilities	194,450	190,627	174,487	147,900	142,685
Net Assets	521,252	524,672	540,102	559,504	539,214
Total Equity	521,252	524,672	540,102	559,504	539,214

*The operating result is the result for which the health service is monitored in its Statement of Priorities also referred to as the *Net result before capital and specific items*.

Subsequent Events

Refer to Note 25 Events Occurring after the Balance Sheet Date.

Consultancies

Details of consultancies (under \$10,000)

In 2017/2018, there were 19 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during the 2017/2018 financial year is \$82,730 (excl GST).

Details of consultancies (\$10,000 - \$100,000)

In 2017/2018, there were 25 consultancies where the total fees payable to the consultants were greater than \$10,001 but less than \$100,000. The total expenditure incurred during the 2017/2018 financial year is \$895,047 (excl GST). Details of individual consultancies can be viewed upon request and are subject to the Freedom of Information Act 1982. The following table details these consultancies.

Details of consultancies (\$10,000 - \$100,000)

Consultant	Purpose of Consultancy	Total Approved Project Fee	Expenditure 2017/18	Future Expenditure
ACE Mechanical Engineers	Fire Services Tender Development	13,850	13,850	-
AMEC Foster Wheeler Australia	GMP Facility Validation	104,407	78,305	26,102
Architec	RTLS Strategy Consultancy	17,200	17,200	-
Astral Consulting Services	Records Management Strategy Roadmap and Business Case	32,700	32,700	-
Beagley Consulting	MH Acute Inpatient Review	14,332	14,332	-
Centre for Mediation	MHDAS Culture Review	33,560	33,560	-
Deloitte	Environmental Services Data Analytics Review, EMR/ EHR Business Case, Rural & Regional Partnerships Consulting	54,645	54,645	-
Grant Solutions	RHIF Project and Business Case	33,250	33,250	-
Health-e Workforce Solutions	Health-e Workforce Solutions	38,484	38,484	-
Holmes Health Information	Forms Governance and Management Review	35,520	35,520	-
ID Laboratory	McKellar Wayfinding Strategy & Design	94,100	47,050	47,050
Innovative Thinking IT	AMAF Maturity Analysis	16,100	16,100	-
KM Health Consulting	Pathology Tender	15,000	15,000	-
KPMG	Review of Child and Youth Mental Health Service	71,970	71,970	-

Consultant	Purpose of Consultancy	Total Approved Project Fee	Expenditure 2017/18	Future Expenditure
LKA Group	Investigation & Quality Review	37,754	37,754	
Mercer Consulting	Review of EA Structure & Classification Framework	30,000	30,000	-
MVL Strategic Funding Solutions	Grants & Community Relations Consultation	28,070	28,070	
MXA Consulting	Business Capability Model, Investment Prioritisation	24,000	24,000	
Pharm Consult	Chemotherapy Compounding Review	13,968	13,968	-
Pitcher Partners	Probity Advice on Pathology Services Tender Project, Probity Advice on E.H.R	17,494	17,494	-
PriceWaterhouseCoopers	E.H.R Mapping and Business Case	324,300	58,134	266,166
PsyFlex	Development of Living The Values Program	60,400	60,400	-
Red Mosaic	Advice, Consulting and Tender Reviews on Pathology, E.H.R, BossNet, ACL Trak Laboratory, SWARH Joint Venture Agreement, EDIS	90,000	90,000	-
Strategic Leverage	MHDAS Business Case Preparation	17,300	173,000	-
University of Melbourne	SWIFT Paediatric Social Work Informed Care Model	15,961	15,961	-

Details of consultancies (Over \$100,000)

In 2017/2018 there were three consultancies where the total fees payable to the consultants were greater than \$100,000. The total expenditure incurred during the 2017/2018 financial years is \$549,130 (excl GST).

Consultant	Purpose of Consultancy	Total Approved Project Fee	Expenditure 2017/18	Future Expenditure
Provider Assist	ACFI Score Uplift Assessment	334,232	334,232	-
VisTech Consulting	Business Continuity Planning and ICT Service Delivery Review	101,698	101,698	-
TE Commercial	Pathology Tender, E.H.R, Living Values Program, ICT Strategy	144,100	113,200	309,000

Information and Communication Technology (ICT) Disclosure

The total ICT expenditure incurred during the 2017/2018 year is \$19,109,236 (excluding GST) with the details shown below.

Business as Usual (BAU) ICT Expenditure	Non- Business as Usual (Non-BAU) ICT expenditure	Operational Expenditure (excluding GST)	Capital Expenditure (excluding GST)
15,081,734	4,027,502	173,137	3,854,365

Car Parking Fees

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

Occupational Violence

Occupational violence statistics	2017-18
Workcover accepted claims with an occupational violence cause per 100 FTE	0.16
Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0.98
Number of occupational violence incidents reported	785
Number of occupational violence incidents reported per 100 FTE	17.4
Percentage of occupational violence incidents resulting in a staff injury, illness or condition	31%
*ISR mild harm or above in Riskman	

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.

Occupational Health and Safety Indicators	2017-18	2016-17
The number of reported hazards/incidents for the year per 100 full-time equivalent staff members	44.3	38.0
The number of 'lost time' standard claims for the year per 100 full-time equivalent staff members	0.73	0.85
The average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe) *Note: Net incurred claim costs for 17/18 and 16/17 accepted claims have been taken from end-June 2018 data (claims <3months do not have a SCE).	\$60,977	\$59,916

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 2017-2018.
- › **Lost time** – is defined as greater than one day.

Other Disclosures

Compliance with the Building Act

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

Actions that ensure that Barwon Health complies include:

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

Safe Patient Care Act 2015

Barwon Health has no matters to report in relation to its obligations under Section 40 of the Safe Patient Care Act 2015.

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. 1,046 requests were received in the 2017/2018 Financial Year. Of these, two were from Members of Parliament, one was from the media, the remainder were from the general public, law firms and other agencies.

Information on how Freedom of Information requests are handled and can be applied for, including costs, can be found on the Barwon Health website, www.barwonhealth.org.au or by calling 03 4215 1168 or emailing foi@barwonhealth.org.au.

The Freedom of Information Officers are:
Kate Bibby (Corporate)
Susan Bell
Catherine Stapleton

Application and Operation of Protected Disclosure Act 2012

Barwon Health has in place appropriate procedures for disclosures in accordance with the Protected Disclosures Act 2012. No protected disclosures were made under the Act in 2017/2018.

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 supports and the community. Barwon Health takes all practicable measures to ensure that its employees, agents and carers have an awareness and understanding of care relationship principles and this is reflected in our commitment to a model of care that is consumer centred. It is also reflected in the important role consumers play in the day-by-day operations of 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 regards and complies with government policies regarding competitive neutrality with regard to all significant business activities.

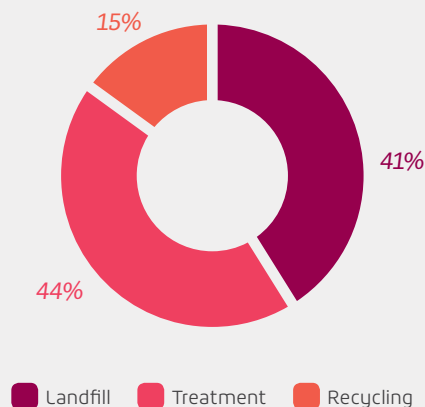
Environmental Performance

All staff are encouraged to participate, identify and investigate innovative recycling projects. Staff also have access to a waste management handbook that assists them in identifying how to dispose of waste.

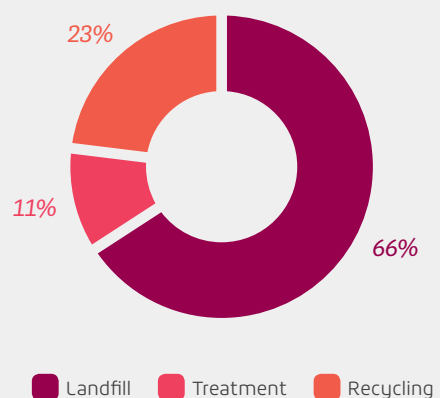
Energy and water usage is reported monthly to the Department of Health and Human Services and Sustainability Victoria.

Barwon Health has implemented effective waste and recycling programs that provide opportunities to reduce operational costs and the environmental impacts of the organisation as well as reducing risks to staff and patients. The charts below are a graphical representation of the breakdown of waste generated by Barwon Health by mass and cost.

University Hospital Geelong 2017/18
Percentage by cost



University Hospital Geelong 2017/18
Percentage by mass



Additional Information Available Upon Request

Consistent with FRD 22H (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; and
- l. Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Other Information

Disclosure of Payments

	2017/2018 \$000	2016/2017 \$000	2015/2016 \$000	2014/2015 \$000	2013/2014 \$000
Ex-gratia payments to employees	74.6	91.65	64.17	9.52	0

Victorian Industry Participation Policy Disclosures

Barwon Health abides by the Victorian Participation Policy Act 2003. In 2017/2018, there were no contracts which required disclosure under the Victorian Industry Participation Policy.

Advertising Disclosure

In 2017/2018, advertising expenditure did not exceed \$100,000 per campaign.

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 to August 2017

Sharon Hakkennes from August 2017 to current

Attestations

Data Integrity

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

Conflict of Interest

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

Attestation on Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

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



Professor Ruth Salom
Accountable Officer
15 August 2018
Geelong

Compliance with DataVic Access Policy

Consistent with the DataVic Access Policy issued by the Victorian Government in 2012, the information Barwon Health submitted to DataVic e.g. all data tables, included in this Annual Report will be available at <http://www.data.vic.gov.au/> in machine readable format.

Financial Management compliance

I, Brian Cook, on behalf of the Responsible Body, certify that Barwon Health has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions except for the following Material Compliance Deficiency: Asset Management Accountability Framework (AMAF) compliance (direction 4.2.3). Barwon Health engaged specialist consultants to undertake a detailed, independent assessment of the maturity of the organisations asset management practices against the requirements of the AMAF in September 2017. The results of the analysis highlighted that Barwon Health's AMAF is in its infancy. Significant work is required to rectify the deficiency. Planning for this work has commenced. Compliance is expected in Financial Year 2021.



Brian Cook
15 August 2018
Geelong



***Key Financial
and Service
Performance
Reporting***

Statement of Priorities

Statement of Priorities - Part A

Goals	Strategies	Deliverables	Outcome
Better Health			
<ul style="list-style-type: none"> › A system geared to prevention as much as treatment. › Everyone understands their own health and risks. › Illness is detected and managed early. › Healthy neighbourhoods and communities encourage healthy lifestyles. 	<ul style="list-style-type: none"> › Reduce statewide risks. › Build healthy neighbourhoods. › Help people to stay healthy. › Target health gaps. 	<ul style="list-style-type: none"> › Develop a family safety strategy and commence implementation. 	<p>Complete</p> <p>May: project officer commenced in regional health services, development of workplace support model (HR) underway, review and update of all relevant Policy and procedures to meet new legislative requirements completed for all five agencies (Barwon Health, Colac Area Health, Otway Health, Hesse Health and Lorne Community Hospital). Project plan endorsed and finalised.</p> <p>June: All project staff in place, all planning completed and program of work ready to roll out across five agencies.</p>
		<ul style="list-style-type: none"> › Establish health service family safety protocols. › Develop and implement pathways of care and partnership programs with relevant stakeholders across the organisation and community. › Participate in regional awareness campaigns. 	<p>Complete</p> <p>As above.</p>
		<ul style="list-style-type: none"> › Performance against the Occupational Violence and Aggression (OVA) work plan is reviewed at each Executive Governance Meeting Specific actions in high risk areas will be implemented and include: <ul style="list-style-type: none"> • Community services who are working in the homes of clients. • Implementation of mobile duress program for home visiting staff across Barwon Health. • Contemporary risk screening. › Emergency Department: <ul style="list-style-type: none"> • Redevelopment of behaviour assessment room in ED with the model of care supporting changes in the Mental Health Acute Admission. › Mental Health: <ul style="list-style-type: none"> • Nursing and medical workforce models will be reviewed and implemented which will improve both patient and staff safety. 	<p>Complete</p> <p>February 18: Change impact statement delivered, staff commenced training for April 2018 go live.</p> <p>Department of Health and Human Services (DHHS) have requested and been provided with additional information in order to release the funding for the behavioural assessment room in ED.</p> <p>June 2018: Mobile Duress System implemented for all home based services across Barwon Health.</p> <p>Funding received to build a Behavioural Assessment Room (BAR) in ED. Taskforce established to review staff safety.</p>

Goals	Strategies	Deliverables	Outcome
		<ul style="list-style-type: none"> › Real time patient identification and data dashboard are completed and being used in standard care. › Redesign and implement a care pathway in a high risk cohort with data collection in efficacy underway. › Healthlinks embedded in the organisation. › DHHS Healthlinks requirements met. 	<p>Complete</p> <p>Able to identify healthlinks clients entering health service in close to real time.</p> <p>June: Steering Committee established Dashboard due for completion end June 2018.</p> <p>Healthlinks ongoing.</p>

Better Access

<ul style="list-style-type: none"> › Care is always there when people need it. › More access to care in the home and community. › People are connected to the full range of care and support they need. › There is equal access to care. 	<ul style="list-style-type: none"> › Plan and invest. › Unlock innovation. › Provide easier access. › Ensure fair access. 	<ul style="list-style-type: none"> › Plans for the imaging, Transition Care and Non Weight Bearing areas are completed, implemented and assessed. 	<p>Complete</p> <p>Non Weight Bearing implemented and embedded as business as usual. Transition Care Program - underway.</p> <p>Trial commenced on a residential care pathway to reduce protracted waiting times in acute care settings for patients awaiting a permanent aged care bed to become available. This includes transferring patients to TCP whilst waiting permanent long term residential care.</p> <p>New Clinical Care Pathway confirmed to Transition Care Program.</p> <p>Imaging complete.</p>
		<ul style="list-style-type: none"> › Operational expectations and business rules for flow established. › Performance monitoring, including discharge and admissions embedded program and theatre activity is monitored with program activity targets. › Develop a plan for ensuring essential services with a focus on managing demand on public holidays. › Integrate the acute mental health bed management processes into ED and organisational wide bed management. › Implement the operational performance framework. › Implement the key recommendations of patient support functions project. 	<p>Complete</p> <p>Daily operations meeting implemented. Monthly directorate performance meetings continue.</p> <p>Key recommendation for patient support function on track for the end of November.</p> <p>Winter Plan finalized</p> <p>Newly developed information management reporting system that provides detailed information on patient occupancy by ward.</p> <p>Estimated day of discharge now entered into patient information system.</p> <p>Full day emergency theatre list to be introduced following relocation of gynaecology surgery to Geelong private Hospital.</p> <p>Commissioning of new Transit lounge to free up acute beds occupied by non -acute patients.</p> <p>Funding received for additional staff to implement key strategies.</p>

Goals	Strategies	Deliverables	Outcome
		<ul style="list-style-type: none"> › Strategic Directions paper developed for Barwon Health specialist clinics and endorsed by the Board. › Implementation plan to achieve strategy developed. 	<p>Complete</p> <p>Draft policy tabled at Audit and Risk Management Committee on 13 November 2017. Position statement in draft.</p> <p>Barwon Health Board endorsed Specialist Clinics Policy at December 2017 meeting. Specialist Clinics Strategy recommendation submitted to Board for endorsement at February 2018 meeting.</p> <p>Board of Directors endorsed Specialist Clinic Strategy and Implementation Plan.</p>
		<ul style="list-style-type: none"> › Develop and launch a clinical trials brochure to promote Barwon Health clinical trials and increase sponsor engagement. › Training program developed and delivered to clinical workforce in BSW region. › Phase 1 Clinical Trial governance processes are matured and relationships established with centres of excellence. 	<p>Complete</p> <p>Brochure finalised. Training program completed. Phase 1 Clinical Trials process implemented and further discussions held about additional collaborations. Further progress pending new Research appointment.</p> <p>Completion Statement: Governance, support and training are in place for Barwon Health staff and accessible by region, but this will be further developed once new Director of Research is appointed.</p>

Better Care

<ul style="list-style-type: none"> › Target zero avoidable harm. › Healthcare that focusses on outcomes. › Patients and carers are active partners in care. › Care fits together around people's needs. 	<ul style="list-style-type: none"> › Develop and implement a plan to educate staff about obligations to report patient safety concerns. › In partnerships with consumers, identify priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every 6 months to reflect new areas for improvement in patient experience. › Put quality first. › Joined up care. › Partner with patients. › Strengthen the workforce. › Embed evidence. › Ensure equal care. 	<ul style="list-style-type: none"> › Plan is developed and implemented across the health service evidenced by data supporting the number of people completing the devised training program. 	<p>Complete</p> <p>Barwon Best Care was launched in January (a program focussed on culture change in safety and quality). The program covers escalation as well as people identifying improvements they can make in their own work areas.</p> <p>June: Barwon Best Care Improvement Plan complete.</p>
---	--	--	---

Goals	Strategies	Deliverables	Outcome
		<ul style="list-style-type: none"> › Standards reviewed, gap analysis and plan developed. › Education and training plan developed. › Programs piloted and reviewed and rolled out. 	<p>Complete</p> <p>Clinical Care Standard Strategies completed and implemented. Registry commenced in February.</p> <p>Systems are in place to monitor progress in these five areas that are now implemented and active.</p>
		<ul style="list-style-type: none"> › Leadership positions are recruited. › All recommendations from the Office of the Chief Psychiatrist and Leanne Beagley reviews are addressed. › Seclusion rates < 15 per 1,000 bed days. › ED Mental Health NEAT performance > 80%. 	<p>Complete</p> <p>Mental Health Leadership team fully recruited. Office of Chief Psychiatrist visit for sign out of actions planned for November.</p> <p>Visit in November completed and noted significant progress against recommendations but not signed off.</p> <p>Efforts to improve seclusion rates through implementation of new Medical Model and Nursing model to Inpatient Unit in progress (Safewards).</p> <p>Officer Chief Psychiatrist visit to Barwon Health in June confirmed most items on action plan complete.</p>
		<ul style="list-style-type: none"> › Quality and Safety Strategic Plan developed. › New plan is supported by appropriate governance structure. 	<p>Complete</p> <p>Barwon Best Care was launched in January (Barwon Health's strategic approach to Quality and Safety and a program focussed on culture change in safety and quality). The program covers escalation as well as people identifying improvements they can make in their own work areas.</p>

Reporting against the Statement of Priorities – Part B

Safety and Quality

Key performance indicator	Target	Actual
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Full compliance	Full compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Full compliance
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	83%
Percentage of healthcare workers immunised for influenza (as at 30 June 2018)	75%	83%
Patient experience		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses (as at March 2018)	95% positive experience	92%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care (as at March 2018)	75% very positive experience	85%
Victorian Healthcare Experience Survey – patients perception of cleanliness (as at March 2018)	70%	74%
Healthcare associated infections (HAI's)		
Number of patients with ICU central-line-associated bloodstream infection (CLABSI) (as at March 2018)	Nil	0.7
Adverse events		
Number of sentinel events	Nil	6
Mortality – number of deaths in low mortality DRGs ¹ (This indicator was withdrawn during 2017-2018 and is currently under review by the Victorian Agency for Health Information)	Nil	N/A
Mental Health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	13%
Rate of seclusion events relating to a mental health acute admission – all age groups	≤ 15/1,000	24*
Rate of seclusion events relating to a child and adolescent acute mental health admission	≤ 15/1,000	Not applicable
Rate of seclusion events relating to an adult acute mental health admission	≤ 15/1,000	29
Rate of seclusion events relating to an aged acute mental health admission	≤ 15/1,000	6
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	75%	Not applicable
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	75%	96%
Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days	75%	96%
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 to 5 minutes	≤ 1.6%	1.5%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	29.4%
Continuing Care		
Functional independence gain from an episode of GEM ² admission to discharge relative to length of stay	≥ 0.39	0.835
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	0.74

¹DRG is Diagnosis Related Group

²GEM is Geriatric Evaluation and Management

*Rate of seclusion was high due to infrastructure issues and a disability patient

Strong governance, leadership and culture

Key performance indicator	Target	Actual
Organisational culture		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	76%
People matter survey - percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	84%
People matter survey - percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	79%
People matter survey - percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	77%
People matter survey - percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	73%
People matter survey - percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	77%
People matter survey - percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	66%
People matter survey - percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	70%
People matter survey - percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	82%

Timely access to care

Key performance indicator	Target	Actual
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	86%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	61%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	66%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time	94%	93.7%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	3%
Number of patients on the elective surgery waiting list ¹	1115	996
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 8 /100	6.3
Number of patients admitted from the elective surgery waiting list	8961	8,448
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	46.5%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	84.3%

Effective financial management

Key performance indicator	Target	Actual
Finance		
Operating result (\$m)	0	\$1.66m
Average number of days to paying trade creditors	60 days	50 days
Average number of days to receiving patient fee debtors	60 days	37 days
Public and Private WIES ² activity performance to target	100%	90.42%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.69
Number of days of available cash	14 days	36

¹the target shown is the number of patients on the elective surgery waiting list as at 30 June 2018

²WIES is a Weighted Inlier Equivalent Separation

Statement of Priorities Part C: Activity and Funding

Funding Type	2017/2018 Activity Achievement
ACUTE ADMITTED	
WIES DVA	400
WIES Private	9,490
WIES Public	52,790
WIES TAC	667
ACUTE NON ADMITTED	
Emergency Services	73,367
Radiotherapy WAUs DVA	882
Radiotherapy WAUs Public	40,208
Specialist Clinics - DVA	612
Home Renal Dialysis	5,144
Specialist Clinics - Public	148,041
Home Enteral Nutrition	1,069
AGED CARE	
Aged care assessment service	3,214
Aged care other	0
HACC	21,577
Residential Aged Care	129,772
Subacute & Non-Acute Admitted	
Transition care - Bed days	10,964
Transition care - home days	5,396
Sub acute WIES - GEM Private	203
Sub acute WIES - GEM Public	606
Sub acute WIES - Palliative Care Private	96

Funding Type	2017/2018 Activity Achievement
Sub acute WIES - Palliative Care Public	238
Sub acute WIES - Rehabilitation Private	297
Sub acute WIES - Rehabilitation Public	620
Sub acute WIES - DVA	71
Sub acute and non acute other	33
OTHER SPECIFIED FUNDING	
Sub acute non-admitted	44,249
Sub acute non-admitted - DVA	142
Health independence program - Public	71,922
Victorian artificial limb program	1,341
Palliative care non-admitted	14,280
Mental Health and Drug Services	
Drug Services	2,177
Mental Health Ambulatory	63,272
Mental Health residential	14,719
Mental Health Sub acute	4,976
Mental Health Inpatient - secure unit	51
Mental Health Inpatient - Available bed days	10,404
Primary Health	
Community Health / Primary Care Programs	34,118



Financial Report

Disclosure Index

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

Legislation	Requirement	Page Reference
Charter and Purpose		
FRD 22H	Manner of establishment and the relevant Ministers	7
FRD 22H	Purpose, functions, powers and duties	7
FRD 22H	Initiatives and key achievements	2
FRD 22H	Nature and range of services provided	8
Management Structure		
FRD 22H	Organisational Structure	10
Financial and Other Information		
FRD 10A	Disclosure Index	32
FRD 11A	Disclosure of ex-gratia expenses	21
FRD 21C	Responsible Person and Executive Officer Disclosures	85
FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	18
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	18
FRD 22H	Application and operation of <i>Freedom of Information Act 1982</i>	18
FRD 22H	Compliance with building and maintenance provisions of <i>Building Act 1993</i>	18
FRD 22H	Details of consultancies over \$10,000	14
FRD 22H	Details of consultancies under \$10,000	14
FRD 22H	Employment and conduct principles	11
FRD 22H	Information and communication technology expenditure	16
FRD 22H	Major changes or factors affecting performance	12
FRD 22H	Occupational violence	16
FRD 22H	Operational and budgetary objectives and performance against objectives	24
FRD 22H	Summary of the entity's environmental performance	19
FRD 22H	Significant changes in financial position during the year	12
FRD 22H	Statement on National Competition Policy	19
FRD 22H	Subsequent events	13
FRD 22H	Summary of the financial results for the year	13
FRD 22H	Additional information available on request	20
FRD 22H	Workforce Data disclosures including a statement on the application of employment and conduct principles	11

Legislation	Requirement	Page Reference
FRD 25C	Victorian Industry Participation Policy disclosures	21
FRD 103F	Non-Financial Physical Assets	41
FRD 110A	Cash flow statements	38
FRD 112D	Defined Benefit Superannuation Obligations	53
SD 5.2.3	Declaration in report of operations	6
SD 5.1.4	Financial Management Compliance Attestation	22
Other requirements under Standing Directions 5.2		
SD 5.2.2	Declaration in financial statements	91
SD 5.2.1 (a)	Compliance with Australian Accounting Standards and other authoritative pronouncements	40
SD 5.2.1 (a)	Compliance with Ministerial Directions	7
Legislation		
<i>Freedom of Information Act 1982</i>		18
<i>Protected Disclosure Act 2012</i>		18
<i>Carers Recognition Act 2012</i>		18
<i>Victorian Industry Participation Policy Act 2003</i>		21
<i>Building Act 1993</i>		18
<i>Financial Management Act 1994</i>		34
<i>Safe Patient Care Act 2015</i>		18

Board Chair's, Chief Executive Officer's and Chief Financial Officer's Declaration

The following financial statements for Barwon Health and its Controlled Entities have been prepared in accordance with Standing Direction 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 2018 and the financial position of Barwon Health and its Controlled Entities as at 30 June 2018.

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

We authorise the financial statements for issue on this day.



Brian Cook
Board Chair



Professor Ruth Salom
Chief Executive Officer



Cobus Lothringen
Chief Financial Officer

Geelong 15 August 2018

Comprehensive Operating Statement

	Note	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Revenue from Operating Activities	2.1	701,090	661,004	701,681	663,202
Revenue from Non-Operating Activities	2.1	2,032	1,719	2,164	1,898
Employee Benefits	3.1	(501,916)	(466,246)	(501,916)	(466,246)
Non Salary Labour Costs	3.1	(14,138)	(10,911)	(14,138)	(10,911)
Supplies, Consumables and Purchased Services	3.1	(118,455)	(121,372)	(118,476)	(121,372)
Other Expenses from Continuing Operations	3.1	(68,523)	(64,089)	(68,566)	(64,342)
Share of Revenue from Joint Operation	4.2	11,256	5,130	11,256	5,130
Share of Expenditure from Joint Operation	4.2	(9,691)	(4,169)	(9,691)	(4,169)
Net Result before Capital and Specific Items		1,655	1,066	2,314	3,190
Capital Purpose Income	2.1	33,933	20,105	33,783	20,105
Depreciation and Amortisation	4.4	(44,602)	(43,894)	(44,602)	(43,894)
Expenditure for Capital Purpose	3.1	(2,160)	(2,014)	(2,160)	(2,014)
Specific Expenditure	3.1	(522)	(164)	(522)	(164)
Impairment of Financial Assets	3.1	-	(411)	-	(411)
Share of Capital and Specific Items from Joint Operation	4.2	(1,099)	(817)	(1,099)	(817)
Net Result after Capital and Specific Items		(12,795)	(26,129)	(12,286)	(24,005)
Other Economic Flows included in Net Result					
Bad Debts Expense		(912)	-	(913)	-
(Loss) / Gain on Revaluation of Investment Properties		695	907	695	907
Revaluation of Long Service Leave		(43)	2,155	(43)	2,155
Share of Other Economic Flows from Joint Operation	4.2	3	9	3	9
Total Other Economic Flows included in Net Result		(257)	3,071	(258)	3,071
NET RESULT FOR THE YEAR		(13,052)	(23,058)	(12,544)	(20,934)
Other Comprehensive Income					
Items that may be reclassified to Net Result					
Changes in the Fair Value of Available-For-Sale Financial Assets	8.1	-	387	51	387
Changes in the Fair Value of Land	8.1	6,907	6,177	6,907	6,177
Total Other Comprehensive Income		6,907	6,564	6,958	6,564
COMPREHENSIVE RESULT FOR THE YEAR		(6,145)	(16,494)	(5,586)	(14,370)

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

Balance Sheet

	Note	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000	Consol'd 2018 \$'000	Consol'd 2017 \$'000
ASSETS					
Current Assets					
Cash and Cash Equivalents	6.1	52,393	48,210	52,531	48,960
Investments and Other Financial Assets	4.1	2,059	1,303	4,230	2,353
Receivables	5.1	20,313	29,183	20,347	29,208
Inventories	5.2	3,059	3,089	3,060	3,089
Share of Assets in Joint Operation	4.2	4,488	5,371	4,488	5,371
Non-financial Assets classified as Held for Sale	5.4	1,650	1,843	1,650	1,843
Total Current Assets		83,962	89,000	86,306	90,825
Non-Current Assets					
Investments and Other Financial Assets (non current)	4.1	10,180	11,004	12,515	13,295
Receivables (non current)	5.1	29,391	25,437	29,391	25,437
Property, Plant and Equipment	4.3	568,006	568,341	568,006	568,341
Investment Properties	4.5	14,824	14,849	14,824	14,848
Share of Assets in Joint Operation	4.2	1,873	1,360	1,873	1,360
Intangible Assets	4.6	2,787	1,193	2,787	1,193
Total Non-Current Assets		627,061	622,184	629,396	624,474
TOTAL ASSETS		711,023	711,184	715,702	715,299
LIABILITIES					
Current Liabilities					
Payables	5.5	26,770	43,643	26,784	43,659
Monies Held in Trust	5.3	19,843	15,894	19,843	15,894
Share of Liabilities in Joint Operation	4.2	5,408	5,773	5,408	5,773
Employee Benefits and related on-cost Provisions	3.3	120,575	104,576	120,575	104,576
Total Current Liabilities		172,596	169,886	172,610	169,901
Non-Current Liabilities					
Employee Benefits and related on-cost Provisions (non current)	3.3	21,701	19,931	21,701	19,931
Share of Liabilities in Joint Operation	4.2	139	794	139	794
Total Non-Current Liabilities		21,840	20,725	21,840	20,725
TOTAL LIABILITIES		194,436	190,611	194,450	190,627
NET ASSETS		516,587	520,573	521,252	524,672
EQUITY					
Land Revaluation Reserve	8.1	49,817	42,910	49,817	42,910
Buildings Revaluation Reserve	8.1	234,565	234,565	234,565	234,565
Available for Sale Revaluation Reserve	8.1	198	223	266	240
Restricted Specific Purpose Reserve	8.1	12,185	12,196	12,185	12,196
Contributed Capital	8.1	235,110	233,194	235,110	233,194
Accumulated Surplus / (Deficit)	8.1	(15,288)	(2,515)	(10,691)	1,568
TOTAL EQUITY		516,587	520,573	521,252	524,672
Commitment for Expenditure	6.2				
Contingent Liabilities and Contingent Assets	7.2				

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

Statement of Changes in Equity

Parent	Note	Land Revaluation Reserve \$'000	Building Revaluation Reserve \$'000	Available for Sale Revaluation Reserve \$'000	Restricted Specific Purpose Reserve \$'000	Contributed Capital \$'000	Accumulated Surpluses/ (Deficits) \$'000	Total \$'000
Balance at 1 July 2017		42,910	234,565	223	12,196	233,194	(2,515)	520,573
Net Result for the Year		-	-	-	-	-	(13,052)	(13,052)
Transfer to Reserves		-	-	-	(11)	-	11	-
Movement in Reserves		6,907	-	(25)	-	-	-	6,882
Contribution from Victorian Government		-	-	-	-	1,916	-	1,916
Prior Year Corrections		-	-	-	-	-	268	268
BALANCE AT 30 June 2018		49,817	234,565	198	12,185	235,110	(15,288)	516,587
Balance at 1 July 2016		36,733	234,565	(87)	11,640	233,194	22,099	538,143
Effects of corrections of errors		-	-	-	-	-	(1,000)	(1,000)
Net Result for the Year		-	-	-	-	-	(23,058)	(23,058)
Transfer to Reserves		-	-	-	556	-	(556)	-
Movement in Reserves		6,177	-	310	-	-	-	6,487
Contribution from Victorian Government		-	-	-	-	-	-	-
BALANCE AT 30 June 2017		42,910	234,565	223	12,196	233,194	(2,515)	520,573

Consolidated	Note	Land Revaluation Reserve \$'000	Building Revaluation Reserve \$'000	Available for Sale Revaluation Reserve \$'000	Restricted Specific Purpose Reserve \$'000	Contributed Capital \$'000	Accumulated Surpluses/ (Deficits) \$'000	Total \$'000
Balance at 1 July 2017		42,910	234,565	240	12,196	233,194	1,568	524,672
Net Result for the Year		-	-	-	-	-	(12,544)	(12,544)
Transfer to Reserves		-	-	-	(11)	-	11	-
Movement in Reserves		6,907	-	26	-	-	-	6,933
Contribution from Victorian Government		-	-	-	-	1,916	-	1,916
Prior Year Corrections		-	-	-	-	-	274	274
BALANCE AT 30 June 2018		49,817	234,565	266	12,185	235,110	(10,691)	521,252
Balance at 1 July 2016		36,733	234,565	(87)	11,640	233,194	24,057	540,102
Effects of corrections of errors		-	-	-	-	-	(1,000)	(1,000)
Net Result for the Year		-	-	-	-	-	(20,934)	(20,934)
Transfer to Reserves		-	-	-	556	-	(556)	-
Movement in Reserves		6,177	-	327	-	-	-	6,504
BALANCE AT 30 June 2017		42,910	234,565	240	12,196	233,194	1,568	524,672

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

Cash Flow Statement

	Note	Parent Entity 2018 \$'000	Parent Entity 2017 \$'000	Consol'd 2018 \$'000	Consol'd 2017 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Operating Grants from Government		559,684	538,316	559,612	538,316
Capital Grants from Government		31,799	3,211	31,799	3,211
Patient and Resident Fees Received		42,823	60,396	42,424	60,396
Capital Donation and Bequests Received		1,652	1,807	2,428	3,916
GST Received from ATO		13,870	11,608	13,870	11,605
Pharmaceutical Sales		14,200	17,135	14,810	17,135
Linen Fees		499	495	499	495
Pharmaceutical Benefits Scheme		33,555	40,122	33,361	40,122
Recoupment from Private Practice for use of Hospital Facilities		3,286	2,761	3,286	2,761
Investment Income Receipts		2,339	2,351	2,524	2,534
Other Receipts		52,127	37,642	51,834	37,516
Total Receipts		755,834	715,844	756,447	718,007
Employee Benefits Paid		(491,983)	(468,753)	(491,983)	(468,753)
Payments for Supplies, Consumables and Purchased Services		(186,091)	(166,553)	(186,154)	(166,673)
IT Services and Software		(12,506)	(12,474)	(12,506)	(12,470)
Repairs and Maintenance		(6,379)	(9,004)	(6,379)	(9,001)
Fuel, Light, Power and Water		(6,170)	(5,339)	(6,170)	(5,338)
Maintenance Contracts		(6,787)	(7,525)	(6,787)	(7,523)
Operating Lease Payments		(1,225)	(1,345)	(1,225)	(1,345)
Total Payments		(711,141)	(670,993)	(711,204)	(671,103)
NET CASH FLOW FROM OPERATING ACTIVITIES	8.2	44,693	44,851	45,243	46,904
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for Non Financial Assets		(49,819)	(26,535)	(49,819)	(26,535)
Proceeds from Sale of Non Financial Assets		10,188	1,195	8,064	3,034
Purchase of Investments		(1,264)	(2,070)	(4,064)	(5,262)
Proceeds from Sale of Investments		(758)	1,633	3,005	1,563
NET CASH FLOW USED IN INVESTING ACTIVITIES		(41,653)	(25,777)	(42,814)	(27,200)
CASH FLOWS FROM FINANCING ACTIVITIES					
Contributed Capital from Government		1,916	-	1,916	-
NET CASH FLOW FROM FINANCING ACTIVITIES		1,916	-	1,916	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		4,956	19,074	4,345	19,704
Cash and Cash equivalents at Beginning of Financial Year		46,992	27,918	47,741	28,037
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	6.1	51,948	46,992	52,086	47,741

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

Notes to the Financial Statements

Note 1	Statement of Significant Accounting Policies	40
Note 2	Funding Delivery of Our Services	43
	2.1 Analysis of Revenue by Source	43
	2.2 Patient and Resident Fees	46
Note 3	The Cost of Delivering Services	47
	3.1 Analysis of Expenses by Source	47
	3.2 Analysis of Revenue and Expenses by Internally Managed and Restricted Specific Purpose Funds	50
	3.3 Employee Benefits and Related On-costs Provisions	50
	3.4 Superannuation	53
Note 4	Key Assets to Support Service Delivery	54
	4.1 Investments and Other Financial Assets	54
	4.2 Jointly Controlled Operations and Assets	56
	4.3 Property, Plant and Equipment	58
	4.4 Depreciation and Amortisation	67
	4.5 Investment Properties	68
	4.6 Intangible Assets	70
Note 5	Other Assets and Liabilities	71
	5.1 Receivables	71
	5.2 Inventories	73
	5.3 Monies Held in Trust	73
	5.4 Non-Financial Physical Assets Classified as Held For Sale	74
	5.5 Payables	74
Note 6	Funding of Operations	76
	6.1 Cash and Cash Equivalents and Cash Flow Reconciliation	76
	6.2 Commitments for Expenditure	77
Note 7	Risks, Contingencies and Valuation Uncertainties	78
	7.1 Financial Instruments	78
	7.2 Contingent Assets and Contingent Liabilities	80
Note 8	Other Disclosures	82
	8.1 Reserves	83
	8.2 Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) From Operating Activities	84
	8.3 Responsible Persons Disclosure	85
	8.4 Remuneration of Executive Officers	86
	8.5 Related Party Disclosures	86
	8.6 Remuneration of Auditors	88
	8.7 AASBs Issued that are not yet effective	88
	8.8 Events Occurring after Reporting Date	90
	8.9 Controlled Entities	90
	8.10 Economic Dependency	90
	Board Members, Accountable Officer's and Chief Financial Officer Declaration	91

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 2018. 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 AAS's.

The annual financial statements were authorised for issue by the Board of Barwon Health on 15 August 2018.

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 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

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

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

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

- › Non-current physical assets, which, subsequent to acquisition, are measured at 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).

The fair value of assets other than land is generally based on their depreciated replacement value. Whilst investment properties are re-valued each year to market value.

The fair value of financial and non-financial assets is disclosed further in Notes 4.3, 4.5, 4.6 & 5.4.

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 3.3;
- › Bad debt write offs, disclosed further in Note 5.1.

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 4.3); 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 3.3).

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.

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.

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

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: 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 2018;
- › 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 8.9; and

- › The parent entity is not shown separately in the notes.

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 ability to affect the amount of returns from 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 4.2.

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 2.1 and 3.1 to the financial statements.

Note 1.5: Goods and Services Tax (GST)

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the Australian Taxation Office (ATO). In this case 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 ATO is included with other receivables or payables in the balance sheet.

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

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

Note 2: Funding delivery of our service

Barwon Health's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians within the Barwon region.

Barwon Health is predominantly funded by accrual based grant funding for the provision of outputs. The hospital also receives income from the supply of services.

Structure

2.1 Analysis of revenue by source

2.2 Patient and resident fees

Note 2.1: Analysis of revenue by source

2018	Note	Admitted Patients \$'000	Out-patients \$'000	EDs \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
Consolidated										
Government Grants		401,168	29,018	27,093	47,138	5,134	34,405	38,448	12,700	595,104
Indirect Contributions by Department of Health and Human Services		2,663	242	242	484	97	629	145	339	4,841
Patient and Resident Fees	2.2	30,528	7,170	2,697	1,907	1,142	8,843	622	5,348	58,257
Private Practice Fees		-	-	-	-	-	-	-	-	-
Recoupment from Private Practice for use of Hospital Facilities		2,509	292	1	2	-	2	1	22	2,829
Business Units and Specific Purpose Funds		1,581	161	142	306	57	369	347	17,141	20,104
Donations and Bequests		28	3	3	5	1	7	2	749	798
Other Revenue from Operating Activities		6,666	722	748	2,505	153	1,049	1,313	6,592	19,748
Total Revenue from Operating Activities		445,143	37,608	30,926	52,347	6,584	45,304	40,878	42,891	701,681
Interest		-	-	-	-	-	-	-	2,047	2,047
Dividends and Profit on Sale of Available-for-Sale Investments		-	-	-	-	-	-	-	117	117
Total Revenue from Non-Operating Activities		-	-	-	-	-	-	-	2,164	2,164
Capital Purpose Income		-	-	-	-	-	-	-	31,591	31,591
Donations and Bequests		-	-	-	-	-	-	-	2,176	2,176
Net Gain/(Loss) from Disposal of Non-Financial Assets		-	-	-	-	-	-	-	16	16
Total Capital Purpose Income		-	-	-	-	-	-	-	33,783	33,783
TOTAL REVENUE		445,143	37,608	30,926	52,347	6,584	45,304	40,878	78,838	737,628

Note 2.1: Analysis of revenue by source (continued)

2017	Note	Admitted Patients \$'000	Out-patients \$'000	EDs \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
Consolidated										
Government Grants		378,055	28,091	26,682	44,362	4,839	32,520	28,604	13,007	556,160
Indirect Contributions by Department of Health and Human Services		2,030	185	185	369	74	480	111	258	3,692
Patient and Resident Fees	2.2	29,743	6,285	1,939	1,829	1,214	9,774	531	5,948	57,263
Private Practice Fees		2,609	133	1	2	-	2	-	45	2,792
Recoupment from Private Practice for use of Hospital Facilities		7,696	758	698	1,404	279	1,814	608	5,830	19,087
Business Units and Specific Purpose Funds		14	1	1	3	1	3	16	2,133	2,172
Other Revenue from Operating Activities		6,749	732	742	2,544	197	2,872	1,218	6,982	22,036
Total Revenue from Operating Activities		426,896	36,185	30,248	50,513	6,604	47,465	31,088	34,203	663,202
Interest		-	-	-	-	-	-	-	1,682	1,682
Dividends and Profit on Sale of Available-for-Sale Investments		-	-	-	-	-	-	-	216	216
Total Revenue from Non-Operating Activities		-	-	-	-	-	-	-	1,898	1,898
Capital Purpose Income		-	-	-	-	-	-	-	17,611	17,611
Donations and Bequests		-	-	-	-	-	-	-	1,899	1,899
Net Gain/(Loss) from Disposal of Non-Financial Assets		-	-	-	-	-	-	-	595	595
Total Capital Purpose Income		-	-	-	-	-	-	-	20,105	20,105
TOTAL REVENUE		426,896	36,185	30,248	50,513	6,604	47,465	31,088	56,206	685,205

Note 2.1: Analysis of revenue by source (continued)

Income is recognised in accordance with AASB 118 Revenue and is recognised as 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.

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.

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; and
- › Long Service Leave (LSL) 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 04/2017 (updated 2016-17).

Patient and Resident Fees

Patient fees are recognised as revenue on an accrual basis.

Private Practice Fees

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

Revenue from Commercial Activities

Revenue from commercial activities such as car park and property rental income are recognised on an accrual basis.

Donations and Other Bequests

Donations and bequests are recognised as revenue when received. Corporate donations are recognised as revenue at the time the invoice is raised.

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.

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.

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.

Sale of Investments

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

Capital Purpose Income

Refer to accounting policy for government grants. Items are grants received for specific capital purposes.

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.

Non Admitted 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.

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.

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 and Human Services 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).

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.

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.

Note 2.2: Patient and resident fees

	Note	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Patient Fees Raised			
Acute		35,704	32,696
Sub Acute		4,692	5,270
Other		5,970	6,480
Resident Fees Raised			
Geriatric		8,842	9,774
Mental Health		3,049	3,043
TOTAL	2.1	58,257	57,263

Note 3: The cost of delivering services

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

Structure

- 3.1 Analysis of expenses by source
- 3.2 Analysis of expense and revenue by internally managed and restricted specific purpose funds
- 3.3 Employee Benefits and related on-costs provisions
- 3.4 Superannuation

Note 3.1: Analysis of expenses by source

2018	Note	Admitted Patients \$'000	Out-patients \$'000	EDs \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
Consolidated										
Employee Benefits		294,396	24,672	30,044	51,350	7,226	55,863	11,410	26,955	501,916
Other Operating Expenses										
Non Salary Labour Costs		8,339	315	418	1,605	258	2,314	201	688	14,138
Supplies, Consumables and Purchased Services		79,998	4,598	5,751	7,119	1,301	9,110	2,488	8,111	118,476
Other Expenses		37,251	2,853	2,862	5,510	850	6,300	2,017	10,923	68,566
Total Expenditure from Operating Activities		419,984	32,438	39,075	65,584	9,635	73,587	16,116	46,677	703,096
Expenditure for Capital Purposes									2,160	2,160
Specific Expenditure									522	522
Impairment of Available-for-Sale-Financial Assets									-	-
Depreciation and Amortisation	4.4								44,602	44,602
Total Other Expenses		-	-	-	-	-	-	-	47,284	47,284
Total Expenses from Ordinary Activities		419,984	32,438	39,075	65,584	9,635	73,587	16,116	93,961	750,380

Note 3.1 Analysis of expenses by source (continued)

2017	Note	Admitted Patients \$'000	Out-patients \$'000	EDs \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
Consolidated										
Employee Benefits		272,120	22,715	27,444	47,858	6,755	51,802	12,125	25,427	466,246
Other Operating Expenses										
Non Salary Labour Costs		6,919	256	317	1,137	176	1,426	185	495	10,911
Supplies, Consumables and Purchased Services		83,897	4,474	6,354	6,857	1,294	9,120	2,564	6,812	121,372
Other Expenses		34,571	2,506	2,643	5,290	806	6,190	1,927	10,409	64,342
Total Expenditure from Operating Activities		397,507	29,951	36,758	61,142	9,031	68,538	16,801	43,143	662,871
Expenditure for capital purposes		-	-	-	-	-	-	-	2,014	2,014
Specific Expenditure		-	-	-	-	-	-	-	164	164
Impairment of Available for-Sale-Financial Assets		-	-	-	-	-	-	-	411	411
Depreciation and Amortisation	4.4	-	-	-	-	-	-	-	43,894	43,894
Total Other Expenses		-	-	-	-	-	-	-	46,483	46,483
Total Expenses from Ordinary Activities		397,507	29,951	36,758	61,142	9,031	68,538	16,801	89,626	709,354

Note 3.1 Analysis of expenses by source (continued)

Expense Recognition

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

Employee Benefits

Employee benefits 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.

Other Operating Expenses

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

Non Salary Labour Costs

Non salary labour costs are recognised as an expense in the reporting period in which they are incurred. These costs represent external payments to labour agencies for additional staff.

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.

Net gain/ (loss) on non-financial assets

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

- › Revaluation gains/(losses) of non-financial physical assets.

Refer to Note 4.3 *Property plant and equipment*.

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

Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying amount of the asset at the time.

Net gain/ (loss) on financial instruments

Net gain/ (loss) on financial instruments includes:

- › Realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- › Impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 4.1 Investments and other financial assets); and
- › Disposals of financial assets and derecognition of financial liabilities.

Impairment of non-financial assets

Goodwill and intangible assets with indefinite useful lives (and intangible assets not available for use) are tested annually for impairment and whenever there is an indication that the asset may be impaired. Refer to Note 4.1 Investments and other financial assets.

Revaluations of financial instruments at fair value

Refer to Note 7.1 *Financial instruments*.

Share of net profits/ (losses) of associates and jointly controlled entities, excluding dividends.

Refer to Note 1.4 *Principles of consolidation*.

Other gains/ (losses) from other economic flows includes:

- › Revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors.

Note 3.2: Analysis of revenue and expenses by internally managed and restricted specific purpose funds

	Revenue		Expense	
	Consol'd 2018 \$'000	Consol'd 2017 \$'000	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Commercial Activities				
Cafeteria	3,367	3,318	3,028	3,241
Investments	2,005	1,742	23	1,421
Linencare	363	4,112	26	3,794
Properties	1,643	1,660	1,559	1,851
Salary Packaging	1,755	1,664	290	1,574
External Supply	12,042	-	11,022	-
Other	935	762	673	634
Total Commercial Activities	22,110	13,258	16,621	12,515
Other Activities				
Donations	2,223	2,126	1,215	1,283
Private Practice	2,689	3,263	2,062	2,601
Research	5,008	5,510	4,573	4,730
Restricted	3	599	15	46
TOTAL	32,033	24,756	24,486	21,175

Note 3.3: Employee benefits and related on-costs provisions

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Current Provisions		
Employee Benefits		
Annual Leave		
› Unconditional and expected to be settled wholly within 12 months	33,383	29,417
› Unconditional and expected to be settled wholly after 12 months (at present value)	5,535	4,608
Long Service Leave		
› Unconditional and expected to be settled wholly within 12 months	25,568	23,637
› Unconditional and expected to be settled wholly after 12 months (at present value)	29,596	26,151
Accrued Days Off	924	806
Accrued Salaries and Wages	15,584	10,996
	110,590	95,615

Note 3.3: Employee benefits and related on-costs provisions (continued)

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Provisions related to employee benefit on-costs		
› Annual Leave	4,090	3,603
› Unconditional Long Service Leave Entitlements	5,798	5,273
› Accrued Days Off	97	85
	9,985	8,961
Total Current Provisions	120,575	104,576
Non-Current Provisions		
› Conditional Long Service Leave Entitlements (at present value)	19,637	18,022
› Employee benefit on-costs for Long Service Leave	2,064	1,909
Total Non-Current Provisions	21,701	19,931
Total Provisions	142,276	124,507
a) Employee Benefits and Related On-Costs		
Current Employee Benefits and Related On-costs		
Unconditional Annual Leave	43,008	37,628
Unconditional Long Service Leave Entitlements	60,962	55,061
Accrued Salaries and Wages	15,584	10,996
Accrued Days Off	1,021	891
Non-Current Employee Benefits and Related On-costs		
Conditional Long Service Leave Entitlements	21,701	19,931
Total Employee Benefits and Related On-Costs	142,276	124,507
b) Movement in Long Service Leave		
Balance at start of year	74,992	71,120
Provision made during the year		
Revaluations	43	(2,147)
Expense recognising Employee Service	15,260	13,315
Settlement made during the year	(7,631)	(7,296)
Balance at end of year	82,664	74,992

Key Assumptions:

Provision for Annual Leave is calculated as the amount that 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 3.875% (2017: 3.813%) per annum projected weighted average increase in wages and salary rates over a period of 16 years.

Note 3.3: Employee benefits and related on-costs provisions (continued)

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% (2017: 9.5%) and workcover rate of 1.01% (2017: 1.09%) during 2017-18.

Employee Benefits

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.

Provisions

Provisions are recognised when Barwon Health has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Wages and Salaries, Annual Leave and Accrued Days Off

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. An unconditional right arises after a qualifying period.

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 estimations e.g. bond rate movements, inflation rate movements and changes in probability factors which are then recognised as other economic flow.

Employee Benefit On-Costs

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

Note 3.4: Superannuation

	Contribution Paid		Contribution Payable	
	Consol'd 2018 \$'000	Consol'd 2017 \$'000	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Defined contribution plans:				
› First State Super	22,262	21,795	-	-
› Hesta	14,759	13,440	-	-
› Other compliant superannuation funds as selected by employee	1,907	1,426	-	-
Defined benefit plans:				
› First State Super	610	661	-	-
› ESS Super	177	186	-	-
Total	39,715	37,508	-	-

Superannuation Liabilities

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.

Defined contribution superannuation plans

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

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 plans in respect of the services of current Barwon Health staff during the reporting period. Superannuation contributions are made to the plans in accordance with the relevant rules of each plan, and are based upon actuarial advice.

Barwon Health does not recognise any defined benefit liability in respect of the plans because the hospital has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due. The Department of Treasury and Finance discloses the State's defined benefits liabilities in its disclosure for administered items.

However, superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement of Barwon Health.

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

Note 4: Key assets to support service delivery

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

Structure

- 4.1 Investments and other financial assets
- 4.2 Jointly controlled operations and assets
- 4.3 Property, plant & equipment

4.4 Depreciation and amortisation

4.5 Investment properties

4.6 Intangible assets

Note 4.1: Investments and other financial assets

	Note	Operating Fund		Capital Fund		Total	
		Consol'd	Consol'd	Consol'd	Consol'd	Consol'd	Consol'd
		2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000	2018 \$'000	2017 \$'000
Current							
> Australian Dollar Term Deposits < 3 months		-	-	2,217	1,096	2,217	1,096
> Fixed Bonds and Floating Rate Notes		-	-	2,013	1,257	2,013	1,257
TOTAL CURRENT		-	-	4,230	2,353	4,230	2,353
Non- Current							
> Equities at Fair Value		2,335	2,291	-	-	2,335	2,291
> Fixed Bonds and Floating Rate Notes		-	-	10,180	11,004	10,180	11,004
TOTAL NON CURRENT		2,335	2,291	10,180	11,004	12,515	13,295
TOTAL		2,335	2,291	14,410	13,357	16,745	15,648
Represented by:							
Health Service Investments						2,046	2,000
Barwon Health Foundation Future Fund						4,506	3,341
Monies Held in Trust							
> Refundable Entrance Fees						10,193	10,307
TOTAL						16,745	15,648

Note 4.1: Investments and other financial assets (continued)

Investments and Other Financial Assets

Barwon Health's investments are made in accordance with Standing Direction 3.7.2 – Treasury and Investment Risk Management. 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.

The investments held by Barwon Health Foundation Future Fund do not fall in scope of the Standing Directions as they are not public entity funds (i.e. not controlled by the government).

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.

Derecognition of Financial Assets

A financial asset is derecognised upon the sale of an investment and is measured at fair value, net of transaction costs.

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.

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 2018 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 2018. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.

Note 4.2: Jointly controlled operations and assets

Name of Entity	Principal Activity	Ownership Interest 2018 %	Ownership Interest 2017 %
South West Alliance of Rural Health (Vic)	Information Systems	48%	23%

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.

The audit of SWARH's financial statements for the year ended 30 June 2018 (on which Barwon Health's has been determined) was ongoing as at the date of signing these financial statements.

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Current Assets		
Cash and Cash Equivalents	3,510	1,188
Inventories	40	4
Receivables	938	4,179
Total Current Assets	4,488	5,371
Non Current Assets		
Property, Plant and Equipment	244	119
Leased assets	1,620	1,235
Intangible Assets	9	6
Total Non Current Assets	1,873	1,360
Total Assets	6,361	6,731
Current Liabilities		
Payables	2,493	4,533
Deferred Revenue	377	252
Lease Liabilities	1,786	599
Employee Benefits and Related On-Cost Provisions	752	389
Total Current Liabilities	5,408	5,773
Non Current Liabilities		
Employee Benefits and Related On-Cost Provisions	139	68
Lease Liabilities	-	726
Total Non Current Liabilities	139	794
Total Liabilities	5,547	6,567
Net Assets	814	164
Equity	814	164

Note 4.2: Jointly controlled operations and assets (continued)

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

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Revenues		
Operating Revenue	11,256	5,130
Total Revenue	11,256	5,130
Expenses		
Operating Expenses	(9,691)	(4,169)
Total Expenses	(9,691)	(4,169)
Net Result Before Capital and Specific Items	1,565	961
Capital Purpose Income	290	112
Finance Lease Charges	(101)	(81)
Impairment of Non-Financial Assets	-	(15)
Depreciation	(1,288)	(833)
Net Result After Capital and Specific Items	466	144
Other Economic Flows included in the Net Result		
Revaluation of Long Service Leave	3	9
Net Result	469	153

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.

Note 4.3: Property, plant and equipment

Note 4.3(a) Gross carrying amount as at 30 June 2018

2018 Consolidated	At Cost / Valuation \$'000	Accumulated Depreciation / Amortisation \$'000	Net Assets 2018 \$'000
Land and Buildings			
At Fair Value			
Land at Managerial Valuation on 30 June 2018	48,515	-	48,515
Crown Land at Managerial Valuation on 30 June 2018	11,345	-	11,345
Buildings at Valuation on 30 June 2014	924,843	485,386	439,457
	984,703	485,386	499,317
Assets Under Construction at Cost	18,629	-	18,629
Leasehold Improvements at Fair Value	2,515	1,237	1,278
Plant and Equipment at Fair Value			
› Plant	14,296	6,570	7,726
› Motor Vehicles	6,290	4,634	1,656
› Other	33,406	23,711	9,695
	53,992	34,915	19,077
Medical Equipment at Fair Value	79,050	54,417	24,633
Furniture and Fittings at Fair Value	6,605	1,533	5,072
Total Property, Plant and Equipment	1,145,494	577,488	568,006

Managerial revaluation of Barwon Health's land was performed using land indices provided by Valuer-General Victoria. The effective date of the valuation was 30 June 2018.

Note 4.3: Property, plant and equipment (continued)

Note 4.3(a) Gross carrying amount as at 30 June 2017

2017 Consolidated	At Cost / Valuation \$'000	Accumulated Depreciation / Amortisation \$'000	Net Assets 2017 \$'000
Land and Buildings			
At Fair Value			
Land at Managerial Valuation on 30 June 2017	42,429	-	42,429
Crown Land at Managerial Valuation on 30 June 2017	9,943	-	9,943
Buildings at Valuation on 30 June 2014	914,010	451,507	462,503
	966,382	451,507	514,875
Assets Under Construction at Cost	9,758	-	9,758
Leasehold Improvements at Fair Value	1,518	958	560
Plant and Equipment at Fair Value			
› Plant	11,651	5,341	6,310
› Motor Vehicles	6,192	4,251	1,941
› Other	29,215	21,146	8,069
	47,058	30,738	16,320
Medical Equipment at Fair Value	73,771	50,995	22,776
Furniture and Fittings at Fair Value	4,961	974	3,987
Linen at Fair Value	65	-	65
Total Property, Plant and Equipment	1,103,513	535,172	568,341

Note 4.3: Property, plant and equipment (continued)

Property, Plant and Equipment

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, leasehold improvements, medical equipment, furniture and fittings, linen 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.

Where an asset is acquired for no or nominal cost, the cost is its fair value at the date of acquisition.

Revaluations of Non-current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103G *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 reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that same class of asset previously recognised as an expense in net result, 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.

Note 4.3: Property, plant and equipment (continued)

Note 4.3(b) Reconciliations of the carrying amounts of each class of asset

2018 Consolidated	Note	Land \$'000	Buildings \$'000	Leasehold Improvements	Plant & Equipment \$'000	Medical Equipment \$'000	Furniture & Fittings \$'000	Linen \$'000	Assets Under Construction \$'000	Total \$'000
Balance at 1 July 2017		52,372	462,503	560	16,320	22,776	3,987	65	9,758	568,341
Additions		-	9,081	997	5,997	5,963	1,600	-	12,334	35,972
Revaluation Increment/Decrement		6,908	-	-	-	-	-	-	-	6,908
Asset Write Off		-	-	-	-	-	-	(65)	-	(65)
Transfers from Assets Under Construction		-	1,613	-	1,229	577	44	-	(3,463)	-
Transfers (other)		580	139	-	-	-	-	-	-	719
Disposals		-	-	-	(61)	(20)	-	-	-	(81)
Depreciation and Amortisation	4.4	-	(33,879)	(279)	(4,408)	(4,663)	(559)	-	-	(43,788)
Balance at 30 June 2018	4.3(a)	59,860	439,457	1,278	19,077	24,633	5,072	-	18,629	568,006

Note 4.3(b) Reconciliations of the carrying amounts of each class of asset (continued)

2017 Consolidated	Note	Land \$'000	Buildings \$'000	Leasehold Improvements	Plant & Equipment \$'000	Medical Equipment \$'000	Furniture & Fittings \$'000	Linen \$'000	Assets Under Construction \$'000	Total \$'000
Balance at 1 July 2016		46,595	481,324	773	16,369	22,440	2,252	65	9,567	579,385
Additions		-	12,985	(28)	1,145	3,981	1,211	-	7,699	26,993
Revaluation Increment/Decrement		6,177	-	-	-	-	-	-	-	6,177
Asset write off		-	-	-	-	-	-	-	(562)	(562)
Transfers from Assets Under Construction		-	1,696	66	3,046	1,165	973	-	(6,946)	-
Transfers (other)		(400)	-	(33)	-	-	-	-	-	(433)
Disposals		-	-	-	(94)	(9)	(55)	-	-	(158)
Depreciation and Amortisation	4.4	-	(33,503)	(217)	(4,146)	(4,801)	(394)	-	-	(43,061)
Balance at 30 June 2017	4.3(a)	52,372	462,503	560	16,320	22,776	3,987	65	9,758	568,341

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 the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments.

The effective date of the valuation was 30 June 2014.

Note 4.3: Property, plant and equipment (continued)

Note 4.3(c) Fair value measurement hierarchy for assets

	Consolidated carrying amount as at 30 June 2018 \$'000	Fair value measurement at end of reporting period using ⁽¹⁾ :		
		Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000
Land and Buildings at Fair Value				
Non-specialised Land	23,161	-	23,161	-
Specialised Land	36,698	-	-	36,698
Non-specialised Buildings	1,141	-	1,141	-
Specialised Buildings	438,317	-	-	438,317
Leasehold Improvements	1,278	-	-	1,278
Total Land and Buildings at Fair Value	500,595	-	24,302	476,293
Plant and Equipment at Fair Value				
> Plant at Depreciated Replacement Cost	7,726			7,726
> Motor Vehicles at Depreciated Replacement Cost	1,656			1,656
> Other at Depreciated Replacement Cost	9,695			9,695
Total Plant and Equipment at Fair Value	19,077	-	-	19,077
Medical equipment at Fair Value	24,633			24,633
Furniture and Fittings at Fair Value	5,072			5,072
Linen at Fair Value	-			-
	549,377	-	24,302	525,075

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

There have been no transfers between levels during the period.

Note 4.3: Property, plant and equipment (continued)

Note 4.3(c) Fair value measurement hierarchy for assets (continued)

	Consolidated carrying amount as at 30 June 2017 \$'000	Fair value measurement at end of reporting period using ⁽¹⁾ :		
		Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000
Land and Buildings at Fair Value				
Non-specialised Land	20,419	-	20,419	-
Specialised Land	31,953	-	-	31,953
Non-specialised Buildings	1,199	-	1,199	-
Specialised Buildings	461,304	-	-	461,304
Leasehold Improvements	560	-	-	560
Total Land and Buildings at Fair Value	515,435	-	21,618	493,817
Plant and Equipment at Fair Value				
› Plant at Depreciated Replacement Cost	6,310	-	-	6,310
› Motor Vehicles at Depreciated Replacement Cost	1,941	-	-	1,941
› Other at Depreciated Replacement Cost	8,069	-	-	8,069
Total Plant and Equipment at Fair Value	16,320	-	-	16,320
Medical equipment at Fair Value	22,776	-	-	22,776
Furniture and Fittings at Fair Value	3,987	-	-	3,987
Linen at Fair Value	65	-	-	65
	558,583	-	21,618	536,965

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

There have been no transfers between levels during the period.

Note 4.3: Property, plant and equipment (continued)

Note 4.3(c) Fair value measurement hierarchy for assets as at 30 June 2018 (continued)

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.

In June 2017 and 2018 a managerial valuation was carried out in accordance with FRD 103G to revalue the land to its fair value.

Specialised land and specialised buildings

Specialised land includes Crown Land which is measured at fair value with regard to the property's highest and best use after due consideration is made for any legal or physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the assets are not taken into account until it is

virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best use.

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

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

The CSO adjustment is a reflection of the valuer's assessment of the impact of restrictions associated with an asset to the extent that is also equally applicable to market participants. This approach is in light of the highest and best use consideration required for fair value measurement, and takes into account the use of the asset that is physically possible, legally permissible and financially feasible. As adjustments of CSO are considered as significant unobservable inputs, specialised land would be classified as Level 3 assets. For 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 was 30 June 2014.

In June 2017 and 2018 a managerial valuation was carried out in accordance with FRD 103G to revalue the land to its fair value.

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

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

There were no changes in valuation techniques throughout the period to 30 June 2018.

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

Note 4.3: Property, plant and equipment (continued)

Note 4.3(d) Reconciliation of Level 3 Fair Value

2018 Consolidated	Specialised Land \$'000	Specialised Buildings \$'000	Leasehold Improvements \$'000	Plant and equipment \$'000	Medical Equipment \$'000	Furniture & Fittings \$'000	Linen \$'000
Opening Balance	31,953	461,304	560	16,320	22,776	3,987	65
Additions	-	10,834	997	7,226	6,539	1,644	-
Gains or losses recognised in net result							
› Disposals	-	-	-	(61)	(19)	-	(65)
› Transfers	-	-	-	-	-	-	-
› Depreciation	-	(33,821)	(279)	(4,408)	(4,663)	(559)	-
Subtotal	31,953	438,317	1,278	19,077	24,633	5,072	-
Items recognised in other comprehensive income							
› Revaluation	4,745	-	-	-	-	-	-
Closing Balance	36,698	438,317	1,278	19,077	24,633	5,072	-

Note 4.3(d) Reconciliation of Level 3 Fair Value (continued)

2017 Consolidated	Specialised Land \$'000	Specialised Buildings \$'000	Leasehold Improvements \$'000	Plant and equipment \$'000	Medical Equipment \$'000	Furniture & Fittings \$'000	Linen \$'000
Opening Balance	28,183	480,487	773	16,369	22,440	2,252	65
Additions	-	14,302	4	4,191	5,146	2,184	-
Gains or losses recognised in net result							
› Disposals	-	-	-	(94)	(9)	(55)	-
› Transfers	(400)	(40)	-	-	-	-	-
› Depreciation	-	(33,445)	(217)	(4,146)	(4,801)	(394)	-
Subtotal	27,783	461,304	560	16,320	22,776	3,987	65
Items recognised in other comprehensive income							
› Revaluation	4,170	-	-	-	-	-	-
Closing Balance	31,953	461,304	560	16,320	22,776	3,987	65

Note 4.3: Property, plant and equipment (continued)

Note 4.3(e) Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs
Specialised land		
	Market approach	Community Service Obligation (CSO) adjustment
Specialised buildings		
	Depreciated replacement cost	Direct cost per square metre
		Useful life of specialised buildings
Plant and equipment at fair value		
	Depreciated replacement cost	Cost per unit
		Useful life of PPE
Medical equipment at fair value		
	Depreciated replacement cost	Useful life of medical equipment
Furniture and fittings at cost		
	Depreciated replacement cost	Cost per unit
		Useful life of furniture and fittings
Linen		
	Depreciated replacement cost	Cost per unit

The significant unobservable inputs remain unchanged in 2018

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; and
- › 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.

In accordance with paragraph AASB 13.29, Barwon Health has assumed the current use of a non-financial physical asset is its highest and best use, as no market or other factors suggest that a different use would maximise the value of the asset.

Note 4.4: Depreciation and amortisation

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Depreciation		
Buildings	33,879	33,503
Leasehold Improvements	279	217
Plant and Equipment	4,408	4,146
Medical Equipment	4,663	4,801
Furniture and Fittings	559	394
Total Depreciation	43,788	43,061
Amortisation		
Intangible Assets	814	833
Total Amortisation	814	833
Total Depreciation and Amortisation	44,602	43,894

Depreciation

Assets with a cost in excess of \$2,000 (2017: \$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 (2017: \$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.

Depreciation is provided on property, plant and equipment, including freehold buildings, but excluding land. 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 on which the depreciation charges are based.

	2018	2017
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

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.

Note 4.5: Investment properties

Note 4.5(a) Movements in carrying value for investment properties

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Balance at Beginning of Period	14,848	15,158
Net Gain from fair value adjustment	695	900
Transfer from Property, Plant & Equipment	-	440
Transfer to Property, Plant & Equipment	(719)	-
Transfer to Assets Held For Sale	-	(1,650)
Balance at the End of Period	14,824	14,848

Investment properties were revalued at 30 June 2018 by the Valuer-General Victoria's Office, to determine the fair value of the 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 Barwon Health.

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.

Rental income from Investment Properties for the year was \$635,793 (2017: \$649,817). Related operating expenses were \$3,032 (2017: \$2,885).

Investment properties are initially recognised at cost.

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.

Note 4.5: Investment properties (continued)

Note 4.5(b) Fair value measurement hierarchy for investment properties

	Consolidated carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using ⁽¹⁾ :		
		Level 1	Level 2	Level 3
Investment properties	14,824	-	14,824	-
	14,824	-	14,824	-

Note 4.5(b) Fair value measurement hierarchy for investment properties (continued)

	Consolidated carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using ⁽¹⁾ :		
		Level 1	Level 2	Level 3
Investment properties	14,848	-	14,848	-
	14,848	-	14,848	-

(1) Classified in accordance with the fair value hierarchy

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2018.

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 2018 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.

Note 4.6: Intangible assets

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Intangible Assets	2,787	1,193
Total Intangible Assets	2,787	1,193
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	1,193	1,770
Additions	2,408	256
Disposals	-	-
Amortisation	(814)	(833)
Balance at end of financial year	2,787	1,193
Total Intangible Assets	2,787	1,193

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 (2017: 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.

Note 5: Other assets and liabilities

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

Structure

5.1 Receivables

5.2 Inventories

5.3 Monies held in trust

5.4 Non- financial physical assets classified as held for sale

5.5 Payables

Note 5.1: Receivables

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
CURRENT		
Contractual		
Patient Fees	5,259	6,899
Sundry Debtors	6,107	6,565
Less: Allowance for Doubtful Debts	(824)	(1,148)
Accrued Investment Income	107	489
Accrued Revenue - Other	4,644	4,224
Prepayments	1,794	11,125
	17,087	28,154
Statutory		
GST Receivable	1,971	45
Accrued Revenue - Department of Health and Human Services	1,289	1,009
TOTAL CURRENT RECEIVABLES	20,347	29,208
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	29,391	25,437
TOTAL NON CURRENT RECEIVABLES	29,391	25,437
TOTAL RECEIVABLES	49,738	54,645

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
(a) Movement in allowance for patient fee doubtful debts:		
Balance at beginning of year	(1,148)	(390)
Amounts written off during year	32	161
(Increase) / decrease in allowance recognised in net result	292	(919)
Balance at end of the year	(824)	(1,148)

Note 5.1: Receivables (continued)

Receivables

Receivables consist of:

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

Receivables that are contractually classified as financial instruments are 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.

Note 5.2: Inventories

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Pharmaceuticals at Cost	1,232	1,469
Medical and Surgical Lines at Cost	1,332	1,328
Bulk Store at Cost	496	292
TOTAL INVENTORIES	3,060	3,089

Inventories are valued at the lower of cost and net realisable value. Cost is determined by the average purchase price of items.

Note 5.3: Monies held in trust

	Note	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Current			
Contractual			
Refundable Entrance Fees		19,072	15,109
Residential Patient Monies held in Trust		771	785
Total Monies Held in Trust		19,843	15,894
Total Monies Held in Trust			
Represented by the following assets:			
Cash held - monies held in trust	6.1	445	1,218
Investments and other financial assets		19,398	14,676
Total Monies Held in Trust		19,843	15,894

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.

Note 5.4: Non-financial physical assets classified as held for sale

Note 5.4(a) Assets held for sale

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Assets Held for Sale		
Land	1,650	1,650
Plant and Equipment	-	193
Total Non-Financial Physical Assets Classified as Held for Sale	1,650	1,843

Non-financial physical assets are treated as current and are classified as held for sale when it is highly probable their carrying amount will be recovered through a sale transaction rather than through continuing use in the coming 12 months.

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

Note 5.5: Payables

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Current		
Contractual		
Trade Creditors	8,688	17,945
Accrued Expenses	16,328	14,094
Superannuation	8	5
Salary Packaging	1,303	1,444
Other - payables	404	10,095
	26,731	43,584
Statutory		
Australian Taxation Office	53	75
	53	75
Total Payables	26,784	43,659

Payables

Payables consist of contractual payables which consist of liabilities for goods and services received prior to the end of the financial year that are unpaid, and are recognised when Barwon Health becomes legally obliged to make future payments in respect of the purchases. The normal credit terms for accounts payable are usually 30 days.

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.

Note 5.5: Payables (continued)

Note 5.5(a) Maturity analysis of Financial Liabilities as at 30 June

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

2018	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
Financial Liabilities							
Trade Creditors and Other Payables	23,998	23,998	21,317	1,767	914	-	-
Refundable Entrance Fees	19,072	19,072	870	311	17,891	-	-
Residential Patient Monies held in Trust	771	771	135	228	351	57	-
Total Financial Liabilities	43,841	43,841	22,322	2,306	19,156	57	-

Note 5.5(a) Maturity analysis of Financial Liabilities as at 30 June (continued)

2017	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
Financial Liabilities							
Trade Creditors and Other Payables	41,202	41,202	38,514	1,754	934	-	-
Refundable Entrance Fees	15,109	15,109	688	247	14,174	-	-
Residential Patient Monies held in Trust	785	785	137	232	358	58	-
Total Financial Liabilities	57,096	57,096	39,339	2,233	15,466	58	-

Note 6: Funding of operations

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

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

Structure

6.1 Cash and cash equivalents

6.2 Commitments for expenditure

Note 6.1: Cash and cash equivalents and cash flow reconciliation

	Note	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Cash at Bank		12,501	28,930
Cash on Hand		30	30
Deposits at Call		40,000	20,000
Total Cash and Cash Equivalents		52,531	48,960
Represented by:			
Cash for Health Service Operations (as per Cash Flow Statement)		52,086	47,742
Cash held for residential patient monies held in trust	5.3	445	1,218
Total Cash and Cash Equivalents		52,531	48,960

Cash and Cash Equivalents

Cash and cash equivalents recognised on the balance sheet comprise both cash on hand and cash at bank.

Note 6.2: Commitments for expenditure

Note 6.2(a) Capital expenditure commitments

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Building Projects	44,134	13,431
Equipment Upgrades	2,668	-
	46,801	13,431
Not later than one year	44,597	12,233
Later than 1 year and not later than 5 years	2,204	1,198
Total	46,801	13,431

Note 6.2(b) Other expenditure commitments

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Not later than one year	4,356	3,512
Later than one year and not later than 5 years	3,128	3,377
5 years or more	701	-
Total	8,185	6,889

Note 6.2(c) Lease commitments

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Equipment		
Not later than one year	1,971	1,793
Later than one year and not later than 5 years	5,789	6,037
5 years or more	695	1,951
	8,455	9,781
Motor Vehicles		
Not later than one year	118	80
Later than one year and not later than 5 years	160	12
	278	92
Property		
Not later than one year	852	378
Later than one year and not later than 5 years	1,447	20
5 years or more	2	2
	2,301	400
Total commitments for expenditure (inclusive of GST)	61,970	26,774
Less GST recoverable from the Australian Taxation Office	5,634	2,434
Total commitments for expenditure (exclusive of GST)	56,336	24,340
Operating lease commitments - as lessor (receivables)		
Future receivables under non-cancellable leases as at 30 June 2018 are, as follows:		
Property		
Not later than one year	1,200	812
Later than one year and not later than 5 years	2,841	2,905
5 years or more	9	103
	4,050	3,820

All amounts are shown inclusive of GST.

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

Note 7: Risks, contingencies and valuation uncertainties

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

which for the hospital is related mainly to fair value determination.

Structure

7.1 Financial instruments

7.2 Contingent assets and contingent liabilities

Note 7.1: Financial instruments

Note 7.1(a) Categorisation of Financial Instruments

Consolidated 2018	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	6.1	52,531	-	-	52,531
Receivables	5.1	10,649	-	-	10,649
Investments and Other Financial Assets	4.1	-	16,745	-	16,745
Total Financial Assets		63,180	16,745	-	79,925
Financial Liabilities					
Trade Creditors and Other Payables	5.5	-	-	26,723	26,723
Refundable Entrance Fees	5.3	-	-	19,072	19,072
Residential Patient Monies held in Trust	5.3	-	-	771	771
Total Financial Liabilities		-	-	46,566	46,566

Note 7.1: Financial instruments (continued)

Note 7.1(a) Categorisation of Financial Instruments (continued)

Consolidated 2017	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	6.1	28,960	-	-	28,960
Receivables	5.1	12,805	-	-	12,805
Investments and Other Financial Assets	4.1	18,681	16,967	-	35,648
Total Financial Assets		60,446	16,967	-	77,413
Financial Liabilities					
Trade Creditors and Other Payables	5.5	-	-	41,204	41,204
Refundable Entrance Fees	5.3	-	-	15,109	15,109
Residential Patient Monies held in Trust	5.3	-	-	785	785
Total Financial Liabilities		-	-	57,098	57,098

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

Note 7.1: Financial instruments (continued)

Note 7.1(b) Net holding gain / (loss) on financial instruments by category

Consolidated 2018	Note	Net holding gain / (loss) \$'000	Total interest income / (expense) \$'000	Fee income / (expense) \$'000	Impairment Loss \$'000	Total \$'000
Financial Assets						
		-	1,267	-	-	1,267
	5.1	-	-	-	292	292
		-	847	(23)	-	824
		-	2,114	(23)	292	2,383
Total Financial Assets						
Financial Liabilities						
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
		-	-	-	-	-
Total Financial Liabilities						

Note 7.1(b) Net holding gain / (loss) on financial instruments by category (continued)

Consolidated 2017	Note	Net holding gain / (loss) \$'000	Total interest income / (expense) \$'000	Fee income / (expense) \$'000	Impairment Loss \$'000	Total \$'000
Financial Assets						
	6.1	-	980	-	-	980
	5.1	-	-	-	(919)	(919)
	4.1	(60)	885	(28)	(411)	386
		(60)	1,865	(28)	(1,330)	447
Total Financial Assets						
Financial Liabilities						
	5.5	-	-	-	-	-
	5.3	-	-	-	-	-
	5.3	-	-	-	-	-
		-	-	-	-	-
Total Financial Liabilities						

Note 7.1: Financial instruments (continued)

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.

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.

Net gain/(loss) on financial instruments

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

Note 7.2: Contingent assets and contingent liabilities

There are no known material contingent assets or contingent liabilities for Barwon Health. (2017: Nil)

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.

Note 8: Other Disclosures

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

Structure

8.1 Reserves

8.2 Reconciliation of net result for the year to net cash inflow/(outflow) from operating activities

8.3 Responsible persons disclosures

8.4 Remuneration of Executive officers

8.5 Related parties

8.6 Remuneration of auditors

8.7 AASBs issued that are not yet effective

8.8 Events occurring after balance sheet date

8.9 Controlled entities

8.10 Economic dependency

Note 8.1: Reserves

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
a) Reserves		
Land Revaluation Reserve		
Balance at start of year	42,910	36,733
Movements	6,907	6,177
Balance at end of year	49,817	42,910
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	240	(87)
Movement for Sale of AFS Investments	-	(60)
Valuation Gain recognised	51	387
Impairment of Financial Assets	(25)	-
Balance at end of year	266	240
Restricted Specific Purpose Reserve		
Balance at start of year	12,196	11,640
Transfer (to)/from Accumulated Surplus/ (Deficit)	(11)	556
Balance at end of year	12,185	12,196
b) Contributed Capital		
Balance at start of year	233,194	233,194
Capital contributions received from Victorian Government	1,916	-
Balance at end of year	235,110	233,194
c) Accumulated Surplus/ (Deficit)		
Balance at start of year	1,568	24,057
Net result for the year	(12,544)	(20,934)
Transfer (to)/from Restricted Specific Purpose Reserve	11	(556)
Effects of corrections of errors	-	(1,000)
Prior Year Adjustments	274	-
Balance at end of year	(10,691)	1,568
Total Equity at the end of the financial year	521,252	524,672

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.

Land and Buildings Revaluation Reserve

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

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.

Restricted Specific Purpose Funds

Barwon Health's Restricted Specific Purpose Funds comprise funds for which Barwon Health do not exercise 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.

Note 8.2: Reconciliation of net result for the year to net cash inflow/ (outflow) from operating activities

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Net Result for the Period	(12,544)	(20,934)
Non-cash movements:		
Depreciation and Amortisation	44,602	43,894
Impairment of Available-for-Sale Investments	-	411
Provision for Doubtful Debts	(325)	-
Impairment of Non-Financial Assets	193	
Movements included in investing and financing activities:		
Loss / (Gain) on Revaluation of Investment Property	(695)	(907)
Loss / Gain on sale of Available-for-Sale Shares	(53)	(1)
Loss / (Gain) on Sale of Property, Plant & Equipment	(16)	(761)
Movements in assets and liabilities:		
Increase / (Decrease) in Employee Benefits	17,770	6,780
Increase / (Decrease) in Trade Creditors	(9,254)	(2,918)
Decrease / (Increase) in Patient Fees Receivable	(12,206)	2,421
Decrease / (Increase) in Inventories	94	1,157
Increase / (Decrease) in Monies Held in Trust	17,022	5,156
Increase / (Decrease) in Other Payables	(2,507)	6,202
Decrease / (Increase) in Other Receivables	3,162	6,404
Net Cash Inflow from Operating Activities	45,243	46,904

Note 8.3: 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:

Responsible Ministers	
The Hon. Jill Hennessy, Minister for Health and Ambulance Services	1 July 2017 - 30 June 2018
The Hon. Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	1 July 2017 - 30 June 2018
Governing Board	
Mr Brian Cook	1 July 2017 - 30 June 2018
Mr Michael Feehan	1 July 2017 - 30 June 2018
Ms Jennifer Williams (DHHS Delegate July 2017 to September 2017)	30 September 2017 - 30 June 2018
Ms Robyn Davis	1 July 2017 - 30 June 2018
Ms Virginia Todd	1 July 2017 - 30 June 2018
Mr Jason Trethowan	1 July 2017 - 30 June 2018
Ms Christine Leahy	22 August 2017 - 30 June 2018
Prof Brendan Crotty	22 August 2017 - 30 June 2018
Prof. George Braitberg	1 July 2017 - 7 December 2017
Prof Louise Newman (Ministerial Appointment)	1 July 2017 - 30 June 2018
Accountable Officers	
Professor Ruth Salom	24 July 2017 - 30 June 2018
Professor Alex Cockram	1 July 2017 - 4 August 2017

Remuneration of Responsible Persons

The Responsible Persons received remuneration for the financial year ended 30 June 2018. The number of Responsible Persons, excluding Ministers, whose total remuneration in connection with the affairs of Barwon Health as shown in the following bands, were:

	2018 No.	2017 No.
\$0 - \$9,999	-	1
\$10,000 - \$19,999	1	1
\$20,000 - \$29,999	7	6
\$50,000 - \$59,999	1	1
\$320,000 - \$329,999	1	-
\$430,000 - \$439,999	-	1
Total number of responsible persons	10	10
	\$'000	\$'000
Total remuneration received, or due and receivable by Responsible Persons from Barwon Health for the year :	558	719

Note 8.4: Remuneration of executive officers

The remuneration of executive officers, other than Accountable Officers, during the financial year ended 30 June 2018 was as follows:

	2018 \$'000	2017 \$'000
Short-term benefits	1,533	1,902
Long-term benefits	48	61
Post-employment benefits	131	143
Termination benefits	213	209
Total remuneration of Executive Officers	1,925	2,315
Total number of Executive Officers	11	11
Total annualised employee equivalent (AEE)	7.0	8.7

Short-term benefits

Short term benefits, include salaries and wages, annual leave or sick leave that are usually paid or payable on a regular basis. It also includes non-monetary benefits such as allowances and subsidised goods or services.

Long-term benefits

Long term benefits, include long service leave and other long service benefits or deferred compensation.

Post-employment benefits

Post employment benefits include, pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Termination benefits

Termination benefits include payments for termination of employment, such as severance, redundancy in lieu of notice payments

Note 8.5: Related parties

Barwon Health is a wholly owned and controlled entity of the State of Victoria.

The following entities have been consolidated into Barwon Health's financial statements in accordance with AASB10 *Consolidated Financial Statements*:

- › Barwon Health Future Fund; and
- › Trustee for Barwon Health Future Fund.

Related parties of Barwon Health include:

- › all key management personnel and their close family members and personal business interests (controlled entities, joint ventures and entities they have significant influence over);
- › all cabinet ministers and their close family members; and
- › all departments and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

Significant transactions with government-related entities

During the financial year, the following aggregate transactions were undertaken and balances held with other Victorian Government controlled entities in the ordinary course of operations.

	30 Jun 2018 \$'000	30 Jun 2017 \$'000
Health & related services provided to other Victorian public health services	3,278	251
Health & related services received from other Victorian public health agencies	5,048	2,180
Information technology services provided to South West Alliance of Rural Health	-	4,608
Information technology services received from South West Alliance of Rural Health	9,504	6,212

Note 8.5: Related parties (continued)

In addition to the above, the Department of Health and Human Services (DHHS) provides grant funding for Barwon Health's services that comprise the majority of revenues. The value of these revenues, measured in accordance with AAASB 1004 *Contributions* are disclosed in Note 2.

Key Management Personnel of Barwon Health includes the Portfolio Ministers, Governing Board, Accountable Officers (disclosed in Note 8.3) and Executive Officers, which includes:

Robyn Hayles

Chief Operating Officer

Cobus Lotheringen

Chief Financial Officer

Alastair Mah

Chief Medical Officer

Sean Jespersen

Chief Medical Officer / Executive Director
Clinical Services

Lucy Cuddihy

Chief of Nursing & Midwifery Officer/
Acting Chief Operating Officer

Sharon Hakkennes

Chief Information Officer

Perry Muncaster

Chief of Workforce & Culture

Felicity Topp

Executive Director, Strategic Business
Planning

Sally Campbell

Executive Director, Strategic Business
Planning

John Burns

Acting Chief Operating Officer

Ben Maw

Acting Chief of Nursing & Midwifery Officer

Jo Bourke

Acting Chief of Nursing & Midwifery Officer

Transactions and balances with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other

government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements.

Related party transactions with the members of the Key Management Personnel and their related parties, which occurred during the normal course of business, apart from remuneration disclosed in Notes 8.3 and 8.4 are listed below:

Key Management Personnel remuneration	30 Jun 2018 \$'000	30 Jun 2017 \$'000
Services have been received from Geelong Football Club Inc. of which Brian Cook is Director and CEO	53	-
Revenue received for services from Kardinia Health; of which Ruth Salom and Robyn Hayles were Directors	88	-
Services have been received from Barwon Child, Youth & Family Inc. of which Lucy Cuddihy is Director	251	1,284
Perry Muncaster is a Director of the Victorian Hospital's Industrial Association from which corporate membership and advisory services have been received	108	449
Funding received from Rural Workforce Agency; Victoria Ltd for special skills training provided to medical staff of which Alastair Mah is a Director	551	675
John Stekelenburg is a Director of the Geelong Chamber of Commerce Inc to which corporate membership has been paid	-	53
Donations on behalf of Barwon Health employees have been made to Give Where You Live Inc. of which Robyn Hayles is a Director	-	52

Barwon Health has prepared these related party disclosures for the year based on reasonable enquiries made by management in relation to the portfolio ministers and their related parties and the information available to the organisation, with the transition to a full implementation of AASB 124 and any applicable financial reporting directions.

Note 8.6: Remuneration of auditors

	Consol'd 2018 \$'000	Consol'd 2017 \$'000
Victorian Auditor- General's Office		
Audit of Financial Statements	185	181
TOTAL	185	181

Note 8.7: AASBs issued that are not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Barwon Health of their applicability and early adoption where applicable.

As at 30 June 2018, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Barwon Health has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Barwon Health Financial Statements
AASB 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	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. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
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 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 2018	The vast majority of Barwon Health's revenue sources are outside the scope of this proposed standard and thus its application is not expected to impact the recognition or measurement of these. While the preliminary assessment has not identified any material impact on minor revenue sources arising from AASB 15, it will continue to be monitored and assessed.

Note 8.7: AASBs issued that are not yet effective (continued)

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Barwon Health Financial Statements
AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15	This standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1 Jan 2018	Any impact arising from the adoption of AASB 15 will be deferred until the financial year ended 30 June 2019.
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	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. The preliminary assessment of the impact of AASB 16 on Barwon Health’s financial performance is considered minimal.
AASB 2016 - 8 Amendments to Australian Accounting Standards - Australian Implementation Guidance for Non-for-Profit Entities	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 Jan 2019	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. AASB 9 - Statutory receivables are to be recognised and measured similarly to financial assets. This change will impact the way Barwon Health measure the statutory receivable from the Department of Health and Human Services. AASB 15 - The vast majority of Barwon Health’s revenue sources are outside the scope of this proposed standard and thus its application is not expected to impact the recognition or measurement of these. Barwon Health will continue to assess and monitor the impact of these standards
AASB 1058 Income of Not-for-Profit Entities	AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 Contributions. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context. AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective.	1 Jan 2019	Barwon Health will impacted by the revenue recognition changes, in particular the phasing and timing of recording revenue in the profit and loss. The assessment of the impact is ongoing and is considered to not be material from an annual reporting perspective.

Note 8.8: Events occurring after balance sheet date

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

Note 8.9: 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	n/a

Controlled Entities Contribution to the Consolidated Net Result for the Year	2018 \$'000	2017 \$'000
The Trustee for Barwon Health Foundation Future Fund	-	-
Barwon Health Foundation Future Fund Limited	509	2,124

Note 8.10: Economic dependency

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

Board Member's, Accountable Officer's and Chief Finance Officer's Declaration

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

We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2018 and the financial position of Barwon Health at 30 June 2018.

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.



Mr Brian Cook
Chairperson
Geelong, 15 August 2018



Professor Ruth Salom
Chief Executive Officer
Geelong, 15 August 2018



Mr Cobus Lotheringen
Chief Financial Officer
Geelong, 15 August 2018

Independent Auditor's Report

To the Board of Barwon Health

Opinion	<p>I have audited the consolidated financial report of Barwon Health (the health service) and its controlled entities (together the consolidated entity), which comprises the:</p> <ul style="list-style-type: none"> • consolidated entity and health service balance sheet as at 30 June 2018 • consolidated entity and health service comprehensive operating statement for the year then ended • consolidated entity and health service statement of changes in equity for the year then ended • consolidated entity and health service cash flow statement for the year then ended • notes to the financial statements, including significant accounting policies • board members, accountable officer's and chief financial officer declaration. <p>In my opinion, the financial report presents fairly, in all material respects, the financial positions of the consolidated entity and the health service as at 30 June 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the <i>Financial Management Act 1994</i> and applicable Australian Accounting Standards.</p>
Basis for Opinion	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 <i>Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
Board's responsibilities for the financial report	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

Auditor's responsibilities for the audit of the financial report

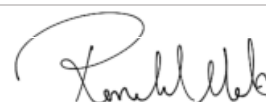
As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and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

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

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

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

MELBOURNE
21 August 2018



Ron Mak

as delegate for the Auditor-General of Victoria

Glossary

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

VGW
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.

Index

A

Accreditation 2, 28
Acute care 8
Aged care 8, 30, 42, 46
Alan David Lodge 8
Allied Health 3, 11, 46
Ambulatory 30, 46

B

Barwon Health Foundation 4, 5, 41, 54, 55, 90
Board committees 9
Board of Directors 9

C

Carers 18, 26
Chief Executive 2, 10, 34, 91
Community health 5, 10, 30, 46

D

Deakin University 4, 8
Dental 3, 45, 46
Disclosure index 32

E

Education 4, 5, 8, 46
Elective surgery 3, 12, 29, 30
Emergency Department 2, 12, 29, 30, 45
Executive team 10

F

Financials 12, 31
Foundation see Barwon Health Foundation
Fundraising see Barwon Health Foundation

I

Intensive Care Unit (ICU) 28

M

Maternity 4, 5, 12, 28
Minister 40, 85, 87
Mission Inside front cover

N

Number of beds 8, 25

O

Occupational Health & Safety 17
Organisational structure 10

P

Palliative Care 30, 45
Percy Baxter Lodge 8

R

Research 4, 8, 26, 50
Risk management 9, 26, 55

S

Service performance 23
StaffCare 17
Statement of priorities 24, 28, 30
Strategic plan 2, 7, 18, 27
Surgical 4, 10, 12, 73
Surplus 5, 12

T

Transition Care 25, 30
The Gordon 8

V

Values Inside front cover
Vision Inside front cover
Volunteers 3, 5

W

Wallace Lodge 8
WIES 30
Workforce information 11

ERRATA

Barwon Health Annual Report 2017 -2018

Please be advised that the figure for Hotel and Allied Health Services for June 2017 was incorrectly printed; the figures below are a correct representation of the workforce:

Labour Category	JUNE Current Month FTE		JUNE Year to date FTE	
	2017	2018	2017	2018
Nursing	1915.40	1918.38	1872.31	1894.66
Administration and Clerical	713.38	717.67	705.89	715.26
Medical Support	413.68	425.77	400.30	416.07
Hotel and Allied Health Services	499.14	495.28	493.84	504.21
Medical Officers	71.66	76.43	71.32	75.68
Hospital Medical Officers	345.76	378.73	341.54	368.16
Sessional Clinicians	99.84	113.35	96.92	104.26
Ancillary Staff (Allied Health)	365.46	387.07	353.90	367.87
Total	4424.32	4512.67	4336.02	4446.16

Two KPI's from the Statement of Priorities Part B were missed, they are below:

Key Performance Indicator	Target	Actual
Number of patients with surgical site infection	No Outliers	Not Met
Rate of patients with Staphylococcus Aureus Bacteraemia per occupied bed day	≤1/10,000	≤1/10,000

There is a typographical error on page 5, the description of the opening date for the renal services building should read:

As part of a \$6.4 million funding boost from the State Government in 2016, a new, purpose-built Renal Services unit has been constructed on the corner of Swanston and Lt Myers Streets, which opened in August 2018.



Additionally, discrepancies in the 2017 comparative data in Note 2.1: Analysis of Revenue by Source, Total Revenue from Operating Activities (page 44) were noted in the financial statements. The discrepancies resided within the allocation across revenue sources, while the total remained unchanged. The figures below are a correct representation:

2017 Consolidated	Note	Admitted Patients \$'000	Outpatients \$'000	EDS \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
Government Grants		378,055	28,091	26,682	44,362	4,839	32,520	28,604	13,007	556,159
Indirect Contributions by Department of Health and Human Services		2,030	185	185	369	74	480	111	258	3,691
Patient and Resident Fees	2.2	29,743	6,285	1,939	1,829	1,214	9,774	531	5,949	57,263
Recoupment from Private Practice for use of Hospital Facilities		2,609	133	1	2	0	2	0	45	2,793
Business Units and Specific Purpose Funds		7,696	758	698	1,404	279	1,814	608	5,832	19,089
Donations and Bequests		14	1	1	3	1	3	16	2,133	2,171
Other Revenue from Operating Activities		6,749	732	742	2,544	197	2,872	1,218	6,982	22,036
Total Revenue from Operating Activities		426,895	36,185	30,247	50,513	6,603	47,464	31,088	34,206	663,202



Brian Cook
Board Chair
6 September 2018



Professor Ruth Salom
Chief Executive
6 September 2018



Cobus Lotheringen
Chief Financial Officer
6 September 2018





**Barwon
Health**

barwonhealth.org.au