

16

Annual Report

17



**Barwon
Health**



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.

Commitment

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

Innovation

We drive innovation for better care.

Compassion

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

Accountability

We take accountability for what we do.

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Brian Cook
Chair



Professor Ruth Salom
Chief Executive

Year in review

The vision of Barwon Health is to work with our community to build healthier lives, inspired by world class standards. In 2016/17, by working together with our consumers, stakeholders, staff and volunteers we have continued to bring our vision to reality.

Our consumers play a central role in the organisation's endeavour to reach its goals. The relationship with the consumer is now well-embedded throughout the health service, providing advice on what matters to them and ensuring their voices are heard.

Providing safe, quality care continues to be our focus against a backdrop of ever increasing demands.

Quality

Barwon Health continues to perform with regards to Safety and Quality, achieving five 'Met with Merit' ratings for a recent accreditation against the National Safety and Quality Health Service Standards (NSQHSS) and the National Mental Health Standards (NMHS).

The five 'Met with Merit' ratings were in the following areas: incident management, policy and procedure system, consumer representative program, Written Information Simply Explained (WISE) program and our Advance Care Planning program.

Reinforcing the voice of the consumer in how we care for the community has seen a growth in recording consumer stories for teaching opportunities. Consumer experiences are now sensitively collected and presented to staff for use as learning tools and to inform improvement activities. Patients share the story of their treatment, providing positive and negative feedback of their experience, aiming to assist in improving staff's clinical and behavioural approaches. The stories, in multimedia format, are then shared in staff forums, Grand Rounds and online training courses.

Our finances

The past twelve months have seen the leadership team working with staff to address the significant deficit result for the previous financial year. It is a tremendous achievement and turnaround to now report an operating surplus of \$1.07 million.

All staff, from those at the front line to the leadership group, are to be commended for achieving this fantastic result. It is the commitment from everyone to always be innovative without compromising quality that has resulted in addressing a significant budgetary challenge.

Our community's wellbeing

Barwon Health is a foundation member of the Victorian Network of Smokefree Healthcare services, leading the way in creating a Smokefree environment at all our sites and providing smoking cessation support for patients and staff. Earlier this year, the smokefree policy was extended to include our acute mental health unit, the Swanston Centre. This was a significant step, as smoking is a common issue for people with mental illness, who have a prevalence of approximately two to four times the general population. Providing appropriate treatment and support from our trained staff is key to reducing this risk for our consumers.

To further support Barwon Health's reputation as a 'Health Promoting Health Service', the phasing out of sugar-carbonated drinks from cafeterias and vending machines commenced on 1 June 2017. This stand for better health is part of the Rethink Sugary Drinks campaign, supported by organisations including the Cancer Council, Diabetes Australia, Heart Foundation, Australian Dental Association and the World Health Organization Collaborating Centre for Obesity Prevention.

The impact of sugary drinks, food choices, and inactive lifestyles are especially evident among Australian children. With more than three quarters of Australian children exceeding the guidelines for daily sugar intake, research shows obesity is a major issue in our community.

Family safety is another concern facing our community. Barwon Health has made a commitment to strengthening its response to family violence by endorsing a Statement of Intent to identify and respond to such incidents. This includes implementing interventions, processes and systems to prevent, identify and respond appropriately to family violence at an individual and community level. Barwon Health is committed to providing staff, volunteers and consumers with a response to family violence that is supportive and timely to help people live free from violence.

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. We continue to see a growth in presentations to our Emergency Department, dental health, community health, rehab and the number of patients requiring surgery.

In the face of increasing demand, we have exceeded the Elective Surgery Waiting List target by 2.5%. This means that in 2016/2017 we have done more surgery and increased the number of operations whilst ensuring we delivered on the waiting list target. The volume of surgical work undertaken has meant that we have made a difference to the lives of 21,326 people.

This year we treated 69,706 people in our Emergency Department, performed 21,326 operations and cared for 140,021 patients through our outpatients program. December and January saw record high presentations compared to the previous year, and an extra 740 patients presented to the Emergency Department in December and January compared with the previous December January period. On 27 December, the department reached a daily patient record of 275 – 45 per cent higher than the daily average of 185.

In the community, we supported 576 people in our aged care homes, located in the north and south of Geelong.

Ensuring the right care is provided at the right time and the right place has prompted a strong performance across the organisation. A great deal of work was undertaken in late 2016 to align the beds with the service models, ensuring that we could achieve greater efficiency in how we work and ultimately improve the patient experience as they move through the service.

This alignment saw the opening of the Emergency Department Adult Short Stay Unit, resulting in a better experience for patients. This model of care allows us to care for patients in an environment that is away from the hive of activity that is the standard Emergency Department, providing a more restful environment and the release of cubicles in the core department. This model of care was extended to the youngest members of our community with the opening of a dedicated

Paediatric Short Stay unit in April. This unit has had a positive impact on our performance. In its first month, 225 children benefited from this new model of care.

Our people at their best

Barwon Health is the biggest employer in Geelong and employs 6,676 people, equating to 4323.59 FTE. The volunteer workforce continues to grow from strength to strength, supported by an extensive personal development program. There are more than 1000 volunteers supporting us in providing the best of care to our community. At Barwon Health, the people who work for us are very much our community.

Providing a safe workplace is a priority. Earlier this year, Barwon Health made a heightened commitment to stamping out discrimination, bullying, and sexual harassment by collaborating with the Royal Australasian College of Surgeons. The two parties signed a Memorandum of Understanding in May, outlining a shared commitment to effective collaboration and sharing information to facilitate quality specialist medical training in a safe environment.

Research, education and training for excellence

Throughout 2016-17, Barwon Health enjoyed a year of vibrant learning and teaching activity across the organisation.

Our continued growth in student and trainee activity reflects the rich clinical learning environment we offer, and the commitment and enthusiasm of our educators and clinical supervisors to embed learning in practice, while supporting the development of our current and future health workforce.

Barwon Health's commitment to supporting staff participation in teaching and clinical supervision is evident in the number of staff accessing development opportunities to enhance their skills and knowledge in this important area of practice.

We have made significant progress in the area of interprofessional education as a key enabler to interprofessional collaborative practice within and across services, with our flagship 'Advancing Interdisciplinary Clinical Excellence' program well-established and in demand.

We have also strengthened our partnerships with education providers, in particular Deakin University and The Gordon. The aforementioned Memorandum of Understanding with the Royal Australasian College of Surgeons documented our shared commitment to effective collaboration and quality education, helping facilitate specialist medical training in a safe environment with high standards of care.

In November, another successful Research Week combined a number of public and staff events. This event, a collaboration between Deakin University and Barwon Health, is an excellent showcase of our breadth of research.

Recognising the calibre and skill of staff in the research arena, the Board has approved a change of scope to include Early Phase Clinical Trials with a new supporting governance process.

University links continue to grow, with the launch of La Trobe University's Professorial Doctorate program, with four staff enrolled in semester one 2017 and another intake due to commence in semester two this year.

A new academic skills program has launched, introducing research skills to staff, students and consumers through ten sessions. This will ensure we continue to grow our research skills across all levels of the organisation.

The Barwon Health Foundation Future Fund continues to support research, with the flagship Barwon Infant Study receiving an allocation of \$450,000 to fund research personnel and new innovation in the BIS Bus. This mobile assessment unit will increase accessibility and make it easier for mothers and children enrolled in the study to participate in regular research assessments.

Our reputation as a leader in research is reflected in the role the organisation plays in the Western Alliance Academic Health Science Centre (Western Alliance). The Barwon Health Chief Executive is the Chair of the Western Alliance that comprises a network of academic research institutions and major health service providers across western Victoria. The Western Alliance is an Australian first, formalising the partnerships between the universities and health services involved and focusing on regional health outcomes.

The vision and mission of the alliance aligns well with Barwon Health's focus on improving health outcomes and improving the health and wellbeing of the community through collaborative health and medical research, education and training.

Capital Works

The State Government continues to support Barwon Health, with various projects underway to improve facilities.

A significant refurbishment project is underway at the Alan David Lodge residential aged care facility in Charlemont (formerly Grovedale). Funding from the Department of Health and Human Services (DHHS) is enabling an upgrade to both the internal and external living environment, improving comfort and amenities for residents.

The project includes a men's shed, extra security and CCTV monitoring systems, new automated doors, a chicken enclosure, an improved rehabilitation space with overhead hoist in the Lonsdale Sunroom, and improvements to dining areas for residents.

The two-year refurbishment of Percy Baxter Lodges located at the McKellar in North Geelong was unveiled in March. A \$2 million investment has given new life to four hostels – home to 80 aged care residents.

The upgrade works, which were done in consultation with the residents, included replacing carpets, painting walls, improved lighting, additional storage space, and commissioning Aboriginal paintings to feature in each lodge. The large refurbishment was necessary to improve its liveability and prepare for the future.

Opened at the end of June, the Sunrise Centre is a joint venture between Barwon Health, TAC and the Geelong Football Club. The centre provides a specialist rehabilitation and recovery program to the community and a centre of excellence in the area of injury recovery, vocational rehabilitation and community reintegration. It is located at Simonds Stadium and is staffed by an expert interdisciplinary team of medical and allied health clinicians.

Work has begun on the Renal Home Training project, thanks to funding from the Department of Health and Human Services. The Renal Home

training facility currently located at Rotary House in Ryrie Street will transition to the new building in Swanston Street. Featuring six renal chairs, education, consulting and examination rooms, this facility will improve service provisions for renal patients in an integrated facility.

Financial Performance

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

This financial year, excluding capital and controlled entities results, Barwon Health recorded an operational surplus of \$1.07 million.

Our supporters

In the 2016/17 Financial Year, the revenue received through the Barwon Health Foundation surpassed \$3 million.

The Andrew Love Cancer Centre (ALCC) celebrated 25 years in mid-June, with an event at University Hospital Geelong to honour the hard work of hospital staff and volunteers, while highlighting the Geelong community's generosity that has supported our cancer services since 1978.

Over the past 18 months, the Barwon Health Foundation has worked to raise \$3 million for Project Love, aiming to redevelop Barwon Health's ALCC Chemotherapy Day Ward and Oncology Pharmacy.

In recognition of a generous bequest left by the late Beth Allerton, it was announced the new Oncology Pharmacy at the ALCC will be named 'The Allerton Family Pharmacy'.

Mrs Allerton passed away on 29 March 2016, aged 96 years, wishing to support cancer services in the Geelong region with a bequest to the Barwon Health Foundation. Thanks to the generosity of many donors, supporters and event attendees the redevelopment of the Andrew Love Cancer Centre can now begin.

This year the community also funded almost \$500,000 in new medical equipment for Barwon Health.

Barwon Health Foundation Future Fund

Established in 2014, the Barwon Health Foundation Future Fund (BHFFF) objective is to provide funds primarily to support future infrastructure, medical equipment and medical research by building and growing an endowment fund to support Barwon Health in the longer term.

During this past year, a key focus of the BHFFF has been to secure philanthropic support for key flagship medical research programs at Barwon Health, with a focus on Child Health Research through the Barwon Infant Study (BIS) and the continuation of world class research in the areas Mental Health, Healthy Ageing, Emerging Infectious Diseases and Cancer.

A Research Leadership Circle was launched to build a scholarship fund to support the next generation of research leaders, allowing some of the country's most remarkable young minds the opportunity to work with the world-class teams of researchers at Barwon Health.

The area of bequest and planned giving has also been an area of focus this year with funds directed to building the endowment fund to assist Barwon Health to achieve its strategic purposes over the next 50 years.

Acknowledgements and thanks

CEO Professor Belinda Moyes resigned from the organisation in April to take up a senior advisory role in the Department of Health and Human Services as Strategic Advisor on National Workforce Reform. After joining Barwon Health in July last year, Professor Moyes acted swiftly to embed clinical leadership in the management structure.

Her departure saw the appointment of Western Health CEO Associate Professor Alex Cockram as Interim CEO for three months. In the short time that Professor Cockram has been with Barwon Health she has won the respect of the leadership team, working with them to develop the business plan for 2017/2018. We are grateful for

the significant contribution Professor Cockram has made to Barwon Health and thank her, and also the Board of Western Health for releasing her to take up the Interim Chief Executive role.

Additionally, Barwon Health Board Chair Dr John Stekelenburg retired from his role in June after six years' service. Under his leadership, the Board and the Executive went through one of the most intensive programs of capital works in the history of Barwon Health. John is widely respected in Geelong and his significant contribution to Barwon Health will be a lasting legacy.

Brian Cook, Geelong Football Club's CEO since 1999, was named as the new Barwon Health Board Chair and will maintain John's community focus and approach to patient-centred care.

In addition to farewelling our Board Chair, Dr John Stekelenburg, two Board Directors, Dr David Mackay and Jennifer Cromarty, also left Barwon Health. Dr Mackay retired from the Board after serving three consecutive terms and Ms Cromarty retired from the Board after serving one full term. We thank them for the role they have played in positioning Barwon Health well for the future.

In closing, our volunteers continue to provide exceptional support both to staff and patients. We would like to thank the army of volunteers, which now numbers 1,284, for the many hours of service they donate for the betterment of our community.



Professor Ruth Salom
Chief Executive



Brian Cook
Chair

11 August, 2017
Geelong



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 2017.



Brian Cook
Board Chair
Geelong

11 August 2017

Manner of Establishment and the Relevant Minister

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

Responsible Ministers

The Hon. Jill Hennessy MP

Minister for Health,
Minister for Ambulance Services

The Hon. Martin Foley MP

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

The Hon. Jenny Mikakos MP

Minister for Families and Children,
Minister for Youth Affairs

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 healthservices in Victoria, under section 17AA of the *Health Services Act 1988* (the Act).

Barwon Health is reaching the midway point of the current Strategic Plan that runs until 2020. This plan has at its core a focus on the consumer; positioning the organisation to move from a position of 'Consumer Focussed Care' to one of 'Consumer Directed Care'. The plan outlines three key enablers:

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

The Strategic Plan 2015/2020 is divided into five pillars:

Our consumers at the forefront

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

Our people at their best

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

Right care, right time, right place

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

Research, education and training for excellence

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

Our community's wellbeing

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

Nature and range of services

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

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

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

Care is provided to the community through:

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

Our Bed Stock

Number of Beds	2016/17
Acute	437
Transitional Care (off site)	20
Transitional Care (on site)	19
Aged Residential Care	370
Mental Health Acute	32
Mental Health Rehabilitation & Secure Extended Care	13
Prevention & Recovery (PARC)	6
Sub Acute	100
Total	997

Breakdown of Aged Care Beds	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
Wallace Lodge: high level care, located at the North Geelong Campus of the McKellar Centre	108
Alan David Lodge: high level care located at the Charlemont Campus of the McKellar Centre	89
Percy Baxter Lodges: low level care beds located at the North Geelong Campus of the McKellar Centre	83

Board of Directors

The Directors serving on the Board of Barwon Health during the 2016/17 reporting period:

Chair

Dr John Stekelenburg

MBBS, MAICD

Deputy Chair

Mike Feehan

Dip App Sc (Chem)

Dr George Braitberg

MBBS FACEM FACMT MAICD

Mr Brian Cook (from January 2017)

BEEd, MEd

Jennifer Cromarty BA (Public Relations)

FPRIA

Robyn Davis

LLB, BA, PGDip Asian Law, PGDip Bahasa Indonesia, GAICD and PRI

Marcus Dripps

B Physiotherapy, MAICD (to October 2016)

Dr David Mackay

BAGec (Hons), MEd, NE; GradDipComp, PhD (Information Systems) (Deakin); FACS; FAICD

Virginia Todd

EMPA (ANZSOG, Monash Uni), GAICD

Committees

Finance Committee

Chair

- > Dr John Stekelenburg
- > Deputy Chair
- > Mike Feehan
- > Dr George Braitberg
- > Mr Brian Cook (from January 2017)
- > Jennifer Cromarty
- > Robyn Davis
- > Marcus Dripps (to October 2016)
- > Dr David Mackay
- > Virginia Todd

Audit and Risk Management Committee

Chair

- > Mike Feehan
- > Members
- > Dr John Stekelenburg
- > Brian Cook (from January 2017)
- > Robyn Davis
- > Marcus Dripps (to October 2016)
- > David Mackay

Primary Care and Population Health Committee

Chair

- > Marcus Dripps (to October 2016),
David Mackay (from October 2016)

Members

- > Dr John Stekelenburg
- > Mike Feehan
- > Virginia Todd
- > Remuneration Committee

Members

- > Dr John Stekelenburg
- > Mike Feehan
- > Jennifer Cromarty

Community Advisory Committee

Chair

- > Robyn Davis

Members

- > Dr John Stekelenburg
- > George Braitberg
- > Brian Cook
- > Virginia Todd
- > David Mackay

Quality and Clinical Governance Committee

Chair

- > Dr John Stekelenburg

Members

- > George Braitberg
- > Jennifer Cromarty
- > Dr Grant Phelps (Expert
Community Representative)

Executive Team

Professor Belinda Moyes

Chief Executive Officer

BHA (UNSW), MHP (UNSW) MAICD, Associate Fellow ACHSM,
Professorial Fellow Flinders University, Adjunct Professor Deakin University

- July 2016 to April 2017

Interim Chief Executive

Associate Professor Alex Cockram

Mbbs mmed (psych), FRanzcp, GAICD

- April 2017 to Jun2017

Chief Medical Officer

Clinical Associate Professor Alastair Mah

MBBS, BMedSc, MHSM, MBA, FRACMA, FCHSM, FHKCHSE, MAICD

Chief Nursing and Midwifery Officer

Adjunct Professor Lucy Cuddihy

DN, RN, RM, BAppSc (Adv Nurs), MBA

Executive Director Surgery and Perioperative Programme

Peter Watson

- to October 2016

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

Robyn Hayles

MPH, BAppSc(Nursing)

Chief Operating Officer

Robyn Hayles

MPH, BAppSc(Nursing)

Interim Chief Financial Officer

Colin Holland

- 8th July 2016-20th September 2016

Chief Financial Officer

Cobus Lotheringen

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

- 19th September 2016-Current

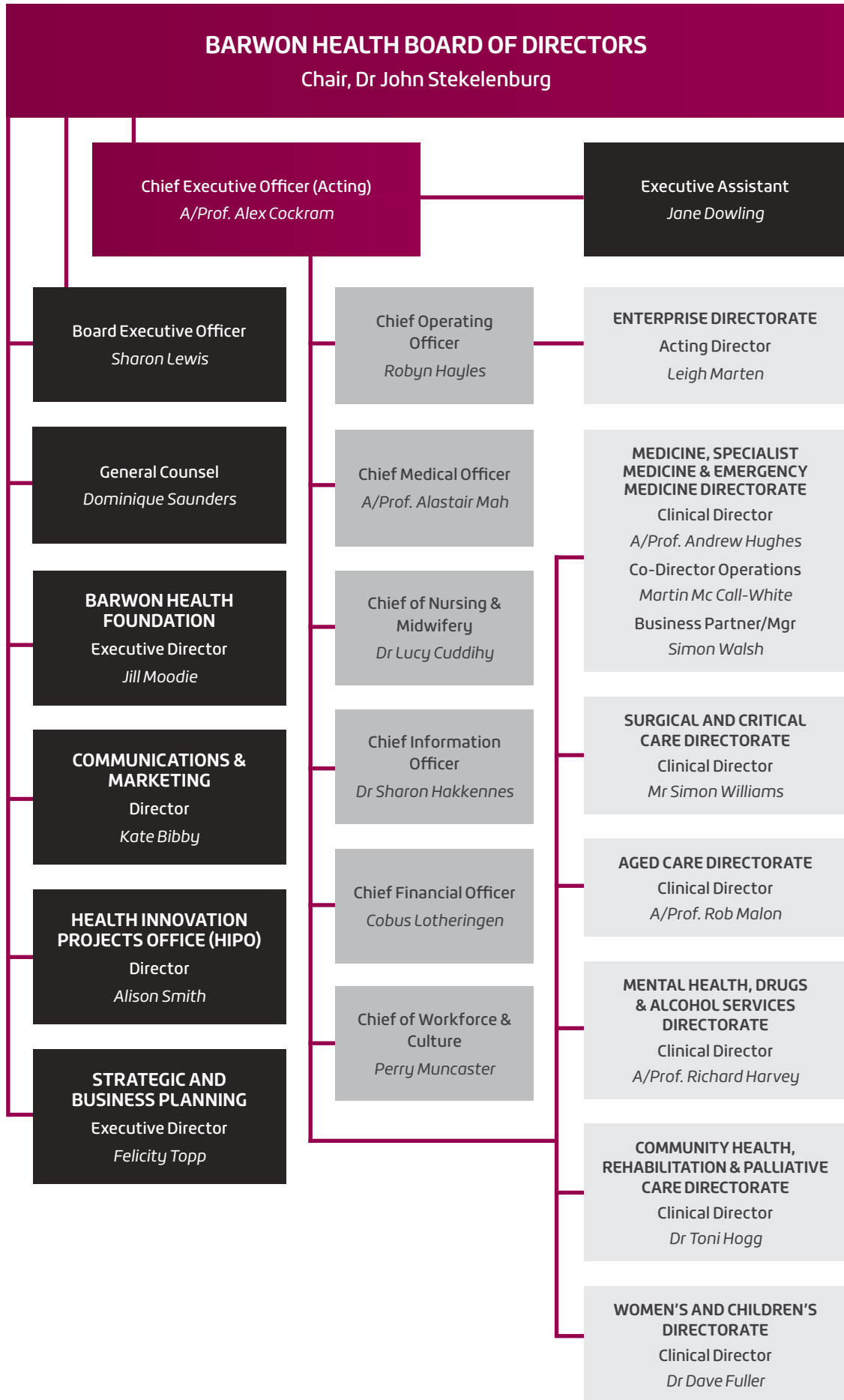
Chief Information Officer

Sharon Hakkennes

BPhysio, GradCertEBP, DPhysio, CHIA February

Chief of Workforce and Culture

Perry Muncaster



Workforce Information

Labour Category	Current Month FTE		YTD FTE	
	2016/2017	2015/2016	2016/2017	2015/2016
Nursing	1858.72	1915.40	1858.46	1872.31
Administration and Clerical	716.17	713.38	720.05	705.89
Medical Support	425.37	413.68	432.98	400.30
Hotel and Allied Health Services	482.81	499.14	496.57	493.84
Medical Officers	70.90	71.66	71.04	71.32
Hospital Medical Officers	356.94	345.76	339.08	341.54
Sessional Clinicians	91.06	99.84	91.64	96.92
Ancillary Staff (Allied Health)	310.81	365.46	313.77	353.90
Total	4312.78	4424.32	4323.59	4336.01

Excludes: Overtime and Agency FTE (Per FRD 22F)

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 all employment decisions are based on merit and equity. Barwon Health is an Equal Opportunity Employer.

Report from the Chief Financial Officer

Barwon Health has recorded a parent entity operating surplus of \$1.07 million for the financial year (2015-16: \$11.7 million deficit), with total operating revenues of \$661 million.

After accounting for capital timing items including depreciation, specific items and other economic flows, the result was a net deficit of \$23 million compared to a \$24 million deficit in the prior financial year.

This result represents an achievement of our commitment to the Department of Health and Human Service of a break even result, in line with the financial targets set as part of our Statement of Priorities.

Furthermore, our capital works program has progressed with a number of major projects during the year, including a Day Surgery Unit (DOSU), Renal Dialysis, Sunrise Rehabilitation Centre and planning for Barwon Health North, which will allow Barwon Health to continue to meet the future health service demands of the Geelong region. These, together with refurbishments of the Percy Baxter and Alan David aged care facilities, and new Maternity Services Day Assessment Unit, will improve services that build a healthier community.

Summary of Consolidated Financial Results

	2017 \$000	2016 \$000	2015 \$000	2014 \$000	2013 \$000
Total Revenue	689,817	657,573	641,798	615,730	567,259
Total Expenses	(710,750)	(679,583)	632,879	599,128	564,546
Net Result for the Year (inc Capital and Specific Items)	(20,934)	(22,010)	8,919	16,602	2,714
Total Assets	715,299	714,589	707,404	681,899	594,760
Total Liabilities	190,627	174,487	147,900	142,685	135,292
Net Assets	524,672	540,102	559,504	539,214	459,468
Total Equity	524,672	540,102	559,504	539,214	459,468

(note 2015-16 figures restated due to SWARH error correction):

Subsequent Events

Refer to Note 8.9 Events Occurring after the Balance Sheet Date

Details of consultancies (under \$10,000)

In 2016/2017 there were 26 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during the 2016/2017 financial years is \$93,932 (excl GST).

Details of consultancies valued at \$10,001 or greater

In 2016/2017 there were 7 consultancies where the total fees payable to the consultants were greater than \$10,001. The total expenditure incurred during the 2016/2017 financial year is \$239,602 (excl GST).

Consultant	Purpose of Consultancy	Start Date	End Date	Total Approved Project Fee	Expenditure 2016/17	Future Expenditure
KPMG	Review of Child and Youth Mental Health Services	1/03/2017	10/07/2017	89,948	17,978	71,970
LKA Group	Forensic Investigation Plan	1/07/2016	15/11/2016	67,874	67,874	-
Cooper Newman Aged Care	Advice on sale of aged care bed licenses	1/07/2016	20/09/2016	52,850	52,850	-
Campitelli Consultancy	Future Fund Feasibility study	1/07/2016	31/05/2017	49,000	49,000	-
Innovative Thinking IT Unit Trust	Asset Management Accountability Framework analysis	31/05/2017	30/09/2017	32,200	16,100	16,100
BIRUU Pty Ltd	Mental Health Scoping	1/07/2016	14/03/2017	20,800	20,800	-
IPS Works	Mental Health client placement program	1/11/2016	30/06/2017	15,000	15,000	-

Information and Communication Technology (ICT) Disclosure

The total ICT expenditure incurred during the 2016/2017 year is \$14,752,551 (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)
\$12,976,672	\$1,775,879	\$13,228,788	\$1,523,763

Car Parking Fees

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

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 ensures that all staff have relevant vaccinations and drives numerous wellness campaigns.

Occupational violence statistics		2016-17
1. Workcover accepted claims with an occupational violence cause per 100 FTE		0.80
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.		1.14
3. Number of occupational violence incidents reported		658
4. Number of occupational violence incidents reported per 100 FTE		15.2
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition		23.25%

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 2016-17.

Lost time - is defined as greater than one day.

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.

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. 936 requests were received in the 2016/2017 Financial Year.

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 2016/2017.

In accordance with the Protected Disclosure Act 2012 there were two 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 public entity, Barwon Health is obliged to compete fairly and equitably in its business process. Barwon Health is committed to transparent behaviour in this regard and complies with government policies regarding competitive neutrality with regard to all significant business activities.

Environmental Performance

Barwon Health has made a commitment to corporate social responsibility. 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.

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;
- l) Details of all consultancies and contractors including consultants/contractors engaged, services provided, and expenditure committed for each engagement.

Disclosure of Ex-Gratia Payment

	2016/2017 \$000	2015/2016 \$000	2014/2015 \$000	2013/2014 \$000	2012/2013 \$000
Ex-gratia payments to employees	91.65	64.17	9.52	0	0

Victorian Industry Participation Policy Disclosures

Barwon Health abides by the Victorian Participation Policy Act 2003. In 2016/2017, there were no contacts which required disclosure under the Victorian Industry Participation Policy.

Advertising Disclosure

In 2016/2017, advertising expenditure did not exceed \$100,000 per campaign.

Privacy

Barwon Health (BH) 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

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.

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

I, 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

11 August, 2017
Geelong

Attestation for compliance with the Ministerial Standing Direction 3.7.1– Risk Management Framework and Processes

I, Professor Ruth Salom, Chief Executive of Barwon Health, certify that Barwon Health has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (AS/NZS ISO 31000-2009), supported by an internal control system that enables our staff to manage and satisfactorily control risk exposures relevant to our services. The strategic risk register supported by a range of ongoing risk assessment activities, corresponding to our risk framework and policy has been critically reviewed within the last 12 months.

The Audit and Risk Committee provides oversight of risk management processes by reviewing the strategic risk register and monitoring the effectiveness of the organisation controls that underpin the identified risks.



Professor Ruth Salom
Accountable Officer

11 August, 2017
Geelong

Compliance with 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.



Key Financial and Service Performance Reporting

Statement of Priorities Part A

Action	Deliverables	Outcome
Domain - Quality and Safety		
1. Implement systems and processes to recognise and support person-centred end of life care in all settings, with a focus on providing support for people who chose to die at home.	End of life care program established with appropriate local level expectations clarified and monitored throughout 2016/2017.	<p>Complete</p> <ul style="list-style-type: none"> An 'End of Life Care' policy and procedure has been implemented and this is further supported by the appointment of a Chair in Clinical Communication and End of Life Care to facilitate organisational change and ensure the delivery of systematic best practice end of life care.
2. Advance care planning is included as a parameter in an assessment of outcomes including: mortality and morbidity review reports, patient experience and routine data collection.	Review current practice by March 2017.	<p>Complete</p> <ul style="list-style-type: none"> Current practice reviewed (March 2017). Advanced Care Plan (ACP) presence and compliance reviewed in all M&M (mortality and morbidity) meetings. ACP's included in palliative care performance dashboard.
3. Progress implementation of a whole-of-hospital model for responding to family violence.	Develop organisational statement of intent to prevent family violence. HR policies in place re: supporting staff experiencing family violence. Risk screening in Maternity Services implemented by June 2017.	<p>Complete</p> <ul style="list-style-type: none"> Statement of Intent approved by the Barwon Health Board in March 2017 and adopted across the organisation. HR Policy complete and endorsed by governance meetings in June. Staffcare service providing support to staff experiencing family violence. HR Preventing Family Violence Contact Officer in place for staff to use/access as required. Risk Screening is undertaken by midwives in the Antenatal setting within the electronic Birthing Outcome System which flows through to social work if required.
4. Develop a regional leadership culture that fosters multidisciplinary and multi organisational collaboration to promote learning and the provision of safe, quality care across rural and regional Victoria.	Position paper developed for BH on its role and responsibility with regards to regional support and subsequently how this could be achieved. Leading the development of the Barwon Southwest Regional Perinatal M&M process, including chairing quarterly regional meetings. Chair Perinatal M&M committee for region.	<p>Complete</p> <ul style="list-style-type: none"> The Women's & Children's Directorate has worked with maternity services from the region to develop an agreed clinical governance framework, including quarterly meetings of the Mortality and Morbidity (M&M) Committee. Barwon Health chairs the M&M meeting and works collaboratively with the Royal Women's Hospital in setting the agenda and reviewing the agreed items on the Action List. The meeting involves Colac Area Health, Western District Health Service, South West Health Service and Barwon Health.
5. Establish a foetal surveillance competency policy and associated procedures for all staff providing maternity care that includes the minimum training requirements, safe staffing arrangements and ongoing compliance monitoring arrangements.	Confirm foetal surveillance policy includes all maternity staff. 100% of relevant Barwon Health Staff undertake competency assessment by June 2017.	<p>Complete</p> <ul style="list-style-type: none"> Policy developed (and includes all maternity staff). Training program developed and implemented, and has had 100% completion by relevant Barwon Health staff.
6. Use patient feedback, including the Victorian Healthcare Experience Survey to drive improved health outcomes and experiences through a strong focus on person and family centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	Development of the Clinical Care Standards Strategy and implementation by May 2017.	<p>In Progress</p> <ul style="list-style-type: none"> Clinical Care Standards Strategy developed and approved. Each relevant Clinical Care Standard released by the Australian Commission on Safety and Quality in Health Care will have a gap analysis performed by Barwon Health, and an improvement plan developed to address any gaps with a view to implementation of the Clinical Care Standards Strategy in late 2017.

Action	Deliverables	Outcome
7. Develop a whole of hospital approach to reduce the use of restrictive practices for patients, including seclusion and restraint.	Develop reporting/monitoring system. Establish reporting governance structure via Quality and Safety systems.	<p>In Progress</p> <ul style="list-style-type: none"> Seclusion processes have been reviewed in Mental Health resulting in the appointment of three Clinical Liaison Nurses. Working with the Clinical Director, Mental Health Drug and Alcohol Services, they will facilitate the development of an organisational wide policy and a framework for restrictive practices in 2017/18.
Domain - Access and timeliness		
8. Ensure the development and implementation of a plan in specialist clinics to: (1) optimise referral management processes and improve patient flow through to ensure patients are seen in turn and within time; and (2) ensure Victorian Integrated Non-admitted Health (VINAH) data accurately reflects the status of waiting patients.	Specialist Clinics in Victorian Public Hospitals Access Policy will be monitored by the Outpatient Governance Committee through regular reporting of the DHHS draft outpatient data set KPIs. Action plans developed as required if KPI's not met. This committee will review waiting lists and ensure validation process undertaken.	<p>Complete</p> <ul style="list-style-type: none"> Specialist Clinics Governance committee established charged with the implementation and monitoring of the policy and progress against the key performance measures. Strategies implemented to date included the introduction of: <ul style="list-style-type: none"> Automated SMS reminders for review patients. Patient focus booking for new patients that also acts as a wait list audit tool. Individual scripted SMS reminders for certain cohorts of patients. The ability to request an appointment change on the Barwon Health website, accessed via the OPD email address. Manual wait list audits i.e. contact patients via phone or mail. Continuing to work with the Primary Health Network on HealthPathways.
9. Ensure the implementation of a range of strategies (including processes and service models) to improve patient flow, transfer times and efficiency in the emergency department, with particular focus on patients did not wait for treatment and/or patients that re-presented within 48 hours.	Recognising that ED performance is often an indicator of hospital efficiency regarding inpatient throughput, a focused program of work has been established to interrogate and improve the Barwon Health Access Policy, improve flow, and discharge planning across Barwon Health. This group is reporting to the CEO.	<p>Complete</p> <ul style="list-style-type: none"> An Access and Discharge Steering Committee, chaired by the CEO, commenced in August 2016, meeting twice a month. The committee has overseen a number of projects that have improved patient care in a timely manner, including: how individuals are discharged to other areas of care, bed management, establishment of the Short Stay Unit, review of the Transition Care Program, development of a non-weight bearing patients model. Business rules under went review and will be ongoing in 17/18. Improvement seen in NEAT, Epworth actuals improved significantly as year progressed, nil long waiters on surgical list at end of June 17. NEAT result has improved from low 60's (ie 62-63%) to high 60's (68-70%). ESWL targets met for 16/17 reporting year.

Action	Deliverables	Outcome
10. Identify opportunities and implement pathways to aid prevention and increase care outside hospital walls by optimising appropriate use of existing programs (i.e. the Health Independence Program or telemedicine).	Undertake a Transition Care Program/Restorative Care Program Redesign project. The Transition Care Program/Restorative Care Program Redesign project will review existing processes and workflows to understand the issues and barriers for implementation of an effective system. Project will improve administrative and clinical effectiveness of the Transition and Restorative Care Programs referral and delegation process through process redesign. Completion expected by February 2017.	<p>Complete</p> <ul style="list-style-type: none"> • A redesign project was undertaken that included a review of existing processes, issues and barriers. • Implementation of the redesigned Transition Care Program/Restorative Care Program. • Process redesign will be implemented in 2017/18 to coincide with the establishment of the non-weight bearing program.
11. Increase the proportion of patients (locally and across the state) who receive treatment within clinically recommended time for surgery and implement ongoing processes to ensure patients are treated in turn and within clinically recommended timeframes.	Meet DHHS Access and Performance NEST targets for Category 1, 2 and 3 patients. Implement short-stay unit. Revise weekly R3 monitoring meetings and implement new bed management governance system. Develop live dashboard to enable pro-active monitoring of business. Manage the Elective Surgery Wait list numbers within DHHS Sop target and work with our clinical leaders to maintain our high compliance with the Treat-in-Turn policy keeping our long waiting patients numbers to below 50.	<p>Complete</p> <ul style="list-style-type: none"> • NEST target for Category 1,2 and 3 patients met. • Achieved 1249 patients on the elective surgery waiting list (ESWL) against a DHHS SOP target of 1250. • The Short Stay Unit has been established and is operating effectively. • The Right Time, Right Care, Right Place monitoring meetings are now occurring three times per week. • Bed management business rules have been implemented and will soon undergo a review as to their effectiveness. • Various elements of the business can be observed electronically, however, this is not centralised at this point in time. • Long waiting patient numbers have been maintained at less than 50.
12. Develop and implement a strategy to ensure the preparedness of the organisation for the National Disability and Insurance Schedule (NDIS) and Home and Community Care program (HACC) transition and reform, with particular consideration to service access, service expectations, workforce and financial management.	Refine NDIS business procedure to ensure all revenue is reconciled and collected. Review website to ensure consumers can identify NDIA services provided by Barwon Health by March 2017.	<p>Complete</p> <ul style="list-style-type: none"> • Clear pathways in place for identification, collection and claiming of NDIS revenue in Community Health, Rehabilitation and Palliative Care Directorate. Aged Care and Mental Health are under review. • Links with NDIA website and the Barwon Health website established.
13. Health services develop and implement strategies within their organisation to ensure identification of potential organ and tissue donors and partner with DonateLife Victoria to ensure that all possible donations are achieved.	<p>An Intensive Care Unit clinical and nursing lead is assigned to organ donation. The following steps are taken to ensure all possible donations are achieved:</p> <ul style="list-style-type: none"> • Patients are assessed in the Emergency Department using the "GIVE Protocol" to determine if they fit the criteria for organ donation • A software algorithm is used to assist clinicians assessing patients in end of life care, alerting them to a patient's eligibility for organ donation • Weekly mortality reviews are conducted to assess the success of the above strategies. 	<p>Complete</p> <ul style="list-style-type: none"> • Patients are assessed using the 'GIVE Protocol'. • Benchmarked against other health services and aligned with best practice. • Monthly Mortality Review Committee meetings are in place to ensure variations are identified.

Action	Deliverables	Outcome
Domain - Supporting healthy populations		
14. Support shared population health and wellbeing planning at a local level - aligning with the Local Government Municipal Public Health and Wellbeing plan and working with other local agencies and Primary Health Networks.	Participate in G21 workshops and planning. Ensure Barwon Health's Integrated Health Promotion Plan objectives are integrated with the agreed regional Health Priorities.	Complete <ul style="list-style-type: none"> Barwon Health participated in the G21 workshops and planning sessions and has incorporated the G21 Regional Health promotion priorities of 'Active Living and Health Eating' into the Integrated Health Promotion Plan.
15. Focus on primary prevention, including suicide prevention activities, and aim to impact on large numbers of people in the places where they spend their time adopting a place based, whole of population approach to tackle the multiple risk factors of poor health.	Participate in and deliver the suicide prevention place based trail activities as per DHHS pilot site requirements.	Complete <ul style="list-style-type: none"> MHDAS has entered into an agreement with Beyond Blue to deliver their "Way Back" program and to manage and oversee the deliverables of this project.
16. Develop and implement strategies that encourage cultural diversity such as partnering with culturally diverse communities, reflecting the diversity of your community in the organisational governance, and having culturally sensitive, safe and inclusive practices.	Establishment of a Refugee Advisory Committee, which will develop review barriers and gaps, develop guidelines and make recommendations to the Consumer Centred Care Committee by march 2017.	Complete <ul style="list-style-type: none"> Refugee Advisory Committee established, meeting regularly and charged with identifying barriers and any gaps. Committee provides advice through to the Consumer Centred Care Committee.
17. Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices which recognise and respect their cultural identities and safely meets their needs, expectations and rights.	100 percent of Barwon Health Managers will have completed the Aboriginal Cultural Awareness on line training tool by June 2017. A monthly report will be sent to all Program directors to monitor completion rates.	In Progress <ul style="list-style-type: none"> 78.4 percent completed the training.
18. Drive improvements to Victoria's mental health system through focus and engagement in activity delivering on the 10 Year Plan for Mental Health and active input into consultations on the Design, Service and infrastructure Plan for Victoria's Clinical mental health system.	The development of a network of consumers and carers within our community who will be engaged in our service redesign/co-design at a local level by June 2017	In Progress <ul style="list-style-type: none"> Expert carer and consumers consultants have been engaged to undertake this work with the final strategy to delivered by August 2017. Recruitment of the required workforce and implementation of the strategy will follow.
19. Using the Government's Rainbow eQuality Guide, identify and adopt 'actions for inclusive practices' and be more responsive to the health and wellbeing of lesbian, gay, bisexual, transgender and intersex (LGBTI) individuals and communities.	An LGBTI Reference Group has been in place at Barwon Health for two years. This group has identified actions for inclusive practices as per the governments Rainbow eQuality Guide and these are being implemented. Barwon Health will report on this by December 2016.	Complete <ul style="list-style-type: none"> All actions for inclusive practices as per the Rainbow eQuality Guide that were scheduled for 2016/2017 have been completed and a report has been submitted to the Board.

Action	Deliverables	Outcome
Domain - Governance and Leadership		
20. Demonstrate implementation of the Victorian Clinical Governance Policy Framework: Governance for the provision of safe, quality healthcare at each level of the organisation, with clearly documented and understood roles and responsibilities. Ensure effective integrated systems, processes, leadership are in place to support the provision of safe, quality, accountable and person centred healthcare. It is an expectation that health services implement to best meet their employees' and community's needs, and that clinical governance arrangements undergo frequent and formal review, evaluation and amendment to drive continuous improvement.	<p>Barwon Health Safety and Quality framework review will be undertaken and completed by December 2016. Recommendations will be implemented by June 2017.</p> <p>Development of the Clinical Care Standards Strategy and implementation by May 2017.</p>	<p>In Progress</p> <ul style="list-style-type: none"> • The Clinical Care Standards Strategy has been approved and will be implemented in late 2017. • The Executive Quality Working Party has been reformed with new membership with a focus on translating actions into the operational environment. • An organisation-wide Governance and Risk review currently being underway will further inform Clinical Governance systems and processes. • As the regional lead agency, Barwon Health is working to clarify how it can better contribute to the Barwon Southwest Region through a Framework that is inclusive and supportive.
21. Lead the development and implementation of Local Region Action Plans under the series of statewide design, service and infrastructure plans being progressively released from 2016/17. Development of Local Region Action Plans will require partnerships and active collaboration across regions to ensure plans meet both regional and local service needs, as articulated in the statewide design, service and infrastructure plans.	Position paper developed, in consultation with key stakeholders, regarding Barwon Health's role and responsibility with regards to regional support and subsequently an action plan setting out how this could be achieved.	<p>In Progress</p> <ul style="list-style-type: none"> • Barwon Health has assisted in developing a model for the Director of Medical Services and is collaborating on the development of a sustainable model for urgent care centres in the Polworth Region. • Collaboration in the development of a sustainable model for the Urgent Care Centres in the Polworth Region in underway. • The BSWR CEO Council will prioritise other key areas of collaboration in August 2017. • Achievement of some key milestones in the area of ensuring effective clinical governance systems.
22. Ensure that an anti-bullying and harassment policy exists and includes the identification of appropriate behaviour, internal and external support mechanisms for staff and a clear process for reporting, investigation, feedback, consequence and appeal and the policy specifies a regular review schedule.	Barwon Health has an Anti-Bullying and Harassment Policy and training in place. This will be reviewed to align with the DHHS framework by October 2016 and have a schedule for regular review.	<p>Complete</p> <ul style="list-style-type: none"> • Barwon Health has an Anti Bullying and Harassment Policy and place aligned with the DHHS framework. • A training program for managers and staff has been developed.
23. Board and senior management ensure that an organisational wide occupational health and safety (OHS) risk management approach is in place which includes: (1) A focus on prevention and the strategies used to manage risks, including the regular review of these controls; (2) Strategies to improve reporting of OHS incidents, risks and controls, with a particular focus on prevention of occupational violence and bullying and harassment, throughout all levels of the organisation, including to the board; and (3) Mechanisms for consulting with, debriefing and communicating with all staff regarding outcomes of investigations and controls following occupational violence and bullying and harassment incidents.	Barwon Health has established a working group involving staff, unions and Worksafe to identify and implement training, systems and prevention strategies to significantly reduce the effects of violence and aggression on staff and to reduce bullying. The Barwon Health Occupational Health and Safety report to the Board will be amended to specifically address progress on strategies to prevent occupational violence and bullying and harassment by October 2016. Occupational Health and Safety is listed on risk registrar and all controls reviewed routinely with board oversight of risk register via Risk and Audit committee.	<p>Complete</p> <ul style="list-style-type: none"> • The Occupational Violence and Aggression working party is working to an action plan that has been amended to cover the ANHF 10 point plan. • The working party includes representatives from unions and worksafe meet monthly to monitor progress.

Action	Deliverables	Outcome
24. Implement and monitor workforce plans that: improve industrial relations; promote a learning culture; align with the Best Practice Clinical Learning Environment Framework; promote effective succession planning; increase employment opportunities for Aboriginal and Torres Strait Islander people; ensure the workforce is appropriately qualified and skilled; and support the delivery of high-quality and safe person centred care.	Barwon Health has a strategic workforce plan that is being implemented by December 2016. It will incorporate specific workforce plans for nursing, allied health and medical staff. The Aboriginal and Torres Strait Islander employment plan is due for completion by 31-08-2016.	<p>Complete</p> <ul style="list-style-type: none"> • All Clinical Programs have prepared a workforce action plan to meet their workforce needs until 2020. • Aboriginal and Torres Strait Islander employment plan has been reviewed and implemented.
25. Create a workforce culture that: (1) includes staff in decision making; (2) promotes and supports open communication, raising concerns and respectful behaviour across all levels of the organisation; and (3) includes consumers and the community.	Review current governance structure and enhance clinical input in a shared governance model. Six clinical lead positions will be members of Executive Governance this will ensure increased participation of clinical staff to the delivery of the Barwon Health business and associated Key Performance Indicators, in particular reform opportunities and financial deliverables.	<p>Complete</p> <ul style="list-style-type: none"> • Both governance and organisational structure reviewed with clinical leadership in place through the appointment of Clinical Directors to Clinical Program leads. • KPIs are measured and monitored through monthly performance meetings with each clinical program.
26. Ensure that the Victorian Child Safe Standards are embedded in everyday thinking and practice to better protect children from abuse, which includes the implementation of: strategies to embed an organisational culture of child safety; a child safe policy or statement of commitment to child safety; a code of conduct that establishes clear expectations for appropriate behaviour with children; screening, supervision, training and other human resources practices that reduce the risk of child abuse; processes for responding to and reporting suspected abuse to children; strategies to identify and reduce or remove the risk of abuse and strategies to promote the participation and empowerment of children.	Implement policy, statement of intent and introduce governance on Victorian Child Safe Standards by January 2017.	<p>Complete</p> <ul style="list-style-type: none"> • The Board of Directors confirmed the organisation's commitment to implementing the Victorian Child Safe Standards by January 2017. • The toolkit provided by the DHHS has guided the implementation of the new standards.
27. Implement policies and procedures to ensure patient facing staff have access to vaccination programs and are appropriately vaccinated and/or immunised to protect staff and prevent the transmission of infection to susceptible patients or people in their care.	Review current practice by December 2016.	<p>Complete</p> <ul style="list-style-type: none"> • The employee immunisation policy and procedures documentation has been reviewed. • Electronic immunisation records are kept for all staff to ensure that clinical staff have the required vaccinations.

Action	Deliverables	Outcome
Domain - Governance and Leadership		
28. Further enhance cash management strategies to improve cash sustainability and meet financial obligations as they are due.	Revise cash forecasting practices, and processes relating to allocation of self-funded capital funds, to ensure no deterioration in the liquidity ratio.	<p>Complete</p> <ul style="list-style-type: none"> Liquidity ratio is being maintained through the management of assets, donations and fees from private practice groups.
29. Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measurable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	Replace any existing halogen or incandescent lighting with Light Emitting Diode (LED) technologies this year and review and update the Barwon Health Environmental Management Plan.	<p>Complete</p> <ul style="list-style-type: none"> Environmental Management Plan implemented. Waste management program reviewed. Lighting audits completed across Barwon Health facilities and all necessary lighting has been changed to LED.
30. That health services further their engagement with relevant academic institutions and other partners to increase participation in clinical trials.	Barwon Health Academic Strategy to include narratives which encourage participation in clinical trials by June 2017. Development of a website that raises awareness, provides consumers with information and encourages participation in clinical trials by March 2017. A training program will be developed to mentor and build clinical trial research capacity for our regional partners by June 2017. BH will achieve NHMRC benchmarks for clinical trial timelines 6 months post release of NHMRC Good Practice Process Pilot recommendations.	<p>Complete</p> <ul style="list-style-type: none"> A new Academic Strategy has been developed, on the previous Research Strategy. The Strategy incorporates direction for Clinical Education and Training, and has a focus on translating research into practice, informed by challenges nationally and within the region. This is supported by a robust governance process for Early Phase Clinical Trials, encouraging a wider range of clinical trials activity at Barwon Health, in a manner that is safe and respectful of patients. The research capability building program has been developed.

Reporting against the Statement of Priorities – Part B

Safety and Quality

Key Performance Indicator	Target	2016/2017 Actual
Accreditation		
Compliance with NSQHS Standards accreditation	Full Compliance	Full Compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full Compliance	Full Compliance
Infection prevention and control		
Compliance with Cleaning Standards	Full Compliance	Full Compliance
Compliance with the Hand Hygiene Australia program	80%	81.3%
Percentage of healthcare workers immunised for influenza	75%	76%
Patient experience		
Victorian Healthcare Experience Survey - data submission	Full Compliance	Full compliance
Victorian Healthcare Experience Survey – patient experience	95% positive compliance	Q1: 95.3% positive compliance Q2: 97.7% positive compliance Q3: 88.2% positive compliance
Victorian Healthcare Experience Survey – discharge care	75% very positive response	Q1: 80.4% positive response Q2: 81.4% positive response Q3: 72.9% positive response
Healthcare associated infections		
Number of patients with surgical site infection	No outliers	CABG (Chest & donor sites): 14 Superficial 3 Deep/Organ space
ICU central line-associated blood stream infection	No outliers	No outliers
SAB rate per occupied bed days*	<2/10,000	1
Maternity and newborn		
Maternity – Percentage of women with prearranged postnatal home care	100%	100%
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤1.6%	1.9%
Rate of severe foetal growth restriction in singleton pregnancy undelivered by 40 weeks	≤28.6%	20%
Mental Health		
Percentage of adult inpatients who are readmitted within 28 days of discharge	14%	12%
Rate of seclusion events relating to an acute admission - composite seclusion rate	≤15/1,000	11
Rate of seclusion events relating to an adult acute admission	≤15/1,000	19
Rate of seclusion events relating to an aged acute admission	≤15/1,000	5
Percentage of child and adolescent patients with post-discharge follow-up within seven days	75%	43%
Percentage of adult patients who have post-discharge follow-up within seven days	75%	50%
Percentage of aged patients who have post-discharge follow-up within seven days	75%	79%
Continuing Care		
Functional independence gain from admission to discharge, relative to length of stay	(GEM) and ≤ 0.645 (rehab)	GEM 64 Rehab 87

*Note: SAB is staphylococcus aureus bacteraemia

** data is skewed as a result of Industrial Action and incomplete recording of data for the reporting period July 2016 through to January 2017.

Governance and Leadership

Key Performance Indicator	Target	2016/2017 Actual
People Matter Survey - percentage of staff with a positive response to safety culture questions	80%	91%

Financial Sustainability Performance

Key Performance Indicator	Target	2016/2017 Actual
Finance		
Operating Results (\$m)	0.00	\$1.07
Trade Creditors	60 days	59 Days
Patient fee debtors	60 days	42 Days
Public and private WIES performance to target	100%	101.4%
Adjusted current asset ratio	0.7	0.68
Number of days with available cash	14 days	6.6 days
Asset Management		
Basic asset management plan	Full compliance	Achieved

Access and timeliness

Key Performance Indicator	Target	2016/2017 Actual
Emergency Care		
Percentage of ambulance patients transferred within 40 minutes	90%	90%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	62.3%
Percentage of emergency patients with a length of stay 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 patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective patients admitted within clinically recommended timeframes	94%	94.5%
20% longest waiting Category 2 and 3 removals from the elective surgery waiting list	100%	100%
Number of patients on the elective surgery waiting list*	1,250	1218
Number of hospital initiated postponements per 100 scheduled admissions	≤8/100	5.8
Number of patients admitted from the elective surgery waiting list – annual total	8,961	8588
Specialist Clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	51.3%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	94.5%

*Note: The target shown is the number of patients on the elective surgery waiting list as at 30 June 2017

Statement of Priorities Part C: Activity and Funding

Funding Type	2016-2017 Activity Achievement
Acute Admitted	
WIES DVA	654
WIES Private	10,763
WIES Public	53,450
WIES TAC	513
Acute Non Admitted	
Emergency Services	0
Radiotherapy WAUs DVA	1,004
Radiotherapy WAUs Public	34,235
Specialist Clinics - DVA	0
Home Renal Dialysis	731
Specialist Clinics - Public	0
Home Enteral Nutrition	0
Aged Care	
Aged care assessment service	2,872
Aged care other	0
HACC	26,680
Residential Aged Care	113,243
Subacute & Non-Acute Admitted	
Transition care - Bed days	11,373
Transition care - home days	5,534
Sub acute WIES - GEM Private	626
Sub acute WIES - GEM Public	261
Sub acute WIES - Palliative Care Private	243
Sub acute WIES - Palliative Care Public	127
Sub acute WIES - Rehabilitation Private	651
Sub acute WIES - Rehabilitation Public	295
Sub acute WIES - DVA	85
Sub acute and non acute other	0
Other Specified Funding	

Funding Type	2016-2017 Activity Achievement
Sub acute non-admitted	0
Health independence program - DVA	0
Health independence program - Public	65,576
Victorian artificial limb program	789
Palliative care non-admitted	0
Mental Health and Drug Services	
Drug Services	2,450
Mental Health Ambulatory	28,871
Mental Health: Other	0
Mental Health residential	18,185
Mental health service system capacity	0
Mental Health Sub acute	1,960
Mental Health Inpatient - secure unit	357
Mental Health Inpatient - Available bed days	10,863
Primary Health	
Community Health / Primary Care Programs	30,772
Community Health: Other	0
Other	
Health Workforce	0
Other Specified Funding	0

Statement of Priorities Part D

The Victorian health system has faced a number of changes to Commonwealth funding since 2012-13. The changes to the funding arrangements announced in the 2014-15 Commonwealth Budget will continue to be applicable for the period 1 July 2016 to 30 June 2017, with funding continued to be linked to actual activity levels.

The Commonwealth funding contribution outlined in the 2016-2017 Commonwealth Budget was based on estimates and has since been updated by the Administrator of the National Health Funding Pool, based on latest activity estimates from States and Territories. However, given that final funding amounts are based on actual activity, there may be adjustments to funding throughout the year, as a result of reconciliations and other factors outlined below.

Period 1 July 2016 to 30 June 2017

	Estimated National Weighted Activity Units	Total Funding (\$)	Provisional Commonwealth Percentage (%)
Activity Based Funding	92,428	434,983,844	42.42
Other Funding		39,398,545	
Total		474,382,389	

Note:

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

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The annual report of the 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.

Note: This Disclosure Index consists of 2 pages, and is not required to be completed by denominational hospitals.

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Financial and other information		
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FRD 22H	Application and operation of <i>Protected Disclosure 2012</i>	17
FRD 22H	Application and operation of <i>Carers Recognition Act 2012</i>	17
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The following financial statements for Barwon Health and its Controlled Entities have been prepared in accordance with Standing Direction 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 2017 and the financial position of Barwon Health and its Controlled Entities as at 30 June 2017.

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 Lotharingen
Chief Financial Officer

11 August, 2017
Geelong

	Note	Parent Entity 2017 \$'000	Parent Entity 2016 \$'000	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Revenue from Operating Activities	2.1	661,022	614,281	663,092	614,657
Revenue from Non-Operating Activities	2.1	1,717	2,945	1,898	3,033
Employee Benefits	3.1	(466,694)	(448,038)	(466,694)	(448,037)
Non Salary Labour Costs	3.1	(10,464)	(9,904)	(10,464)	(9,903)
Supplies, Consumables and Purchased Services	3.1	(121,613)	(108,109)	(121,613)	(108,108)
Other Expenses from Continuing Operations	3.1	(63,856)	(63,971)	(63,983)	(62,479)
Share of Revenue from Joint Operation	4.2	5,130	5,159	5,130	5,159
Share of Expenditure from Joint Operation	4.2	(4,169)	(4,108)	(4,169)	(4,108)
Net Result before Capital and Specific Items		1,073	(11,745)	3,196	(9,786)
Capital Purpose Income	2.1	19,697	34,970	19,697	34,724
Depreciation and Amortisation	4.4	(43,894)	(43,324)	(43,894)	(43,324)
Expenditure for Capital Purpose	3.1	(1,605)	(3,364)	(1,605)	(3,118)
Specific Expenditure	3.1	(164)	-	(164)	-
Impairment of Financial Assets	3.1	(411)	-	(411)	-
Share of capital and specific items from Joint Operation	4.2	(817)	(1,035)	(817)	(1,035)
Net Result after Capital and Specific Items		(26,121)	(24,499)	(23,997)	(22,540)
Other economic flows included in net result					
(Loss) / Gain on Revaluation of Investment Properties		907	530	907	530
Revaluation of Long Service Leave		2,147	-	2,147	-
Share of other economic flows from Joint Operation		9	-	9	-
Total other economic flows included in net result		3,064	530	3,064	530
NET RESULT FOR THE YEAR FROM CONTINUING OPERATIONS		(23,058)	(23,969)	(20,934)	(22,010)
NET RESULT FOR THE YEAR		(23,058)	(23,969)	(20,934)	(22,010)
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	1,013	387	1,013
Changes in the fair value of land	8.1	6,177	-	6,177	-
Total Other Comprehensive Income		6,564	1,013	6,564	1,013
COMPREHENSIVE RESULT FOR THE YEAR		(16,494)	(22,956)	(14,370)	(20,997)

This Statement should be read in conjunction with the accompanying notes

	Note	Parent Entity 2017 \$'000	Parent Entity 2016 \$'000	Consol'd 2017 \$'000	Consol'd 2016 \$'000
ASSETS					
Current Assets					
Cash and Cash Equivalents	6.1	28,210	11,158	28,960	11,276
Investments and Other Financial Assets	4.1	21,303	19,879	22,353	20,588
Receivables	5.1	29,183	41,476	29,208	41,487
Inventories	5.2	3,089	4,246	3,089	4,247
Share of Assets in Joint Operation	4.2	5,371	4,393	5,371	4,393
Non-financial assets classified as held for sale	5.4	1,843	1,743	1,843	1,743
Total Current Assets		89,000	82,895	90,825	83,734
Non-Current Assets					
Investments and Other Financial Assets	4.1	11,004	9,382	13,295	10,509
Receivables (non current)	5.1	25,437	22,127	25,437	22,127
Property, Plant and Equipment	4.3	568,341	579,385	568,341	579,385
Investment Properties	4.5	14,849	15,158	14,848	15,158
Share of Assets in Joint Operation	4.2	1,360	1,906	1,360	1,906
Intangible Assets	4.6	1,193	1,770	1,193	1,770
Total Non-Current Assets		622,184	629,728	624,474	630,855
TOTAL ASSETS		711,184	712,623	715,299	714,589
LIABILITIES					
Current Liabilities					
Payables	5.5	43,643	39,582	43,659	39,588
Monies Held in Trust	5.3	15,894	10,738	15,894	10,739
Share of Liabilities in Joint Operation	4.2	5,773	5,071	5,773	5,071
Employee Benefits and related on-cost Provisions	3.3	104,576	97,340	104,576	97,340
Total Current Liabilities		169,886	152,731	169,901	152,738
Non-Current Liabilities					
Employee Benefits and related on-cost Provisions	3.3	19,931	20,533	19,931	20,533
Share of Liabilities in Joint Operation	4.2	794	1,216	794	1,216
Total Non-Current Liabilities		20,725	21,749	20,725	21,749
TOTAL LIABILITIES		190,611	174,480	190,627	174,487
NET ASSETS		520,573	538,143	524,672	540,102
EQUITY					
Land Revaluation Reserve	8.1	42,910	36,733	42,910	36,733
Buildings Revaluation Reserve	8.1	234,565	234,565	234,565	234,565
Available for Sale Revaluation Reserve	8.1	223	(87)	240	(87)
Restricted Specific Purpose Reserve	8.1	12,196	11,639	12,196	11,640
Contributed Capital	8.1	233,194	233,194	233,194	233,194
Accumulated Surplus / (Deficit)	8.1	(2,515)	22,099	1,568	24,057
TOTAL EQUITY		520,573	538,143	524,672	540,102
Commitment for Expenditure	6.2				
Contingent Liabilities and Contingent Assets	7.3				

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

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 2016		36,733	234,565	(87)	11,640	233,194	24,057	540,102
Effects of corrections of errors	8.12	-	-	-	-	-	(1,000)	(1,000)
Net Result for the Year	8.1	-	-	-	-	-	(20,934)	(20,934)
Transfer to Reserves	8.1	-	-	-	556	-	(556)	-
Movement in Reserves	8.1	6,177	-	327	-	-	-	6,504
BALANCE AT 30 June 2017		42,910	234,565	240	12,196	233,194	1,568	524,672
Balance at 1 July 2015		36,733	234,565	130	11,180	230,243	46,527	559,378
Net Result for the Year	8.1	-	-	-	-	-	(22,010)	(22,010)
Transfer to Reserves	8.1	-	-	-	460	-	(460)	-
Movement in Reserves	8.1	-	-	(217)	-	-	-	(217)
Contribution from Victorian Government	8.1	-	-	-	-	2,951	-	2,951
BALANCE AT 30 June 2016		36,733	234,565	(87)	11,640	233,194	24,057	540,102

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 2016		36,733	234,565	(87)	11,640	233,194	22,099	538,143
Effects of corrections of errors	8.12	-	-	-	-	-	(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
BALANCE AT 30 June 2017		42,910	234,565	223	12,196	233,194	(2,515)	520,573
Balance at 1 July 2015		36,733	234,565	130	11,180	230,243	46,528	559,379
Net Result for the Year		-	-	-	-	-	(23,969)	(23,969)
Transfer to Reserves		-	-	-	460	-	(460)	-
Movement in Reserves		-	-	(217)	-	-	-	(217)
Contribution from Victorian Government		-	-	-	-	2,951	-	2,951
BALANCE AT 30 June 2016		36,733	234,565	(87)	11,640	233,194	22,099	538,143

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

	Note	Parent Entity 2017 \$'000	Parent Entity 2016 \$'000	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Cash Flows From Operating Activities					
Operating Grants from Government		538,316	472,580	538,316	472,580
Capital Grants from Government		3,211	31,891	3,211	31,891
Patient and Resident Fees Received		60,396	55,320	60,396	55,320
Capital Donation and Bequests Received		1,807	2,717	3,916	3,156
GST Received from ATO		11,608	12,398	11,605	12,395
Pharmaceutical Sales		17,135	19,059	17,135	19,059
Linen Fees		495	951	495	951
Pharmaceutical Benefits Scheme		40,122	32,231	40,122	32,231
Recoupment from Private Practice for use of hospital facilities		2,761	2,604	2,761	2,604
Investment Income Receipts		2,351	2,556	2,534	2,596
Other Receipts		37,642	34,597	37,516	34,536
Total Receipts		715,844	666,904	718,007	667,319
Employee Benefits Paid		(468,753)	(456,945)	(468,753)	(456,945)
Payments for Supplies, Consumables and Purchased Services		(166,553)	(151,372)	(166,673)	(149,696)
IT Services and Software		(12,474)	(11,840)	(12,470)	(11,894)
Repairs and Maintenance		(9,004)	(7,842)	(9,001)	(7,878)
Fuel, Light, Power and Water		(5,339)	(5,845)	(5,338)	(5,872)
Maintenance Contracts		(7,525)	(6,945)	(7,523)	(6,977)
Operating Lease Payments		(1,345)	(1,830)	(1,345)	(1,830)
Total Payments		(670,993)	(642,619)	(671,103)	(641,092)
NET CASH FLOW FROM OPERATING ACTIVITIES	8.2	44,851	24,285	46,904	26,227
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for Non Financial Assets		(26,535)	(35,621)	(26,535)	(35,621)
Proceeds from Sale of Non Financial Assets		1,195	1,774	3,034	1,774
Purchase of Investments		(4,870)	(17,200)	(8,062)	(19,036)
Proceeds from Sale of Investments		1,633	23,461	1,563	23,474
NET CASH FLOW USED IN INVESTING ACTIVITIES		(28,577)	(27,586)	(30,000)	(29,409)
CASH FLOWS FROM FINANCING ACTIVITIES					
Contributed Capital from Government		-	2,951	-	2,951
NET CASH FLOW FROM FINANCING ACTIVITIES		-	2,951	-	2,951
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD		16,274	(350)	16,904	(231)
Cash and Cash equivalents at Beginning of Financial Year		10,719	11,069	10,838	11,069
CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR	6.1	26,993	10,719	27,742	10,838

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

NOTE 1: Statement of Significant Accounting Policies

1.1: Statement of Compliance

These annual financial statements represent the audited general purpose financial statements for Barwon Health for the period ending 30 June 2017. 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 11 August 2017.

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 2017, and the comparative information presented in these financial statements for the year ended 30 June 2016.

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 reassessed when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values;
- Investment properties after initial recognition, which are measured at fair value through profit and loss;
- Available for sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income – items that may be reclassified subsequent to net result); and
- The fair value of assets other than land is generally based on their depreciated replacement value. Whilst investment properties are re-valued each year to market value.

Fair value of financial and non-financial assets, 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 3.4;

- 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);
- 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 3.4).

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.

1.3: Reporting Entity

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

Its principal address is:
Ryrie Street, Geelong Victoria 3220

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

1.4: Rounding of Amounts

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

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

1.5: Functional and Presentation Currency

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

1.6: Scope and Presentation of Financial Statements

Principles of Consolidation

In accordance with AASB 10 *Consolidated Financial Statements*:

- The consolidated financial statements of Barwon Health include all reporting entities controlled by Barwon Health as at 30 June 2017; and
- Control exists when Barwon Health has the power to govern the financial and operating policies of an organisation so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the controlled entities listed in Note 8.10.

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 significant management control over these entities.

Intersegment Transactions

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

Joint Arrangements

Interests in jointly controlled operations and assets are accounted for by recognising in Barwon Health's financial statements, its share of assets, liabilities and any revenue and expenses of such joint arrangements. Details of the joint arrangement are set out in Note 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 3.1 and 2.1 to the financial statements.

1.7: 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.

To enable Barwon Health to fulfil its objective it receives income based on Parliamentary appropriations. 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

2017	Note	Admitted Patients \$'000	Non-Admitted \$'000	EDS \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
Consolidated										
Government Grants		405,081	26,070	24,577	39,985	29,738	2,426	27,552	2,503	557,932
Indirect Contributions by Department of Health and Human Services		2,664	192	160	258	222	20	175	-	3,691
Patient and Resident Fees	2.2	34,613	5,540	1,845	1,401	7,221	810	780	3,296	55,506
Private Practice Fees		149	-	-	-	-	-	-	65	214
Recoupment from Private Practice for use of Hospital Facilities		2,463	133	1	1	1	-	1	-	2,600
Business Units and Specific Purpose Funds		628	46	26	41	36	3	28	23,138	23,946
Other Revenue from Operating Activities		8,523	712	662	2,266	658	202	1,306	4,875	19,204
Total Revenue from Operating Activities		454,121	32,693	27,271	43,952	37,876	3,460	29,842	33,877	663,092
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		-	-	-	-	-	-	-	17,193	17,193
Donations and Bequests		-	-	-	-	-	-	-	1,910	1,910
Net Gain/(Loss) from Disposal of Non-Financial Assets	7.2	-	-	-	-	-	-	-	594	594
Total Capital Purpose Income		-	-	-	-	-	-	-	19,697	19,697
TOTAL REVENUE		454,121	32,693	27,271	43,952	37,876	3,460	29,842	55,472	684,687

2016	Note	Admitted Patients \$'000	Non-Admitted \$'000	EDS \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
Consolidated										
Government Grants		364,715	25,662	25,636	36,505	27,568	2,437	27,012	2,318	511,853
Indirect Contributions by Department of Health and Human Services		1,174	91	79	117	100	9	83	-	1,653
Patient and Resident Fees	2.2	37,361	5,523	1,480	2,150	6,914	543	755	3,209	57,935
Private Practice Fees		132	-	-	-	-	-	-	50	182
Recoupment from Private Practice for use of Hospital Facilities		2,510	55	1	1	1	-	2	5	2,575
Business Units and Specific Purpose Funds		-	-	-	-	-	-	-	27,633	27,633
Other Revenue from Operating Activities		6,687	597	601	2,185	403	136	1,378	839	12,826
Total Revenue from Operating Activities		412,579	31,928	27,797	40,958	34,986	3,125	29,230	34,054	614,657
Interest		-	-	-	-	-	-	-	1,941	1,941
Dividends and Profit on Sale of Available for Sale Investments		-	-	-	-	-	-	-	1,092	1,092
Total Revenue from Non-Operating Activities		-	-	-	-	-	-	-	3,033	3,033
Capital Purpose Income		-	-	-	-	-	-	-	31,536	31,536
Donations and Bequests		-	-	-	-	-	-	-	2,850	2,850
Net Gain/(Loss) from Disposal of Non-Financial Assets	7.2	-	-	-	-	-	-	-	338	338
Total Capital Purpose Income		-	-	-	-	-	-	-	34,724	34,724
TOTAL REVENUE		412,579	31,928	27,797	40,958	34,986	3,125	29,230	71,811	652,414

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.
- Long Service Leave is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health.
- Aged Care Services Division Hospital Circular 04/2017 (updated 2016-17).

Patient and Resident Fees

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

Private Practice Fees

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

Donations and Other Bequests

Donations and bequests are recognised as revenue when received. Donations from the community and estate bequests are included in the Comprehensive Operating Statement. 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 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

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Patient Fees Raised		
Acute	37,571	39,171
Sub Acute	8,538	7,218
Other	3,034	5,477
Resident Fees Raised		
Geriatric	5,640	5,297
Mental Health	723	772
TOTAL	55,506	57,935

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 Section 2, the funds that enable the provision of services were disclosed and in this note the cost associated with provision of services are recorded.

Structure

3.1 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

2017	Note	Admitted Patients \$'000	Non-Admitted \$'000	EDS \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
Consolidated										
Employee Benefits		316,546	17,541	29,641	41,926	25,611	15,579	8,824	11,025	466,693
Other Operating Expenses										
Non Salary Labour Costs		7,599	166	349	1,080	1,008	120	120	21	10,463
Supplies, Consumables and Purchased Services		95,739	3,728	7,054	6,155	4,219	2,286	1,965	467	121,613
Other Expenses		41,154	2,040	3,137	4,516	2,952	1,465	1,428	7,293	63,985
Total Expenditure from Operating Activities		461,038	23,475	40,181	53,677	33,790	19,450	12,337	18,806	662,754
Expenditure for Capital Purposes		347	15	34	33	21	12	8	1,135	1,605
Specific Expenditure		-	-	-	-	-	-	-	164	164
Impairment of Available for Sale Financial Assets		-	-	-	-	-	-	-	411	411
Depreciation and Amortisation	4.4	31,426	1,600	2,739	3,658	2,304	1,326	841	-	43,894
Total Other Expenses		31,773	1,615	2,773	3,691	2,325	1,338	849	1,710	46,074
Total Expenses from Ordinary Activities		492,811	25,090	42,954	57,368	36,115	20,788	13,186	20,516	708,828

2016	Note	Admitted Patients \$'000	Non-Admitted \$'000	EDS \$'000	Mental Health \$'000	RAC incl. Mental Health \$'000	Aged Care \$'000	Primary Health \$'000	Other \$'000	Total \$'000
Consolidated										
Employee Benefits		302,995	17,493	24,399	40,876	25,226	15,538	9,969	11,541	448,037
Other Operating Expenses										
Non Salary Labour Costs		7,819	145	229	692	772	121	100	25	9,903
Supplies, Consumables and Purchased Services		85,148	3,692	5,460	5,511	4,348	1,838	1,864	247	108,108
Other Expenses		40,614	2,224	2,235	4,337	2,783	1,419	1,775	7,092	62,479
Total Expenditure from Operating Activities		436,576	23,554	32,323	51,416	33,129	18,916	13,708	18,905	628,527
Expenditure for capital purposes		572	24	38	83	33	19	16	2,333	3,118
Depreciation and Amortisation	4.4	31,303	1,676	2,006	3,661	2,357	1,346	975	-	43,324
Total Other Expenses		31,875	1,700	2,044	3,744	2,390	1,365	991	2,333	46,442
Total Expenses from Ordinary Activities		468,451	25,253	34,368	55,160	35,519	20,281	14,699	21,238	674,969

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.

Bad and Doubtful Debts

Refer to note 5.1 *Receivables*

Net gain/ (loss) on non-financial assets

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

- Revaluation gains/ (losses) of non-financial physical assets
- Refer to Note 4.3 *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 instrument 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 1.6 *Principles of consolidation*.

Other gains/ (losses) from other economic flows include

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

NOTE 3.2: Analysis of Revenue and Expenses by Internally Managed and Restricted Specific Purpose Funds

	Revenue		Expense	
	Consol'd 2017 \$'000	Consol'd 2016 \$'000	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Commercial Activities				
Cafeteria	3,318	3,376	3,241	3,139
Investments	1,742	772	1,421	195
Linencare	4,112	4,899	3,794	4,515
Properties	1,660	756	1,851	1,394
Salary Packaging	1,664	699	1,574	532
Other	762	735	634	542
Total Business Unit and Specific Purpose Funds	13,258	11,237	12,515	10,317
Other Activities				
Donations	2,119	2,840	1,281	2,821
Equipment	1,319	1,335	571	550
Pharmacy	235	261	56	20
Private Practice	3,264	3,504	2,601	2,639
Research	3,302	3,604	2,967	3,476
Other	1,259	2,761	1,184	2,498
TOTAL	24,756	25,542	21,175	22,321

NOTE 3.3: Employee Benefits and Related On-Costs Provisions

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Current Provisions		
Employee Benefits		
Annual leave		
- Unconditional and expected to be settled wholly within 12 months	29,417	26,806
- Unconditional and expected to be settled wholly after 12 months (present value)	4,608	4,285
Long service leave		
- Unconditional and expected to be settled wholly within 12 months	23,637	21,175
- Unconditional and expected to be settled wholly after 12 months (present value)	26,151	24,585
Accrued Salaries and Wages	10,996	11,608
Accrued Days Off	806	699
	95,615	89,158
Provisions related to employee benefit on-costs		
- Annual Leave	3,603	3,280
- Unconditional Long Service Leave Entitlements	5,273	4,828
- Accrued Days Off	85	74
	8,961	8,182
Total Current Provisions	104,576	97,340
Non-Current Provisions		
- Conditional Long Service Leave Entitlements (present value)	18,022	18,573
- Employee benefit on-costs for Long Service Leave	1,909	1,960
Total Non-Current Provisions	19,931	20,533
Total Provisions	124,507	117,873
A) EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Current Employee Benefits and Related On-costs		
Unconditional Annual Leave	37,628	34,372
Unconditional Long Service Leave Entitlements	55,061	50,587
Accrued Salaries and Wages	10,996	11,608
Accrued Days Off	891	773
Non-Current Employee Benefits and Related On-costs		
Conditional Long Service Leave Entitlements	19,931	20,533
Total Employee Benefits and Related On-Costs	124,507	117,873
B) MOVEMENT IN LONG SERVICE LEAVE		
Balance at start of year	71,120	67,443
Provision made during the year		
Revaluations	(2,147)	(1,224)
Expense recognising Employee Service	13,315	12,765
Settlement made during the year	(7,296)	(7,864)
Balance at end of year	74,992	71,120

Key Assumptions:

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

Provision for Long Service Leave is calculated using a 3.813% (2016: 4.125%) per annum projected weighted average increase in wages and salary rates over a period of 16 years. Present values are calculated using interest rates based on government securities, as advised by the Department of Treasury and Finance.

On-costs are based on a superannuation rate of 9.5% (2016: 9.5%) and workcover rate of 1.09% (2016: 1.05%) during 2016-17.

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. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

When some or all of the economic benefits required to settle a provision are expected to be received from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

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.

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.

Termination benefits

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

Barwon Health recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy.

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

	Consolidated Contribution Paid		Consolidated Contribution Payable	
	2017 \$'000	2016 \$'000	2017 \$'000	2016 \$'000
Defined contribution plans:				
- Health Super	21,795	21,703	-	-
- Hesta	13,440	11,602	-	-
- Other compliant superannuation funds as selected by employee	1,426	1,329	-	-
Defined benefit plans:				
- Health Super	661	588	-	96
- GSO	186	185	-	-
Total	37,508	35,407	-	96

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.

Barwon Health does not recognise any defined benefit liability in respect of the plans because the entity has no legal or contractual 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 administers and discloses the State's defined benefit liabilities in its financial statements.

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.

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.

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

Note 4: Key Assets to Support Service Delivery

Barwon Health controls infrastructure and other investments that are utilised in fulfilling its objectives and conducting its activities. They represent the key resources that have been entrusted to 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 2017 \$'000	Consol'd 2016 \$'000	Consol'd 2017 \$'000	Consol'd 2016 \$'000	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Current							
- Australian Dollar Term Deposits > 3 months		46	46	-	-	46	46
- Australian Dollar Term Deposits < 3 months		18,635	17,909	2,415	-	21,050	17,909
- Fixed Bonds and Floating Rate Notes		-	-	1,257	2,633	1,257	2,633
TOTAL CURRENT		18,681	17,955	3,672	2,633	22,353	20,588
Non-Current							
- Equities at Fair Value		2,291	1,127	-	-	2,291	1,127
- Fixed Bonds and Floating Rate Notes		-	1,716	11,004	7,667	11,004	9,382
TOTAL NON CURRENT		2,291	2,843	11,004	7,667	13,295	10,509
TOTAL	7.1 (a)	20,972	20,798	14,676	10,300	35,648	31,097
Represented by:							
Health Service Investments						20,972	20,797
Monies Held in Trust							
- Refundable Entrance Fees						14,676	10,300
TOTAL						35,648	31,097

(a) Ageing analysis of investments - term deposits.

Please refer to Note 7.1 for the ageing analysis of investments and other financial assets.

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

Please refer to Note 7.1 for the nature and extent of creditor risk arising from investments - term deposits.

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.

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 2017 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 2017. 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 2017	Ownership Interest 2016
South West Alliance of Rural Health (Vic)	Information Systems	23%	24%

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

The audit of SWARH's financial statements for the year ended 30 June 2017 (on which Barwon's Health has been determined) was ongoing as at the date of signing these financial statements.

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Current Assets		
Current Assets		
Cash and Cash Equivalents	1,188	492
Inventories	4	17
Receivables	4,179	3,884
Total Current Assets	5,371	4,393
Non Current Assets		
Property, Plant and Equipment	119	23
Leased assets	1,235	1,854
Intangible Assets	6	30
Total Non Current Assets	1,360	1,906
Total Assets	6,731	6,299
Current Liabilities		
Payables	4,533	3,696
Deferred Revenue	252	117
Current Lease Liabilities	599	835
Employee Benefits and Related On-Cost Provisions	389	424
Total Current Liabilities	5,773	5,071
Non Current Liabilities		
Employee Benefits and Related On-Cost Provisions	68	83
Non-Current Lease Liabilities	726	1,133
Total Non Current Liabilities	794	1,216
Total Liabilities	6,567	6,287
Net Assets	164	12
Equity	164	12

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

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Revenues		
Operating Revenue	5,130	5,159
Total Revenue	5,130	5,159
Expenses		
Operating Expenses	(4,169)	(4,108)
Total Expenses	(4,169)	(4,108)
Net Result Before Capital and Specific Items	961	1,051
Capital Purpose Income	112	-
Finance Lease Charges	(81)	(118)
Impairment of Non-Financial Assets	(15)	-
Depreciation	(833)	(917)
Net Result After Capital and Specific Items	144	16
Other economic flows included in the result		
Revaluation of Long Service Leave	9	-
Net Result	153	16

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

(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 Revaluation on 30 June 2017	42,429	-	42,429
Crown Land at Managerial Revaluation on 30 June 2017	9,943	-	9,943
Buildings at Revaluation 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

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 2017.

(a) Gross carrying amount as at 30 June 2016

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

Property, Plant and Equipment

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

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

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

Plant, equipment, 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.

Revaluations of Non-current Physical Assets

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

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

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of the same class of assets, they are debited directly to the asset revaluation reserve.

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

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

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

2017	Land	Buildings and Leasehold Improvements	Plant and Equipment	Medical Equipment	Furniture and Fittings	Linen	Assets Under Construction	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2016	46,595	482,097	16,369	22,440	2,252	65	9,567	579,385
Additions	-	12,957	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	-	1,762	3,046	1,165	973	-	(6,946)	-
Transfers	(400)	(33)	-	-	-	-	-	(433)
Disposals	-	-	(94)	(9)	(55)	-	-	(158)
Depreciation and Amortisation	-	(33,720)	(4,146)	(4,801)	(394)	-	-	(43,061)
Balance at 30 June 2017	52,372	463,063	16,320	22,776	3,987	65	9,758	568,341

2016	Land	Buildings and Leasehold Improvements	Plant and Equipment	Medical Equipment	Furniture and Fittings	Linen	Total
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2015	48,195	498,081	19,068	21,900	1,195	-	588,439
Work in Progress	-	(3,416)	(1,692)	-	-	-	(5,108)
Additions	-	30,070	3,086	6,341	1,233	65	40,795
Revaluation Increment/Decrement	-	-	-	-	-	-	-
Asset write off	-	-	-	-	-	-	-
Classified as Property Held-for-Sale	-	-	-	-	-	-	-
Transfers	(1,600)	-	-	-	-	-	(1,600)
Disposals	-	-	(72)	(499)	-	-	(571)
Depreciation and Amortisation	-	(33,071)	(4,021)	(5,302)	(176)	-	(42,570)
Balance at 30 June 2016	46,595	491,664	16,369	22,440	2,252	65	579,385

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.

(c) Fair value measurement hierarchy for assets

	Consolidated carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using:		
	\$'000	Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
Land and Buildings at Fair Value				
Non-specialised Land	20,419	-	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

	Consolidated carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using:		
	\$'000	Level 1 ⁽¹⁾	Level 2 ⁽¹⁾	Level 3 ⁽¹⁾
Land and Buildings at Fair Value				
Non-specialised Land	18,412	-	18,412	-
Specialised Land	28,183	-	-	28,183
Non-specialised Buildings	838	-	838	-
Specialised Buildings	480,487	-	-	480,487
Leasehold Improvements	773	-	-	773
Total Land and Buildings at Fair Value	528,693	-	19,250	509,443
Plant and Equipment at Fair Value				
- Plant at Depreciated Replacement Cost	4,595	-	-	4,595
- Motor Vehicles at Depreciated Replacement Cost	1,833	-	-	1,833
- Other at Depreciated Replacement Cost	9,940	-	-	9,940
Total Plant and Equipment at Fair Value	16,368	-	-	16,368
Medical equipment at Fair Value	22,440	-	-	22,440
Furniture and Fittings at Fair Value	2,252	-	-	2,252
Linen at Fair Value	65	-	-	65
	569,818	-	19,250	550,568

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

Non-specialised land and non-specialised buildings

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

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

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

Specialised land and specialised buildings

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

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

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

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 2017.

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 2017.

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

(d) Reconciliation of Level 3 Fair Value

2017	Specialised Land	Specialised Buildings	Leasehold Improvements	Plant and equipment	Medical Equipment	Furniture and Fittings	Linen
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Opening Balance	28,183	480,487	773	16,369	22,440	2,252	65
Additions / (Capitalisation)	-	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

2016	Specialised Land	Specialised Buildings	Leasehold Improvements	Plant and equipment	Medical Equipment	Furniture and Fittings	Linen
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	
Opening Balance	28,183	483,299	988	19,068	21,900	1,195	-
Additions / (Capitalisation)	-	29,996	-	1,394	6,341	1,233	65
Gains or losses recognised in net result							
- Disposals	-	-	-	(72)	(499)	-	-
- Depreciation	-	(32,808)	(215)	(4,021)	(5,302)	(176)	-
Subtotal	-	(32,808)	(215)	(4,093)	(5,801)	(176)	-
Items recognised in other comprehensive income							
- Revaluation	-	-	-	-	-	-	-
Closing Balance	28,183	480,487	773	16,369	22,440	2,252	65

Note: Classified in accordance with the fair value hierarchy.

(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 2017.

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

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

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

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

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

In accordance with paragraph AASB 13.29, Barwon Health has assumed the current use of a non-financial physical asset is its HBU 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 2017 \$'000	Consol'd 2016 \$'000
Depreciation		
Building and Leasehold	33,720	33,071
Plant and Equipment	4,146	4,021
Medical Equipment	4,801	5,302
Furniture and Fittings	394	176
Linen	-	-
Total Depreciation	43,061	42,570
Amortisation		
Intangible Assets	833	754
Total Amortisation	833	754
Total Depreciation and Amortisation	43,894	43,324

Depreciation

Assets with a cost in excess of \$2,000 (2016: \$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 (2016: \$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 of non-current assets on which the depreciation charges are based.

	2017	2016
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

(a) Movements in carrying value for investment properties

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Balance at Beginning of Period	15,158	13,028
Net Gain from fair value adjustment	900	530
Transfer from Property, Plant & Equipment	440	1,600
Transfer to Assets Held For Sale	(1,650)	-
Balance at the end of Period	14,848	15,158

Investment properties were revalued at 30 June 2017 by the Victorian Valuer General'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 \$1,038,862 (2016: \$889,330). Related operating expenses were \$11,700 (2016: \$13,700).

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.

(b) Fair value measurement hierarchy for investment properties

	Consolidated carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using:		
		\$'000	Level 1 ⁽¹⁾	Level 2 ⁽¹⁾
Investment properties	14,848	-	14,848	-
	14,848	-	14,848	-

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

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

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 2017 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 2017 \$'000	Consol'd 2016 \$'000
Intangible Assets	1,193	1,770
Total Intangible Assets	1,193	1,770
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	1,770	1,954
Reclass of Assets	-	-
Additions	256	570
Disposals	-	-
Amortisation	(833)	(754)
Balance at end of financial year	1,193	1,770
Total Intangible Assets	1,193	1,770

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 (2016: 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 2017 \$'000	Consol'd 2016 \$'000
CURRENT		
Contractual		
Patient Fees	6,899	8,563
Sundry Debtors	6,565	16,072
Less: Allowance for Doubtful Debts	(1,148)	(390)
Accrued Investment Income	489	1,002
Accrued Revenue - Other	4,224	6,001
Prepayments	11,125	9,266
	28,154	40,514
Statutory		
GST Receivable	45	973
Accrued Revenue - Department of Health and Human Services	1,009	-
TOTAL CURRENT RECEIVABLES	29,208	41,487
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	25,437	22,127
TOTAL NON CURRENT RECEIVABLES	25,437	22,127
TOTAL RECEIVABLES	54,645	63,614
(a) Movement in allowance for patient fee doubtful debts:		
Balance at beginning of year	(390)	(367)
Amounts written off during year	161	221
(Increase) / decrease in allowance recognised in net result	(919)	(244)
Balance at end of the year	(1,148)	(390)
(b) Ageing analysis of receivables.		
Please refer to Note 7.1 for the ageing analysis of receivables.		
(c) Nature and extent of risk arising from receivables.		
Please refer to Note 7.1 for the nature and extent of credit risk arising from receivables.		

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

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

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

NOTE 5.2: Inventories

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Pharmaceuticals at Cost	1,469	2,238
Medical and Surgical Lines at Cost	1,328	1,767
Bulk Store at Cost	292	242
TOTAL INVENTORIES	3,089	4,247

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 2017 \$'000	Consol'd 2016 \$'000
Current			
Contractual			
Refundable Entrance Fees		15,109	9,951
Residential Patient Monies held in Trust		785	788
Total Monies Held in Trust		15,894	10,739
Total Monies Held in Trust			
Represented by the following assets:			
Cash held - monies held in trust	6.1	1,218	439
Investments and other financial assets	4.1	14,676	10,300
Total Monies Held in Trust		15,894	10,739

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

(a) Assets held-for-sale

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Land and Buildings - Held for Sale		
Land	1,650	975
Buildings	-	575
Total Land and Building Assets Classified as Held for Sale	1,650	1,550
Plant and Equipment - Held for Sale	193	193
Total Non-Financial Physical Assets Classified as Held for Sale	1,843	1,743

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 treated as current and are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation.

NOTE 5.5: Payables

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Current		
Contractual		
Trade Creditors	17,945	17,315
Accrued Expenses	14,094	15,478
Accrued Expense - Department of Health and Human Services	-	129
Australian Taxation Office	75	2,248
Superannuation	5	96
Salary Packaging	1,444	1,207
Other - payables	10,095	3,115
Total Payables	43,659	39,588

(a) Maturity analysis of payables.

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

(b) Nature and extent of risk arising from payables.

Please refer to Note 7.1 for the nature and extent of risks arising from payables.

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.

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 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 and cash flow reconciliation

6.2 Commitments for expenditure

NOTE 6.1: Cash and Cash Equivalents and Cash Flow Reconciliation

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Cash at Bank	28,930	11,245
Cash on Hand	30	31
Total Cash and Cash Equivalents	28,960	11,276
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	27,742	10,837
Cash held for residential patient monies held in trust	1,218	439
Total Cash and Cash Equivalents	28,960	11,276

Refer to Note 5.3 for monies held in trust disclosure.

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

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
(A) CAPITAL EXPENDITURE COMMITMENTS		
Building Projects	13,431	60,255
Equipment Upgrades	-	5,431
	13,431	65,686
Not later than one year	12,233	51,924
Later than 1 year and not later than 5 years	1,198	13,762
Total	13,431	65,686
(B) OTHER EXPENDITURE COMMITMENTS		
Not later than one year	3,512	-
Later than one year and not later than 5 years	3,377	-
Total	6,889	-
(C) LEASE COMMITMENTS		
Equipment		
Not later than one year	1,793	857
Later than one year and not later than 5 years	6,037	548
5 years or more	1,951	-
	9,781	1,405
Motor Vehicles		
Not later than one year	80	146
Later than one year and not later than 5 years	12	81
	92	227
Property		
Not later than one year	378	416
Later than one year and not later than 5 years	20	303
5 years or more	2	-
	400	719
Total commitments for expenditure (inclusive of GST)	26,774	88,337
Less GST recoverable from the Australian Taxation Office	2,434	8,031
Total commitments for expenditure (exclusive of GST)	24,340	80,306
Operating lease commitments - as lessor (receivables)		
Future receivables under non-cancellable leases as at 30th June 2017 are, as follows:		
Property		
Not later than one year	812	-
Later than one year and not later than 5 years	2,905	-
5 years or more	103	-
	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: Risk, Contingencies and Valuation Uncertainties

Barwon Health is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the 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 Net gain/ (loss) on disposal of non-financial assets

7.3 Contingent assets and contingent liabilities

NOTE 7.1: Financial Instruments

NOTE 7.1: (a) Financial risk management

Barwon Health's principal financial instruments comprise of:

- cash assets
- term deposits
- receivables (excluding statutory receivables)
- investments in equities and managed investment schemes
- payables (excluding statutory payables)
- patient monies held in trust
- refundable entrance fees

Barwon Health's main financial risks include credit risk, liquidity risk, interest rate risk and equity price risk. The main purpose in holding these financial instruments is to prudentially manage Barwon Health's financial risks within the government directed policy parameters.

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

NOTE 7.1: (a) Financial risk management (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

Consolidated 2016	Note	Contractual Financial Assets - Loans and Receivables \$'000	Available for Sale Financial Assets at Fair Value \$'000	Contractual Financial Liabilities at Amortised Cost \$'000	Total \$'000
Financial Assets					
Cash and Cash Equivalents	6.1	11,276	-	-	11,276
Receivables	5.1	25,246	-	-	25,246
Investments and Other Financial Assets	4.1	17,955	13,142	-	31,097
Total Financial Assets		54,477	13,142	-	67,619
Financial Liabilities					
Trade Creditors and Other Payables	5.5	-	-	37,115	37,115
Refundable Entrance Fees	5.3	-	-	9,951	9,951
Residential Patient Monies held in Trust	5.3	-	-	788	788
Total Financial Liabilities		-	-	47,854	47,854

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

NOTE 7.1: (b) Net Holding Gain / (Loss) on Financial Instruments by Category

Consolidated 2017	Note	Net holding gain / (loss) \$'000	Total interest income / (expense) \$'000	Fee income / (expense) \$'000	Impairment Loss \$'000	Total \$'000
Financial Assets						
Cash and Cash Equivalents	6.1	-	980	-	-	980
Receivables	5.1	-	-	-	(919)	(919)
Investments and Other Financial Assets	4.1	(60)	885	(28)	(411)	386
Total Financial Assets		(60)	1,865	(28)	(1,330)	447
Financial Liabilities						
Trade Creditors and Other Payables	5.5	-	-	-	-	-
Refundable Entrance Fees	5.3	-	-	-	-	-
Residential Patient Monies held in Trust	5.3	-	-	-	-	-
Total Financial Liabilities		-	-	-	-	-

Consolidated 2016	Note	Net holding gain / (loss) \$'000	Total interest income / (expense) \$'000	Fee income / (expense) \$'000	Impairment Loss \$'000	Total \$'000
Financial Assets						
Cash and Cash Equivalents	6.1	-	593	-	-	593
Receivables	5.1	-	-	-	(244)	(244)
Investments and Other Financial Assets	4.1	(1,230)	2,215	(159)	-	826
Total Financial Assets		(1,230)	2,808	(159)	(244)	1,175
Financial Liabilities						
Trade Creditors and Other Payables	5.5	-	-	-	-	-
Refundable Entrance Fees	5.3	-	-	-	-	-
Residential Patient Monies held in Trust	5.3	-	-	-	-	-
Total Financial Liabilities		-	-	-	-	-

NOTE 7.1: (c) Credit Risk

Credit risk arises from the potential default of the counterparty on their contractual obligations to Barwon Health. Credit risk is measured and is monitored on a regular basis. Credit risk associated with Barwon Health's contractual financial assets is minimal because the primary debtor is the Victorian Government. Barwon Health does not engage in hedging of its financial assets and only deals with banks with high credit ratings. Except where otherwise detailed, the carrying amount of financial assets, net of any allowances for losses, represents the maximum exposure to credit risk.

Table: Credit quality of contractual financial assets that are neither past due nor impaired

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Financial Assets		
Cash and Cash Equivalents		
- AA Rating	28,960	11,276
	28,960	11,276
Receivables		
- AAA Rating	770	7,620
- Counterparties without external credit rating	9,047	9,103
	9,817	16,723
Investments and Other financial Assets		
A+	21,082	19,020
A	2,955	2,558
AA-	6,857	4,653
A-	2,163	2,655
BBB+	1,532	1,521
BBB	111	-
Not Rated	948	690
	35,648	31,097

Financial assets that are either past due or impaired:

Currently Barwon Health does not hold any collateral as security nor credit enhancements relating to any of its financial assets. As at reporting date, other than for the doubtful debts disclosed in Note 5.1, there is no event to indicate that any of the financial assets were impaired. There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The following table discloses the ageing of the financial assets that are past due but not impaired.

Table: Ageing analysis of Financial Assets as at 30 June

	Carrying Amount \$'000	Not Past Due and Not Impaired \$'000	Past Due but Not Impaired					Impaired Financial Assets \$'000
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	Over 5 years \$'000	
2017								
Financial Assets								
Cash and Cash Equivalents	28,960	28,960	-	-	-	-	-	-
Receivables	12,805	9,817	2,888	904	344	-	-	1,148
Investments and Other financial Assets	35,648	35,648	-	-	-	-	-	-
Total Financial Assets	77,413	74,425	2,888	904	344	-	-	1,148
2016								
Financial Assets								
Cash and Cash Equivalents	11,276	11,276	-	-	-	-	-	-
Receivables	25,247	16,723	4,090	3,545	1,279	-	-	390
Investments and Other financial Assets	31,097	31,097	-	-	-	-	-	-
Total Financial Assets	67,620	59,096	4,090	3,545	1,279	-	-	390

NOTE 7.1: (d) Liquidity Risk

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

Barwon Health's exposure to liquidity risk is deemed insignificant based on prior periods data and current assessment of risk. Cash for unexpected events is generally sourced from liquidation of term deposits. Maximum exposure to liquidity risk is the carrying amounts of financial liabilities.

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

Table: Maturity analysis of Financial Liabilities as at 30 June

	Carrying Amount \$'000	Contractual Cash flows \$'000	Maturity Dates				
			Less than 1 month \$'000	1-3 months \$'000	3 months - 1 year \$'000	1-5 years \$'000	Over 5 years \$'000
2017							
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	-
2016							
Financial Liabilities:							
Trade Creditors and Other Payables	37,115	37,115	33,085	3,291	739	-	-
Refundable Entrance Fees	9,951	9,951	454	162	9,335	-	-
Residential Patient Monies held in Trust	788	788	139	233	358	58	-
Total Financial Liabilities	47,854	47,854	33,678	3,686	10,432	58	-

NOTE 7.1: (e) Market Risk

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

Currency Risk

Barwon Health is not exposed to significant foreign currency risk through its purchases of supplies and consumables from overseas. Due to the limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

Price Risk

Exposure to price risk arises from price movements with Barwon Health's investment portfolio. Barwon Health's excess funds are predominantly invested in term deposits or bonds. Price risk is managed by reviewing the prices of all these investments on a regular basis confirming the strategy for these investments.

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

	Weighted Average Effective Interest Rates (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000
2017					
Financial Assets					
Cash and Cash Equivalents	2.00	28,960	-	28,960	-
Receivables	-	12,805	-	-	12,805
Other Financial Assets - Equities	-	2,291	-	-	2,291
Investments	3.57	33,357	1,050	32,307	-
Total Financial Assets		77,413	1,050	61,267	15,096
2016					
Financial Assets					
Cash and Cash Equivalents	2.25	11,276	-	11,276	-
Receivables	-	25,246	-	-	25,246
Other Financial Assets - Equities	-	1,127	-	-	1,127
Investments	4.91	29,970	519	29,451	-
Total Financial Assets		67,619	519	40,727	26,373

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

	Weighted Average Effective Interest Rates (%)	Carrying Amount \$'000	Interest Rate Exposure		
			Fixed Interest Rate \$'000	Variable Interest Rate \$'000	Non Interest Bearing \$'000
2017					
Financial Liabilities:					
Trade Creditors and Other Payables	-	41,202	-	-	41,202
Refundable Entrance Fees	-	15,109	-	-	15,109
Residential Patient Monies held in Trust	-	785	-	-	785
Total Financial Liabilities		57,096	-	-	57,096
2016					
Financial Liabilities:					
Trade Creditors and Other Payables	-	37,115	-	-	37,115
Refundable Entrance Fees	-	9,951	-	-	9,951
Residential Patient Monies held in Trust	-	788	-	-	788
Total Financial Liabilities		47,854	-	-	47,854

Sensitivity Disclosure Analysis

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

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

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

- A parallel shift of +0.75% (2016: +0.25%) and -0.25% (2016: -0.75%) in market interest rates
- A parallel shift of +5% and -5% in market prices of listed equities

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

2017	Carrying Amount	Interest Rate Risk				Price Risk			
		-0.25%		0.75%		-10%		10%	
		Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000	Profit \$'000	Equity \$'000
Financial Assets									
Cash and cash equivalents	28,960	(72)	(72)	217	217	-	-	-	-
Receivables	12,805	-	-	-	-	-	-	-	-
Other Financial Assets	2,291	-	-	-	-	-	(229)	-	229
Investments	33,357	(83)	(83)	250	250	-	-	-	-
	77,413	(155)	(155)	467	467	-	(229)	-	229
Financial Liabilities									
Trade Creditors and Other Payables	41,202	-	-	-	-	-	-	-	-
Refundable Entrance Fees	15,109	-	-	-	-	-	-	-	-
Residential Patient Monies held in Trust	785	-	-	-	-	-	-	-	-
	57,096	-	-	-	-	-	-	-	-
Total		(155)	(155)	467	467	-	(229)	-	229

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

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

NOTE 7.1: (f) Fair Value

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

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

The following table provides an analysis of financial instruments that are measured subsequent to initial

recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable.

- **Level 1** - the fair value of financial instruments with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.
- **Level 2** - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly.
- **Level 3** - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

2017	Carrying Amount \$'000	Hierarchy			
		Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Available for sale financial assets (at fair value)					
Fixed Bonds and Floating Rate Notes	12,261	12,261	-	-	12,261
Equities	2,291	2,291	-	-	2,291
	14,552	14,552	-	-	14,552

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

Fixed Bonds and Floating Rate Notes

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

Equities

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

Financial Instruments

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

Loans and Receivables

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

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

Available for Sale Financial Assets

Shares and fixed and floating debt obligations held by Barwon Health are classified as being available for sale and measured at fair value. Gains and losses arising from changes in fair value are recognised directly in other comprehensive income until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net result for the period. Fair value is determined in the manner described in Note 7.1(f)

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: Net Gain/(Loss) on Disposal of Non-Financial Assets

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Proceeds from Disposal of Property, Plant and Equipment		
- Motor Vehicles	136	182
- Plant and Equipment	-	153
- Medical Equipment	93	-
- Building	-	-
Total Proceeds from Disposal of Property, Plant and Equipment	229	335
Less: Written Down Value of Property, Plant and Equipment Disposed		
- Motor Vehicles	23	-
- Plant and Equipment	-	-
- Medical Equipment	-	246
- Building	-	-
Total Written Down Value of Property, Plant and Equipment Disposed	23	246
Net Loss on Disposal of Property, Plant and Equipment Disposed	206	89
Proceeds from Disposal of Property Held for Sale		
- Building	787	-
- Land	1,319	1,429
Total Proceeds from Disposal of Property Held for Sale	2,106	1,429
Less: Written Down Value of Property Held for Sale		
- Building	575	1,180
- Land	975	-
Total Written Down Value of Property Held for Sale	1,550	1,180
Net Gain on disposal of Property Held for Sale	556	249
Proceeds from Disposal of Intangible Assets		
- Intangible Assets	-	-
Total Proceeds from Disposal of Intangible Assets	-	-
Less: Written Down Value of Intangible Assets		
- Intangible Assets	-	-
Total Written Down Value of Intangible Assets	-	-
Net Loss on disposal of Intangible Assets	-	-
Total Net Gain on Disposal of Non-Financial Assets	762	338

Net Gain / (Loss) on Non-Financial Assets

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

Disposal of Non-Financial Assets

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

Impairment of Non-Financial Assets

All assets are assessed annually for indications of impairment.

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

NOTE 7.3: Contingent Assets and Contingent Liabilities

There are no known material contingent assets or contingent liabilities for Barwon Health. (2016: 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 Operating segments

8.4 Responsible persons disclosures

8.5 Executive officer disclosures

8.6 Related parties

8.7 Remuneration of auditors

8.8 AASBs issued that are not yet effective

8.9 Events occurring after the balance sheet date

8.10 Controlled entities

8.11 Economic dependency

8.12 Corrections of a prior period error and revision of estimates

NOTE 8.1: Reserves

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
A) RESERVES		
Land Revaluation Reserve		
Balance at start of year	36,733	36,733
Movements	6,177	-
Balance at end of year	42,910	36,733
Building Revaluation Reserve		
Balance at start of year	234,565	234,565
Movements	-	-
Balance at end of year	234,565	234,565
Available for Sale Revaluation Reserve		
Balance at start of year	(87)	130
Movement for Sale of AFS Investments	(60)	(1,230)
Valuation Gain recognised	387	1,013
Impairment of Financial Assets	-	-
Balance at end of year	240	(87)
Restricted Specific Purpose Reserve		
Balance at start of year	11,640	11,180
Transfer (to)/from Accumulated Surplus/(Deficit)	556	460
Balance at end of year	12,196	11,640
B) CONTRIBUTED CAPITAL		
Balance at start of year	233,194	230,243
Capital contributions received from Victorian Government	-	2,951
Balance at end of year	233,194	233,194
C) ACCUMULATED SURPLUS/(DEFICIT)		
Balance at start of year	24,057	46,527
Net result for the year	(20,934)	(22,010)
Transfer (to)/from Restricted Specific Purpose Reserve	(556)	(460)
Effects of corrections of errors	(1,000)	-
Balance at end of year	1,568	24,057
Total Equity at the end of the financial year	524,672	540,102

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.

Specific Restricted Purpose Funds

Barwon Health's Specific Restricted Purpose Funds comprise funds for which Barwon Health exercises control over the use of those funds. Separation of these funds from the Operating Fund is required under Hospital Funding Guidelines and Barwon Health has no discretion to amend or vary the restriction and/or conditions underlying the funds received.

NOTE 8.2: Reconciliation of Net Result for the Year to Net Cash Inflow/ (Outflow) from Operating Activities

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Net Result for the Period	(20,934)	(22,010)
Non-cash movements:		
Depreciation and Amortisation	43,894	43,324
Impairment of Available for Sale Investments	411	-
Provision for Doubtful Debts	-	-
Movements included in investing and financing activities:		
Loss / (Gain) on Revaluation of Investment Property	(907)	(530)
Loss / Gain on sale of AFS Shares	(1)	1,217
Loss / (Gain) on Sale of Property, Plant & Equipment	(761)	(344)
Movements in assets and liabilities:		
Increase / (Decrease) in Employee Benefits	6,780	1,897
Increase / (Decrease) in Trade Creditors	(2,918)	21,077
Decrease / (Increase) in Patient Fees Receivable	2,421	(2,116)
Decrease / (Increase) in Inventories	1,157	(612)
Increase / (Decrease) in Monies Held in Trust	5,156	2,634
Increase / (Decrease) in Other Payables	6,202	403
Decrease / (Increase) in Other Receivables	6,404	(18,713)
Net Cash Inflow from Operating Activities	46,904	26,227

NOTE 8.3: Operating Segments

2017 Consolidated	Hospital \$'000	RACS \$'000	Linen \$'000	Community and Mental Health \$'000	Other \$'000	Total \$'000
REVENUE						
External Segment Revenue	514,083	41,337	-	73,795	61,768	690,982
Total Revenue	514,083	41,337	-	73,795	61,768	690,982
EXPENSES						
External Segment Expenses	560,856	56,904	-	70,555	25,499	713,813
Total Expenses	560,856	56,904	-	70,555	25,499	713,813
Net Result from Ordinary Activities	(46,772)	(15,567)	-	3,240	36,269	(22,831)
Interest Expense	-	-	-	-	-	-
Interest Income	1,074	386	-	305	132	1,897
Net Result for Year	(45,698)	(15,181)	-	3,545	36,401	(20,934)
OTHER INFORMATION						
Segment Assets	404,851	145,585	-	115,118	49,745	715,299
Total Assets	404,851	145,585	-	115,118	49,745	715,299
Segment Liabilities	121,324	24,503	-	34,291	10,507	190,625
Total Liabilities	121,324	24,503	-	34,291	10,507	190,625
Acquisition of property, plant and equipment and intangible assets	15,278	5,494	-	4,344	1,877	26,993
Depreciation and Amortisation expense	35,765	3,630	-	4,499	-	43,894
Non cash expenses other than depreciation	232	84	-	66	29	411
Impairment of inventories	203	-	-	-	-	203

2016 Consolidated	Hospital \$'000	RACS \$'000	Linen \$'000	Community and Mental Health \$'000	Other \$'000	Total \$'000
REVENUE						
External Segment Revenue	472,304	38,111	396	70,188	74,071	655,070
Total Revenue	472,304	38,111	396	70,188	74,071	655,070
EXPENSES						
External Segment Expenses	528,072	55,802	365	69,859	26,015	680,113
Total Expenses	528,072	55,802	365	69,859	26,015	680,113
Net Result from Ordinary Activities	(55,768)	(17,691)	31	329	48,056	(25,043)
Interest Expense	-	-	-	-	-	-
Interest Income	1,717	617	-	488	211	3,033
Net Result for Year	(54,051)	(17,074)	31	817	48,267	(22,010)
OTHER INFORMATION						
Segment Assets	404,450	145,440	-	115,004	49,695	714,589
Total Assets	404,450	145,440	-	115,004	49,695	714,589
Segment Liabilities	111,052	22,429	-	31,388	9,618	174,487
Total Liabilities	111,052	22,429	-	31,388	9,618	174,487
Acquisition of property, plant and equipment and intangible assets	23,090	8,303	-	6,565	2,837	40,795
Depreciation and Amortisation expense	34,985	3,703	-	4,636	-	43,324
Non cash expenses other than depreciation	-	-	-	-	-	-
Impairment of inventories	-	-	-	-	-	-

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

Business Segments

- Hospital – Acute and Sub Acute health services
- Residential and Aged Care Services (RACS) – Health services for the Aged in a residential facility
- Linen Service – Provision of Linen delivery services [internal and external]
- Community and Mental Health – Provision of community based health and mental health services
- Other – All other services and activities

Geographical Segments

- Services are provided in the Barwon region of Victoria.

NOTE 8.4: 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:

	Period
Responsible Ministers	
The Honourable Jill Hennessy, Minister for Health and Ambulance Services	1/7/16 - 30/6/17
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	1/7/16 - 30/6/17
Governing Board	
Dr John Stekelenburg	1/7/16 - 30/6/17
Dr David Mackay	1/7/16 - 30/6/17
Mr Marcus Dripps	1/7/16 - 14/10/16
Ms Jennifer Cromarty	1/7/16 - 30/6/17
Ms Robyn Davis*	1/7/16 - 30/6/17
Ms Virginia Todd*	1/7/16 - 30/6/17
Mr George Braitberg*	1/7/16 - 30/6/17
Mr Michael Feehan*	1/7/16 - 30/6/17
Mr Brian Cook*	1/1/17 - 30/6/17
* Board members who are in office as at date of signing the Financial Report	
Accountable Officers	
Professor Belinda Moyes	4/7/16 - 26/5/17
Professor Alex Cockram	1/5/17 - 30/6/17
Accountable Officers Commencing After 30 June 2017	
Professor Ruth Salom	24/7/17 - Current

Remuneration of Responsible Persons

The Responsible Persons received remuneration for the financial year ended 30 June 2017. 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:

	Salary Range \$	2017 No.	2016 No.
	0 - 9,999	1	2
	10,000 - 19,999	1	-
	20,000 - 29,999	6	6
	40,000 - 49,999	-	1
	50,000 - 59,999	1	-
	300,000 - 399,999	-	1
	350,000 - 359,999	-	1
	430,000 - 439,999	1	-
Total number of Responsible Persons		10	11
Total remuneration received, or due and receivable by Responsible Persons from Barwon Health for the year :		\$719,000	\$879,000

NOTE 8.5: Remuneration of Executive Officers

The remuneration of executive officers, other than Ministers and Accountable Officers, during the financial year ended 30 June 2017 was as follows:

	2017 \$'000	2016 \$'000
Short-term benefits	1,902	1,972
Long-term benefits	61	20
Post-employment benefits	143	172
Termination benefits	209	14
Total remuneration of Executive Officers	2,315	2,178
Total number of Executive Officers	11	11
Total annualised employee equivalent (AEE)	8.7	8.6

NOTE 8.6 : Related Party Disclosures

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

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.

	2017 \$'000	2016 \$'000
Health & related services provided other Victorian public health services	251	3,344
Health & related services received from other Victorian public health agencies	2,180	4,189
Information technology services provided to South West Alliance of Rural Health	4,608	2,173
Information technology services received from South West Alliance of Rural Health	6,212	3,049

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 Officer (disclosed in Note 8.4) and members of the Executive Governance Committee, which includes:

Robyn Hayles	Chief Operating Officer
Cobus Lotheringen	Chief Financial Officer
Alastair Mah	Chief Medical Officer
Lucy Cuddihy	Chief of Nursing & Midwifery
Sharon Hakkennes	Chief Information Officer
Perry Muncaster	Chief of Workforce & Culture
Felicity Topp	Executive Director, Strategic Business Planning / Acting Clinical Director, Mental Health
Andrew Hughes	Clinical Director, Medicine, Specialist & Emergency Medicine
Simon Williams	Clinical Director, Surgical & Critical Care
Rob Malon	Clinical Director, Aged Care
Richard Harvey	Clinical Director, Mental Health, Drugs & Alcohol Services
Toni Hogg	Clinical Director, Community Health, Rehabilitation & Palliative Care
David Fuller	Clinical Director, Women's & Children's
David Meade	Clinical Director, Allied Health

Key management personnel of the entities consolidated into Barwon Health's financial statements in accordance with AASB10 *Consolidated Financial Statements* include:

Jill Moodie	Executive Director, Barwon Health Foundation
Geoffrey Simmonds	Director, Barwon Health Future Fund
John Stekelenburg	Director, Barwon Health Future Fund
John Miles	Director, Barwon Health Future Fund
Raymond Frost	Director, Barwon Health Future Fund
Lloyd Stanley Gosling	Director, Barwon Health Future Fund
Robert Costa	Director, Barwon Health Future Fund
Maria Hamilton	Director, Barwon Health Future Fund
Peter Serra	Director, Barwon Health Future Fund
Marcus Dripps	Director, Barwon Health Future Fund
Claire Barber	Director, Barwon Health Future Fund
Brian Cook	Director, Barwon Health Future Fund

The compensation detailed below excludes the salaries and benefits the Portfolio Minister receives. The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968 and is reported within the Department of Parliamentary Services' Financial Report.

Key Management Personnel remuneration	30-Jun-17 \$'000
Short-term benefits (a)	4,352
Long-term benefits	195
Post-employment benefits	395
Termination benefits	321
Total remuneration (b)	5,263
Total number of Key Management Personnel (b)	26

(a) Total remuneration paid to KMPs employed as a contractor during the reporting period through an external service provider has been reported under short-term employee benefits.

(b) Note that Key Management Personnel includes Accountable & Executive Officers reported in the disclosure of remuneration of Accountable Officers (Note 8.4).

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 Governing Board and their related parties, which occurred during the normal course of business, apart from remuneration of Board directors which is disclosed in Note 8.4 are listed below:

	30-Jun-17 \$'000	30-Jun-16 \$'000
Services have been received from Barwon Child, Youth & Family Inc. of which Lucy Cuddihy is Director	1,284	-
Donations on behalf of Barwon Health employees have been made to Give Where You Live Inc. of which Robyn Hayles is a Director	52	-
John Stekelenburg is a Director of the Geelong Chamber of Commerce Inc to which corporate membership has been paid	53	-
Perry Muncaster is a Director of the Victorian Hospital's Industrial Association from which corporate membership and advisory services have been received	449	-
Funding received from Rural Workforce Agency; Victoria Ltd for special skills training provided to medical staff of which Alastair Mah is a Director	675	-

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 8.7: Remuneration of Auditors

	Consol'd 2017 \$'000	Consol'd 2016 \$'000
Victorian Auditor-General's Office		
Audit of Financial Statements	181	177
TOTAL	181	177

NOTE 8.8: AASBs Issued that are not yet Effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2017 reporting period. As at 30 June 2017, the following standards and interpretations had been issued but were not mandatory for financial years ending 30 June 2017. 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.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: <ul style="list-style-type: none"> the change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and other fair value changes are presented in profit or loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss. 	1 Jan 2018	Barwon Health carries no financial liabilities at fair value. Consequently, no impact is expected from the consequential amendments to these standards.
AASB 2014 1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs 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.
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.

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Barwon Health Financial Statements
AASB 2016-4 Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities	The standard amends AASB 136 Impairment of Assets to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-or-profit entities.	1 Jan 2017	This change ensures consistency of AASB 136 with the definitions of AASB 13 and is not substantive. No impact to the valuation of Barwon Health assets carried at their current replacement cost is anticipated.
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.

NOTE 8.9: Events Occurring after Reporting Date

On the 1st of July 2017, Brian Cook commenced as Chairperson on the Governing Board of Directors of Barwon Health.

Other than the above, no events or matters have occurred after reporting date.

NOTE 8.10: 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 Results Net Result for the Year	2017 \$'000	2016 \$'000
The Trustee for Barwon Health Foundation Future Fund	-	-
Barwon Health Foundation Future Fund Limited	2,124	1,959

NOTE 8.11: Economic Dependency

Whilst Barwon Health has reported an overall consolidated net loss of \$20.9 million (2016: net loss of \$22.0 million), and a net current liability position of \$79.1 million (2016: net current liability of \$69.0 million) that represents a current ratio of 0.54 (2016: 0.55), it generated net operating cash inflows of \$44.9 million (2016: \$24.3 million).

Further to this, Barwon Health has forecast an overall improvement on this position for 2017-18 based on the advised level of funding support to be received from the State Government via the Department of Health and Human Services (DHHS). On this basis, Barwon Health expect to have adequate cash flow to meet its current and future obligations up to August 2018 and thus, the going concern basis of accounting is appropriate for these financial statements.

NOTE 8.12: Correction of Prior Period Error

During the financial period ended 30 June 2016, Barwon Health received funding from Deakin University, in the form of a borrowings to facilitate the construction of The Geelong Centre for Emerging Infectious Diseases.

For the period ended 30 June 2016 borrowings received (2016: \$1,000,000) were recognised as capital purpose income in the Comprehensive Operating Statement. Borrowings received (2016: \$1,000,000) should have been recognised as a current borrowings on the Balance Sheet. This error had the effect of overstating the net result and total equity (2016: \$1,000,000) and understating borrowings and total liabilities (2016:\$1,000,000) as at 30 June 2016.

The total amount of the error was \$1,000,000 and relates only to the period ended 30 June 2016.

The error has been corrected in the Statement of Changes in Equity for the period ended 30 June 2017.

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 2017 and the financial position of Barwon Health at 30 June 2017.

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, 11 August 2017



Professor Ruth Salom
Chief Executive Officer

Geelong, 11 August 2017



Mr Cobus Lotheringen
Chief Financial Officer

Geelong, 11 August 2017

Independent Auditor's Report

VAGO

Victorian Auditor-General's Office

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 sheets as at 30 June 2017• consolidated entity and health service comprehensive operating statements for the year then ended• consolidated entity and health service statements of changes in equity for the year then ended• consolidated entity and health service cash flow statements for the year then ended• notes to the financial statements, including a summary of significant accounting policies• board member's, 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 2017 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. My responsibilities under that Act and those standards are further described 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 Australia. 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 our 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 2017



Charlotte Jeffries
as delegate for the Auditor-General of Victoria

A**AASB**

The Australian Accounting Standards Board

AASs

Australian Accounting Standards

AHCA

Australian Health Care Agreement

B**Best Practice**

The way leading edge organisations deliver world class performance

BSWRICS

Barwon South Western Regional Integrated Cancer Service

C**CEO**

Chief Executive Officer

CSO

The community service obligation

D**DVA**

Department of Veterans Affairs

E**ED**

Emergency Department

F**FRD**

Financial Reporting Directions

FTE

Full Time Equivalent

G**GCEID**

Geelong Centre for Emerging Infectious Diseases

GEM

Geriatric Evaluation and Management

GP

General Practitioner

H**HACC**

Home and Community Care

HITH

Hospital in the Home

I**ICU**

Intensive Care Unit

IS

Information Services

IT

Information Technology

K**KPI**

Key Performance Indicator

M**MH**

Mental Health

MRI

Magnetic Resonance Imaging

O**OH&S**

Occupational Health and Safety

R**RAC incl. Mental Health**

Residential Aged Care including Mental Health

RACS

Residential Aged Care Service

S**SAB**

Staphylococcus aureus bacteraemia

Separation

Process by which a patient is discharged from care

Standard

A statement of a level of performance to be achieved

SWARH

South West Alliance of Rural Health

T**TAC**

Transport Accident Commission

V**VGV**

The Valuer-General Victoria

W**WIES**

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

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