

A woman in a surgical cap and stethoscope is shown from the chest up, looking upwards and to the right. She is holding a young child in her arms. The child is looking down at something in their hands. The image has a blue and purple color gradient overlay.

# ANNUAL REPORT

2018-19

*Our Story*



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.

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

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

**Accountability:** We take accountability for what we do.

**Innovation:** We drive innovation for better care.

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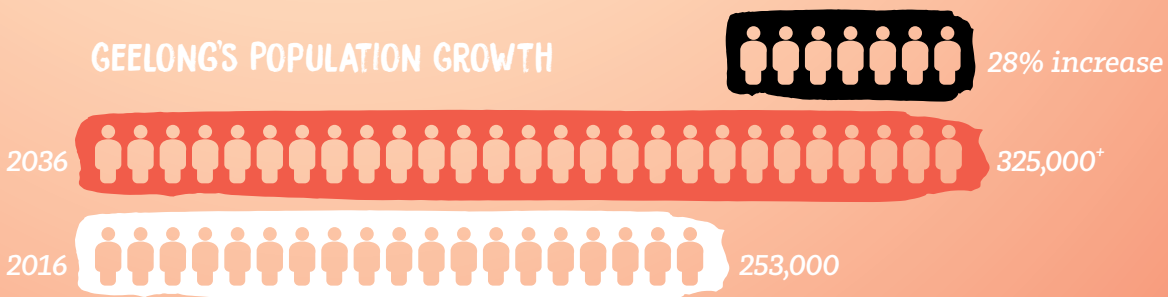
**Brian Cook**  
Chair



**Frances Diver**  
Chief Executive Officer

# CHAIR'S AND CHIEF EXECUTIVE OFFICER'S MESSAGE

*The Australian Bureau of Statistics' 2016 Census of Population has projected that the population of Geelong will exceed 325,000 by 2036; a growth of 28% from 2016.*





**As a region, Geelong is experiencing record rates of population growth. Rapid expansion is underway in the corridors leading to the Surf Coast and reaching out the north-west to Bannockburn, Lara and beyond; reflective of Geelong being the fastest growing regional city in Victoria.**

With population growth comes challenges. The increasing population is putting pressure on services across our region, including health services. We are seeing more patients than ever before, a large number of whom have complex conditions, compounded by an ageing population. Demand for our services has been steadily rising, which has not gone unnoticed by the State Government. The growth in the region has been recognised with commitments to improve our infrastructure, including funding for a women's and children's facility, building improvements to mental health, drug and alcohol services, and the soon to be opened Barwon Health North. In addition to these commitments, the State Government has entered the consultation phase for the construction of a community based service on the Surf Coast, with a view to addressing the population growth in this rapidly growing area.

Against this background of population growth, our staff have continued to rise to the challenge, caring for record numbers of patients organisation wide.

The Emergency Department, frequently the entry point to our services, has seen a growth rate of six per cent, flowing through to increased demand across the system. Demand for both elective and emergency surgery has increased, together with an associated increase in demand in outpatient presentations. Our elective surgery team has been innovative in their use of our existing infrastructure, managing to maintain momentum to achieve growth in the number of operations performed, despite losing access to some operating theatres when Geelong Private Hospital closed in 2018. Against this backdrop of increased demand, the surgical team were able to reduce the 'long waiters' waiting list to one; with this person subsequently receiving their surgery in July 2019.

The past year has also seen the announcement of two Royal Commissions, turning a spotlight on both aged care and mental health. Barwon Health is participating and supporting the Royal Commissions when required, and looks forward to seeing the recommendations in due course.

Barwon Health has a comprehensive mental health, drug and alcohol program caring for consumers from across the region. This complex area is undergoing a great deal of change in terms of models of care and we are addressing issues with infrastructure, through a redevelopment of our acute inpatient unit and the addition of more tailored facilities in the Emergency Department. The planned infrastructure changes will provide a more supportive and therapeutic environment for patients and staff alike.

Barwon Health has 363 residential aged care beds across two sites; Alan David Lodge in Charlemont and Percy Baxter Lodges, Wallace Lodge and Blakiston Lodge, each located on the McKellar Centre campus in North Geelong. As a public provider of residential aged care in Geelong, we are keenly observing the proceedings of the Royal Commission into Aged Care Quality and Safety, seeing it as an opportunity to continue innovating in the care we provide.

Barwon Health's leadership team has undergone a number of changes over the past 12 months. We said farewell to Chief Executive Officer Ruth Salom, Chief Medical Officer Associate Professor Sean Jespersen and Chief Information Officer, Adjunct Associate Professor Sharon Hakkennes, while Dr Lucy Cuddihy retired after 14 years of leading the nursing and midwifery workforce. Whilst a permanent Chief Executive was sought, Chief Financial Officer Cobus Lotheringen stepped into the role of Interim Chief Executive. The Board would like to thank him for his contribution.

The past year, has seen our staff rise above the challenges and we would like to take this opportunity to thank board directors, staff and volunteers for their service during this time.



**Frances Diver**  
Chief Executive Officer



**Brian Cook**  
Chair

# YEAR IN REVIEW

In 2018/2019 we have focused on achieving our mission, setting out to deliver efficient integrated care, education and research that advance health and wellbeing for all, with our consumers at the forefront.

## *Journey to Reconciliation*

The second 'Innovate' Reconciliation Action Plan (RAP) was launched at the McKellar Centre in North Geelong in June 2019.

The RAP supports the national reconciliation movement and focuses on developing opportunities and strengthening relationships with Aboriginal and Torres Strait Islander people in our region over the next two years.

We recognise culture plays a vital part in the health of Aboriginal and Torres Strait Islander people, and strengthening culture is one way to reduce disadvantage and contribute to Closing the Gap outcomes.

There is more to be done to make Indigenous people feel welcome within Barwon Health. In October 2018 we made improvements to our birth suite area by providing a welcoming, culturally-inclusive space for Indigenous families through the fit-out of a dedicated Koorie birth suite.

Named Darrabarruk Pupup, meaning 'new baby', the initiative aims to improve the maternity experience for the Aboriginal and Torres Strait Islander community in Geelong. The new-look room features artwork created by Aboriginal artist Ammie Howell and was proudly supported by the Barwon Health Foundation and the Wathaurong Aboriginal Cooperative. We welcomed 53 Indigenous babies born at Barwon Health last year, and we look forward to supporting more Aboriginal and Torres Strait Islander families in the future.

## *Investing in our future*

The Emergency Department (ED) successfully implemented FirstNet, our new ED clinical information system. Along with our gradual change to Windows 10 across the organisation, this is one of many projects our IT staff have been working hard to implement to assist clinical staff in delivering care.



*Koorie midwife Aunty Athalie Madden (front) and artist Ammie Howell (second from right) with Aboriginal healthcare staff.*



**BARWON HEALTH REMAINS  
GEELONG'S LARGEST EMPLOYER**

**7,114 STAFF**

**EQUATING TO 4,538  
FULL TIME EQUIVALENT (FTE).**



*Clinical nurse specialist Judy has worked for Barwon Health for more than 42 years.*

### *Caring for our community*

University Hospital Geelong's Emergency Department experienced its busiest year ever in 2018/19. This was partly due to the continued population growth of Geelong and surrounding districts, as well as more people seeking treatment with increasingly complex healthcare needs than ever before.

Our Emergency Department has treated 78,126 people this financial year, while Barwon Health has performed 21,847 operations and cared for 149,409 patients through our outpatients program.

Maternity services continue to be in high demand, with 2,574 babies born, up from the 2,533 born in the previous financial year. The increased demand in this space was recognised at the State Election with a commitment made to build a dedicated women's and children's hospital.

### *Our people at their best*

Barwon Health remains Geelong's largest employer, with 7,114 staff, equating to 4,538 Full Time Equivalent (FTE).

Our people are central to our success and Barwon Health paid tribute to hundreds of our longest serving employees during an awards ceremony in early May. More than 200 long-serving staff members were celebrated at the event, which commemorated 20, 30 and 40 years of service.

Without these employees' service and loyalty to their colleagues, clients and patients, Barwon Health would not be in the position it is today. We believe these long serving staff members offer something no-one else can give. No text book, medical journal or training video can make up for the experience they bring to their respective jobs, and no one can match the knowledge and experience they willingly share.

The annual People Matter Survey, undertaken in May 2019, gives us an insightful pulse-check of the organisation and enables us to better plan for the future. We were pleased to see almost half of all our staff members took the time to share their views about their work environment to help make improvements and address issues.

Support from more than 1,000 volunteers continues to help Barwon Health provide the best care to Geelong and western Victoria. Their dedication sees more than 101,000 hours of time donated each year, and we are grateful for their ongoing support.

Chon Witherden, one of our Palliative Care volunteers, was awarded the 2019 Minister for Health Volunteer Award 'Improving the patient experience' at a ceremony in Melbourne. This is a fantastic recognition for a deserving recipient and a fine example of how important and meaningful our volunteer contributions can be.



*The Barwon Health North  
Consumer Advisory Committee  
at the Barwon Health North site.*

## *Research, education and training for excellence*

As a research and education facility, we strive to make Barwon Health a rich clinical learning environment for students, trainees and interns, but also for staff who continue to improve their skills throughout their careers. Our educators and clinical supervisors are committed to supporting our current and future health workforce through practical development.

Our work in research has been strengthened by the appointment of Professor Peter Vuillermin to the joint position of Deakin University – Barwon Health Chair in Medicine and Director of Research. Peter is a clinician-researcher with a strong track record of success at the National Health and Medical Research Council (NHMRC) level. He has broad research interests and co-leads the Barwon Infant Study, which is one of the most comprehensive birth cohort studies in the world.

## *Infrastructure*

Barwon Health North is nearing completion and is on track to be fully operational in early 2020. Once operational, the health hub will provide an integrated, community-based ambulatory care service model that will offer services such as renal dialysis, medical imaging, pathology, nursing, audiology, women's and children's clinics and urgent care.

Launched in 2015, #ProjectLove was a fundraising campaign to redevelop the Chemotherapy Day Ward and Oncology Pharmacy to increase patient comfort and care for people diagnosed with cancer in the Geelong and Barwon South West region.

After three years of community fundraising the Barwon Health Foundation hosted an event to officially open the redeveloped Chemotherapy Day Ward and Oncology Pharmacy at Barwon Health's Andrew Love Cancer Centre.

Barwon Health's new \$6.78 million Renal Services centre opened its doors in August 2018. The purpose-built space on Swanston Street features a larger, more accessible clinic and a modernised home therapies unit, as well as renal education and administration services on site. The move signals the end of a 30-year era for the former site at Rotary House. The new facility provides better access and space for patients and improved resources for staff.

Barwon Gifts, a volunteer-run gift shop located within the re-furnished main entrance at University Hospital Geelong, opened in November 2018. The gift shop offers the opportunity to purchase high-quality giftware with proceeds supporting patient comfort and care services, such as our Volunteer Patient Transport Program and the Andrew Love Cancer Centre Wellness Lounge.

Our youth mental health service, Jigsaw, moved to a new location in central Geelong in January 2019, improving the experiences of patients and visitors. Close to public transport, the service has access from the Little Malop Street mall, and will continue providing Barwon Health's youth mental health services. This includes specialist early intervention for those with or at risk of developing a serious mental health disorder, and treatment services for youth with drug and alcohol and/or high prevalence disorders.



## Financial performance

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

This financial year, excluding capital and controlled entities results, Barwon Health recorded a small operational surplus of \$270,064.

## Our supporters

During the 2018/19 Financial Year, the Barwon Health Foundation and the Barwon Health Foundation Future Fund collectively exceeded \$4.7 million in revenue to support the vital work of Barwon Health. More than 32,000 people attended our Barwon Health Foundation events, over \$200,000 was invested in research, two PhD scholarships were awarded, 135 businesses contributed, 91 community groups held a fundraiser, 467 people volunteered, and 489 donations were received in memory of a loved one.

The work of community group fundraising enabled the purchase of almost \$500,000 of new medical equipment for Barwon Health. The Barwon Health Foundation is to be commended for the work they have undertaken to support the organisation.

**BARWON HEALTH FOUNDATIONS  
COLLECTIVELY EXCEEDED**

**\$4.7 MILLION**

**IN REVENUE TO SUPPORT THE VITAL  
WORK OF BARWON HEALTH.**

*The 102nd Gala Parade  
delights the community  
at twilight.*





# REPORT OF OPERATIONS

## *Responsible Bodies Declaration*

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Barwon Health for the year ending 30 June 2019.



**Brian Cook**  
Board Chair

Geelong, 6 September 2019



# BACKGROUND INFORMATION

## *Manner of establishment and the relevant Minister*

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

## *Responsible Ministers*

The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services 01/07/2018 to 29/11/2019

Jenny Mikakos, Minister for Health and Minister for Ambulance Services 29/11/2018 to 30/06/2019

The Honourable Martin Foley, Minister for Mental Health 01/07/2018 to 30/06/2019

The Honourable Luke Donnellan MP, Minister for Disability, Ageing and Carers 29/11/2018 – 30/06/2019

The Honourable Martin Foley MP, Minister for Housing, Disability and Ageing; Minister for Mental Health 01/07/2018 – 29/11/2018

## *Objectives, functions, powers and duties*

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

Barwon Health's current Strategic Plan, which will conclude in June 2020, has a focus on the consumer at its core. This focus has driven work to position the organisation to deliver care that is 'Consumer Directed'.

### **The Strategic Plan has 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.
- › **Knowledge:** Using the power of our data and world knowledge as integrated information for care to deliver on the vision.

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

### **Our consumers at the forefront**

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

### **Our people at their best**

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

### **Right care, right time, right place**

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

### **Research, education and training for excellence**

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

### **Our community's wellbeing**

- › Prevention and wellness services tailored to individual and local community needs.
- › Pathways of care are 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 and is the largest regional health service in the state of Victoria. With a catchment area outside of the Greater Geelong area that extends throughout south western Victoria, Barwon Health cares for a population in excess of 500,000.

A broad spectrum of care is delivered, meeting the needs of the community at all stages of life and circumstance. The comprehensive range of services includes emergency and acute medicine, mental health, primary care, community services, residential aged care and sub-acute care and rehabilitation.

Care is delivered across the region via a number of sites. The hospital precinct, dedicated primarily to acute care, education, training and research, encompasses the main University Hospital Geelong and immediate periphery locations in central Geelong.

Sub-acute inpatient care and residential aged care is delivered from the McKellar Centre in North Geelong, with an additional residential aged care site in Charlemont. Community based care is delivered from numerous sites throughout the region, including in peoples homes. Barwon Health also operates from additional sites across the region to provide administrative services, providing support in the delivery of clinical care.

As a tertiary health service Barwon Health is renowned as a leader in the delivery of education and training, enjoying strong partnerships with Deakin University, The Gordon and numerous other tertiary education providers from across Australia.



### Our Bed Capacity

Number of Beds	2018/19	2017/18
Acute	456	430
Transitional Care (off site)	18	18
Transitional Care (on site)	34	34
Residential Aged Care	365	365
Mental Health Acute	32	32
Mental Health Rehabilitation & Secure Extended Care	12	12
Prevention & Recovery (PARC)	6	6
Sub-acute	110	100
<b>Total</b>	<b>1,033</b>	<b>997</b>

Breakdown of Aged Care Beds	2018/19	2017/18
Blakiston Lodge: Consists of two secure units of 45 aged mental health beds and 45 dementia specific beds at the North Geelong campus of the McKellar Centre	90	90
Wallace Lodge: located at the North Geelong campus of the McKellar Centre	108	108
Alan David Lodge: located at the Charlemont campus of the McKellar Centre	89	89
Percy Baxter Lodges: located at the North Geelong campus of the McKellar Centre	78	78

BARWON HEALTH CARES FOR  
A POPULATION IN EXCESS OF

**500,000**

University Hospital  
Geelong entrance.



# ADMINISTRATIVE STRUCTURE OF BARWON HEALTH

## *Board of Directors*

**Chair / Brian Cook**

**Deputy Chair / Mike Feehan**

**Jennifer Williams**

**Professor Brendan Crotty**

**Robyn Davis**

**Christine Leahy**

**Jason Trethowan**

**Professor Edward Janus**

**Virginia Todd**

**Professor Louise Newman**  
(advisor to the Board)

## *Committees*

### *Finance Committee*

**Chair | Mike Feehan**

**Members:**

- › Brian Cook
- › Jennifer Williams
- › Virginia Todd

### *Audit and Risk Management Committee*

**Chair | Jennifer Williams**

**Members:**

- › Mike Feehan
- › Robyn Davis
- › Christine Leahy

### *Primary Care and Population Health Committee*

**Chair | Virginia Todd**

**Members:**

- › Jason Trethowan
- › Professor Brendan Crotty

### *Remuneration Committee*

**Chair | Brian Cook**

**Members:**

- › Mike Feehan
- › Jennifer Williams

### *Community Advisory Committee*

**Chair | Jason Trethowan**

**Members:**

- › Robyn Davis
- › Virginia Todd
- › Christine Leahy

### *Quality Safety and Clinical Governance Committee*

**Chair | Professor Edward Janus**

**Members:**

- › Professor Brendan Crotty

### *Mental Health, Drugs and Alcohol Services Sub-Committee*

**Chair | Professor Brendan Crotty**

**Members:**

- › Professor Louise Newman

## Executive Team

### Chief Executive

#### Frances Diver

BAppSci, MBA, GAICD  
(April 2019 to current)

### Interim Chief Executive

#### Cobus Lotheringen

CA, B.Com, B.Compt (Hons)  
(December 2018 to April 2019)

### Chief Executive

#### Professor Ruth Salom

FRCPA, MB BS, MD, BMedSci (Hons),  
MBA, AFCHSM, FAICD  
(to December 2018)

### Chief Operating Officer

#### Amanda Cameron

RN, BAppSc, Grad Dip Critical Care,  
MHA  
(July 2018 to current)

### Acting Chief Operating Officer

#### Lucy Cuddihy

BN, RN, RM, BAppSc (Adv Nurs), MBA  
(to July 2018)

### Chief Financial Officer

#### Cobus Lotheringen

CA, B.Com, B.Compt (Hons)  
(April 2019 to current)

### Acting Chief Financial Officer

#### Jordon Beale

CA, B.Com  
(December 2018 to April 2019)

### Chief Financial Officer

#### Cobus Lotheringen

CA, B.Com, B.Compt (Hons)  
(to December 2018)

### Interim Chief Medical Officer

#### John Reeves

MBBS MD FANZCA FCICM EDIC MHA  
(June 2019 to current)

### Acting Chief Medical Officer

#### Anthony Wong

MBBS, DCH, MHA, FCHSM  
(May 2019 to June 2019)

### Chief Medical Officer

#### Adjunct Associate Professor

#### Sean Jespersen

MBChB, MMed PSYCH, FC Psych,  
FRANZCP, FRACMA  
(to May 2019)

### Acting Chief Nursing & Midwifery Officer

#### Jo Bourke

RN, GDCM, MAICD

### Acting Chief Information Officer

#### Andrew MacFarlane

(June 2019 to current)

### Chief Information Officer

#### Adjunct Associate Professor

#### Sharon Hakkennes

BPhysio, GradCertEBP, DPhysio,  
MBA, CHIA  
(to June 2019)

### Chief Workforce and Culture

#### Perry Muncaster

### Acting Executive Director Strategy, Planning & Partnerships

#### Keith Smith

B.Eng(HONS), PMP  
(June 2019)

### Acting Executive Director Strategy, Planning & Partnerships

#### Lucy Cuddihy

BN, RN, RM, BAppSc (Adv Nurs), MBA  
(February 2019 to June 2019)

### Executive Director Strategy, Planning & Partnerships

#### Matthew Hercus

BNursing, BA, GradCertAODstudies,  
MPH  
(August 2018 to February 2019)

### General Counsel

#### Bernadine McNamara

LLB(Hons),  
BA(Hons), GDipLabRelLaw(Melb),  
MPractAcc(Monash)  
(October 2018 to current)

### General Counsel

#### Claudia Hirst

BA Hons, LLB Hons, Grad. Dip.  
Health and Medical Law  
(July 2018 to August 2018)

### Director, Public Affairs and Communications

#### Kate Bibby



## Workforce Information

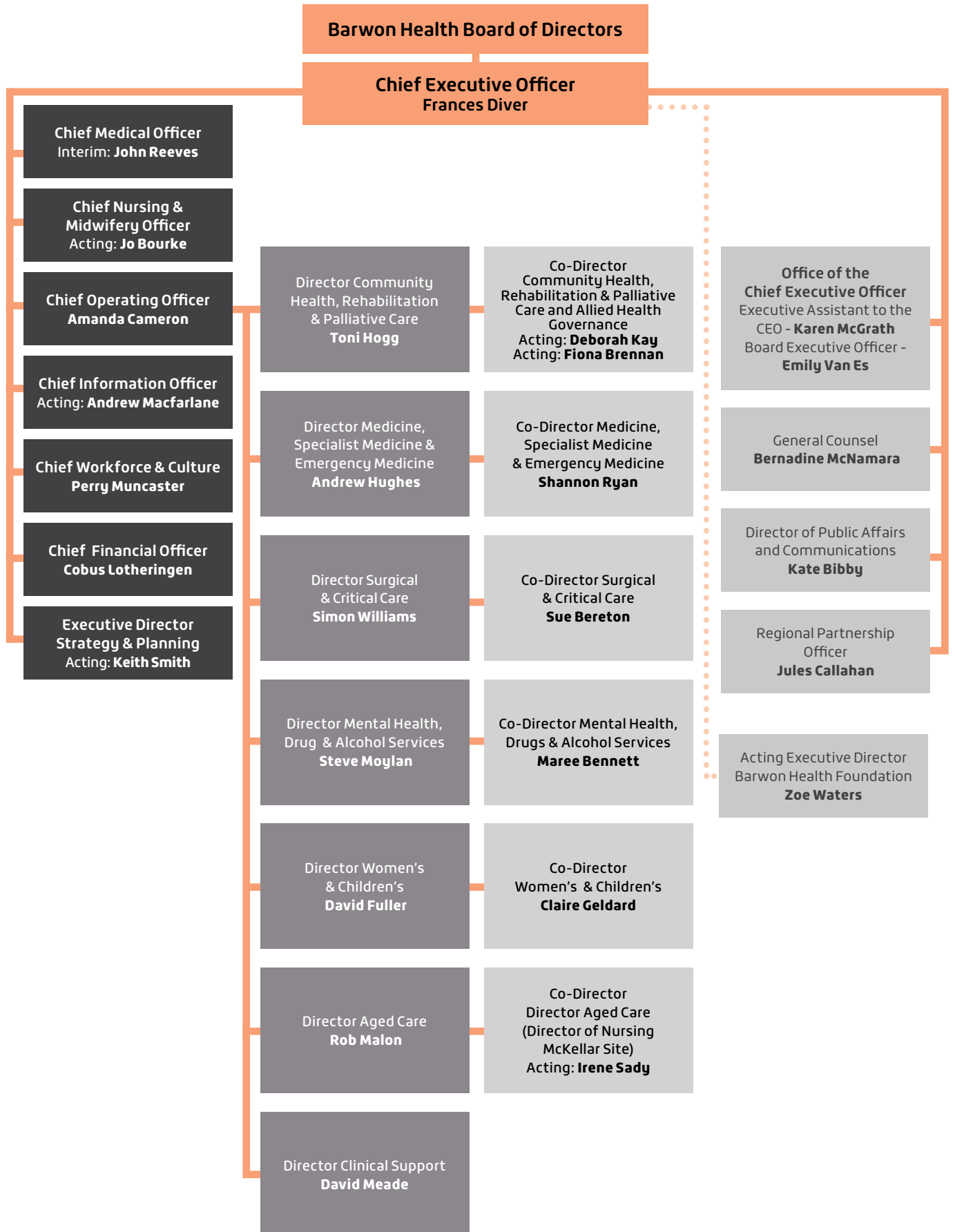
Hospitals Labour Category	JUNE Current Month FTE*		JUNE Average Monthly FTE**	
	2018	2019	2018	2019
Nursing	1918.38	<b>1932.49</b>	1894.66	<b>1953.34</b>
Administration and Clerical	717.67	<b>713.41</b>	715.26	<b>724.64</b>
Medical Support	425.77	<b>434.21</b>	416.07	<b>429.27</b>
Hotel and Allied Health Services	495.28	<b>519.43</b>	504.21	<b>528.62</b>
Medical Officers	76.43	<b>83.39</b>	75.68	<b>79.40</b>
Hospital Medical Officers	378.73	<b>359.37</b>	368.16	<b>379.11</b>
Sessional Clinicians	113.35	<b>107.38</b>	104.26	<b>109.38</b>
Ancillary Staff (Allied Health)	387.07	<b>388.46</b>	367.87	<b>395.16</b>
<b>Total</b>	4512.67	<b>4538.14</b>	4446.16	<b>4598.91</b>

Note: FTE figures required in the table are those excluding overtime. These do not include contracted staff (e.g agency nurses, fee-for-service Visiting Medical Officers) who are not regarded as employees for this purpose

## Statement on Employment and Conduct Principles

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

## Barwon Health Organisational Structure as at 30 June 2019



# FINANCIAL RESULTS

## Report from the Chief Financial Officer

Barwon Health achieved a successful 2018/2019 financial year result, returning a net surplus from operations of \$270,064.

Patient activity continues to grow, with emergency department presentations increasing by more than six per cent, year on year. This increase in demand is coupled with the additional challenge of patients presenting with greater medical complexity, a trend that is being seen more broadly across the organisation.

There have been many successes achieved during the year, one highlight being the establishment of a 12-bed Geriatric Evaluation and Management (GEM) at Home program.

As patient demand grows, so do our facility requirements. Major capital works completed over the year included:

- › The commissioning of the Day of Surgery Admissions area, providing a better admission service for patients and their carers.
- › The completion of the redeveloped oncology pharmacy and chemotherapy day ward in the Andrew Love Cancer Centre, with a total project value of \$4 million. This project was funded by the Barwon Health Foundation from the #projectlove campaign.
- › The completion of stages two and three of the redevelopment of imaging areas at University Hospital Geelong, which included the installation of a new state-of-the-art emergency department CT scanner. Stage four has commenced and is progressing well. This stage will include a new nuclear spec CT scanner.
- › Significant progress has been made on the new \$33 million Barwon Health North facility to include urgent care/walk-in services, renal, radiology, pharmacy, chronic care and women's and children's consulting services, which will be fully operational in early 2020.

The closure of Healthscope's Geelong Private Hospital saw the former Baxter House building, now known as 'Building B' returned to Barwon Health's control. Work has commenced on scoping how best to utilise this site as part of a master planning process, ensuring that development across the University Hospital Geelong precinct is positioned to meet future demand.



**Cobus Lotheringen**  
Chief Financial Officer

Staff labour costs increased to \$554 million for the year, mainly due to negotiated Enterprise Bargaining Agreements settling high. Staff numbers have increased three per cent, year on year, to accommodate increased patient activity levels with new at home models of care and adherence to the revised safe patient care nursing ratios. Overall, labour costs grew by 8.5 per cent from 2017/2018, while non-labour costs increased by 5.3 per cent.

We have seen relatively high increases in energy costs with an annual increase of 13 per cent. Patient expenses, including transport and interpreter services, increased by 34 per cent and doctors continuing medical education cost increased by 50 per cent from the prior year.

Technology upgrades saw the procurement and successful implementation of a new \$8 million emergency department patient administration system. This new system is a precursor to a new electronic health record system, for which a business case was completed and submitted to the Department of Health and Human Services for consideration.

Despite a high level of investment in capital projects, Barwon Health has maintained a healthy balance sheet throughout the financial year with strong solvency and liquidity ratios. Debtors and creditors days were managed well within the required public health services target levels.

The consolidation of the internal foundation (fundraising unit) with the independent Barwon Health Foundation Future Fund entity, to establish a re-constituted Barwon Health Foundation was effected. This entity, managed by an independent board, will focus and drive all fundraising efforts for the sole benefit of Barwon Health, in a more progressive and professional manner, to help support care to consumers and residents across the continuum.



## Summary of Consolidated Financial Results

OPERATING RESULT	2019 \$000	2018 \$000	2017 \$000	2016 \$000	2015 \$000
Total revenue	781,476	715,101	670,230	622,849	584,195
Total expenses	(781,206)	(712,666)	(667,040)	(632,635)	(582,867)
<b>Net result from transactions</b>	<b>270</b>	<b>2,435</b>	<b>3,190</b>	<b>(9,786)</b>	<b>1,328</b>
Operating Other Economic Flows	-	-	-	-	-
<b>Net result</b>	<b>270</b>	<b>2,435</b>	<b>3,190</b>	<b>(9,786)</b>	<b>1,328</b>
Total assets	924,020	728,244	715,299	714,589	707,404
Total liabilities	228,013	206,569	190,627	174,487	147,900
<b>Net assets/Total equity</b>	<b>696,007</b>	<b>521,675</b>	<b>524,672</b>	<b>540,102</b>	<b>559,504</b>

## Net result from transactions

	2019 \$000	2018 \$000	2017 \$000	2016 \$000	2015 \$000
<b>Net operating result</b>	<b>270</b>	<b>2,435</b>	<b>3,190</b>	<b>(9,786)</b>	<b>1,328</b>
<b>Capital and specific items</b>					
Capital purpose income	44,612	33,767	20,107	41,738	64,005
Specific income	-	-	907	530	431
Assets provided free of charge	-	-	-	-	-
Assets received free of charge	-	-	-	-	-
Expenditure for capital purpose	(3,729)	(3,583)	(1,252)	(10,126)	(15,893)
Depreciation and amortisation	(47,566)	(44,602)	(43,894)	(43,332)	(40,951)
Impairment of non-financial assets	-	-	-	-	-
Finance costs (other)	-	-	-	-	-
Total other economic flows	(4,995)	(438)	-	-	-
<b>Net result from transactions</b>	<b>(11,408)</b>	<b>(12,422)</b>	<b>(20,942)</b>	<b>(20,976)</b>	<b>8,919</b>

## Statement on Subsequent Events

Refer to Note 8.6 Events Occurring after the Balance Sheet Date on page 96.

# CONSULTANCIES

## Details of consultancies under \$10,000

In 2018/2019 there were 18 consultancies where the total fees payable to the consultants were less than \$10,000. The total expenditure incurred during the 2018/2019 financial year is \$85,043 (excl GST).

## Details of consultancies between \$10,000 and \$100,000

In 2018/2019 there were 13 consultancies where the total fees payable to the consultants were greater than \$10,001 but less than \$100,000. The total expenditure incurred during the 2018/2019 financial year is \$457,481 (excl GST). Details of individual consultancies can be viewed upon request and are subject to the Freedom of Information Act 1982. The following table details these consultancies.

Consultant	Purpose of consultancy	Total approved project fee	Expenditure 2018/2019	Future expenditure
Allied Health Specialist Consultants	Professional assistance with orthotic tender/ service revision	10,925	10,925	-
Alpha Crucis Group	Quality and Safety review, and draft People and Culture Transformation Strategy	25,800	25,800	-
Crysp Australia Pty Ltd	Review of IT security policy, mobile iron deployment and cyber incident response	36,600	36,600	-
Department of Environment Land Water and Planning	Land and building property valuations	13,000	13,000	-
Department of Health and Human Services	Implementation planning study for Oracle FMIS solution	78,385	78,385	-
Harcourt Aged Care Advisors Pty Ltd	Review of Aged Care Services at McKellar Centre to meet accreditation outcomes.	54,253	54,253	-
IBM Australia Limited	Cyber security strategy and roadmap	64,440	64,440	-
ID/Laboratory Pty Ltd	McKellar wayfinding strategy and design	47,050	47,050	-
JB Were	Investment Portfolio Advice and Management	33,288	33,288	-
KPMG	RDP consortia bid for carer support services federal government tender	31,045	31,045	-
MVL Strategic Funding Solutions Pty Ltd	Grants and community relations consultation	17,850	17,850	-
TE Commercial Pty Ltd	Pathology tender, E.H.R. process mapping, Remote Patient Monitoring, Leadership and Culture program, R.F.I. documentation	51,895	51,895	-
The Royal Children's Hospital Melbourne	DHHS Disability Toolkit	20,000	20,000	-
Work Health Systems Pty Ltd	Workplace injury and claims management system review	20,000	20,000	-

## Details of consultancies over \$100,000

In 2018/2019 there were three consultancies where the total fees payable to the consultants were greater than \$100,000. The total expenditure incurred during the 2018/2019 financial years is \$582,489 (excl GST).

Consultant	Purpose of consultancy	Total approved project fee	Expenditure 2018/2019	Future expenditure
Nous Group Pty Ltd	Design and development of the Barwon Health Leadership and Culture Program	193,926	193,926	-
PricewaterhouseCoopers Consulting (Australia) Pty Ltd	E.H.R. mapping and business case	324,300	266,166	-
Provider Assist Pty Ltd	ACFI score uplift assessment and Aged Care funding review	144,237	122,397	-





## Information and communication technology (ICT) Disclosure

The total ICT expenditure incurred during 2018-19 is \$36,250,943 (excl GST) with the details shown below.

Business as Usual (BAU) ICT Expenditure	Non- Business as Usual (Non-BAU) ICT expenditure		
	Total Non BAU Operating and Capital Expenditure	Operational Expenditure	Capital Expenditure
\$26,689,860	\$9,561,083	\$556,937	\$9,004,146

## Statement on car parking fees

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

## Occupational Health and Safety

Barwon Health complies with the Occupational Health and Safety (OH&S) Act 2004.

Extensive awareness campaigns have been conducted across the organization, in line with the Government led initiative, designed to tackle violence and aggression in the work place. These campaigns have included training, posters, social media posts and advertising on digital channels.

A peer resolution program has been introduced to support staff in addressing bullying and harassment. This is supported by increased awareness training and the implementation of the DHHS developed 'Know Better, Be Better' campaign.

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

Occupational Health and Safety Indicators	2018-19	2017-18
Number of reported hazards/incidents for the year per 100 full-time equivalent staff	61.2	44.3
Number of 'Lost time' standard claims for the year per 100 full-time equivalent staff	0.52	0.73
Average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe)	\$59,251	\$60,977
Note: claims <3months do not have a SCE		

**BARWON HEALTH STAFF  
FLU VACCINATION RATE** **89%**

## Occupational Violence

Occupational violence statistics	2018-19
WorkCover accepted claims with an occupational violence cause per 100 FTE	0.17
Number of accepted WorkCover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0.53
Number of occupational violence incidents reported	1,233
Number of occupational violence incidents reported per 100 FTE	26.81
Percentage of occupational violence incidents resulting in a staff injury, illness or condition *ISR mild harm or above in Riskman	34.39%

## 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** - an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.
- › **Accepted WorkCover claims** - Accepted WorkCover claims that were lodged in 2017-18.
- › **Lost time** - is defined as greater than one day.
- › **Injury, illness or condition** - This includes all reported harm as a result of the incident, regardless of whether the employee required time off work or submitted a claim.
- › FTE figures required in the above table should be calculated consistent with the Workforce information FTE calculation.

# OTHER DISCLOSURES

## *Compliance with the Building Act*

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

Actions that ensure that Barwon Health complies include:

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

## *Safe Patient Care Act 2015*

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

## *Freedom of Information*

The Freedom of Information Act (FOI) 1982 provides a legally enforceable right of public access to information held by government agencies. All applications made to Barwon Health under the Freedom of Information Act 1982 were processed in accordance with that Act.

Requests for information relating to medical records form the majority of requests.

Freedom of Information requests can be made by downloading the application form from the Barwon Health website [www.barwonhealth.org.au](http://www.barwonhealth.org.au) or by contacting the FOI Office on 03 4215 1168 to request a form to be mailed out.

The application fee of \$29.60 is waived for applicants who can provide a photocopy of their certified Social Security card (i.e. pension or healthcare card). Photocopying and printing is charged at 20 cents per page and postage of \$10 is charged if applicable.

1,038 requests were received in the 2018/2019 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 2018/2019.

## *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.

# 1,038

**FREEDOM OF INFORMATION  
REQUESTS WERE RECEIVED IN THE  
2018/2019 FINANCIAL YEAR.**

## *Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies*

I, Frances Diver, 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.



**Frances Diver**  
Chief Executive  
Barwon Health  
6 September 2019

## *Financial management compliance*

I, Brian Cook, on behalf of the Responsible Body, certify that Barwon Health has complied with the applicable Standing Directions made under the Financial Management Act 1994 and Instructions except for the following Material Compliance Deficiency: Asset Management Accountability Framework (AMAF) compliance (direction 4.2.3). Barwon Health engaged specialist consultants to undertake a detailed, independent assessment of the maturity of the organisations asset management practices against the requirements of the AMAF in September 2017. The results of the analysis highlighted that Barwon Health's AMAF needs further maturity. Significant work has been progressed with Biomedical Engineering, and Property, Facilities & Engineering, with a discovery and identification program currently being progressed by IT. Compliance is expected in FY21.



**Brian Cook**  
Board Chair  
Barwon Health  
6 September 2019

## *Compliance with DataVic Access Policy*

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

## *Competitive neutrality*

As a public entity, Barwon Health is obliged to compete fairly and equitably in its business processes. Barwon Health is committed to transparent behaviour in this regards and complies with government policies regarding competitive neutrality with regard to all significant business activities.



## Environmental performance

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.

Areas of the organisation have 'Green Champions' who focus on looking for ways to reduce the organisation's carbon footprint. One such group in the Emergency Department has developed a structured 12 month waste reduction plan, which has seen the removal of the department's annual supply of nearly 150,000 disposable cups from the staff tea room and patient care areas.

Most recently, the group developed a structured waste reduction plan, which will see the implementation of recycling in drug rooms and a reduction in clinical waste.

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

Barwon Health has implemented effective waste and recycling programs that provide opportunities to reduce operational costs and the environmental impacts of the organisation, as well as reducing risks to staff and patients.

Food waste is also tackled by our food services team based at the McKellar Centre, which continues to recycle all food waste using the Closed Loop Organics system.

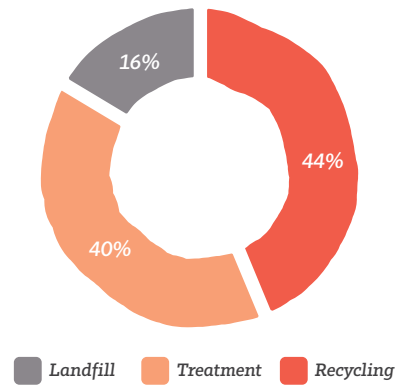
The charts opposite represent the breakdown of waste generated by Barwon Health by mass and cost.

To assist in reducing Greenhouse Gas Emissions, two projects were completed over the course of the year; the installation of 274 photovoltaic cells at Alan David Lodge in Charlemont and the installation of 1,000 photovoltaic cells at the McKellar Centre in North Geelong.

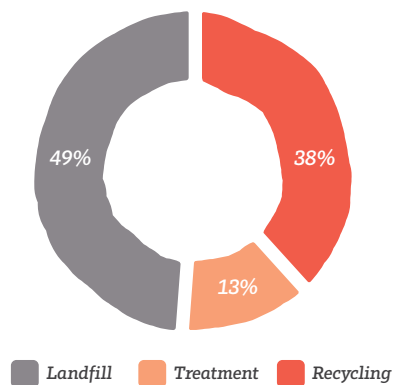
These two initiatives:

- › Collectively reduce Barwon Health's Greenhouse Gas Emissions by 693,000 kg of CO2/year
- › Contribute to a reduction in electricity consumption of 12% at Alan David Lodge and 15% at the McKellar Centre.
- › Produce 80kW of electricity to power the Alan David Lodge site
- › Produce 370kW of electricity to power the McKellar Centre site

University Hospital Geelong 2018-2019  
Percentage by mass



University Hospital Geelong 2018-2019  
Percentage by cost



# ADDITIONAL INFORMATION AVAILABLE UPON REQUEST

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):

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

*Big sister Torah with her baby brother Jordan who was born at Barwon Health.*



# OTHER INFORMATION

## Disclosure of Payments

	2018/19 \$000	2017/18 \$000	2016/17 \$000	2015/16 \$000	2014/15 \$000
Ex-gratia payments to employees	54.0	74.6	91.7	64.2	9.5

## Local Jobs First Act Disclosure

In August 2018, the Victorian Parliament reformed the Victorian Industry Participation Policy Act 2003 in the Local Jobs First Act 2003 and the FRD was revised to FRD 25D (April 2019).

There were two contracts in 2018/2019 to which the Local Jobs First Act 2003 applied.

## Advertising Disclosure

In 2018/2019, advertising expenditure did not exceed \$100,00 per campaign.

## Privacy

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

Nominated Privacy Officer  
Sharon Hakkennes from July 2018 to March 2019  
Bernadine McNamara from April 2019

# ATTESTATIONS

## Data Integrity

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

## Conflict of Interest

I, Frances Diver, certify that Barwon Health has put in place appropriate internal controls and processes to ensure that it has complied with the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Barwon Health and members of the Board, and all declared conflicts have been

addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive Board meeting.

## Integrity, Fraud and Corruption

I, Frances Diver, certify that Barwon Health has put in place appropriate internal controls and processes to ensure that Integrity, fraud and corruption risks have been reviewed and addressed at Barwon Health during the year.



**Frances Diver**  
Accountable Officer  
Barwon Health  
6 September 2019





# KEY FINANCIAL AND SERVICE PERFORMANCE REPORTING



# STATEMENT OF PRIORITIES

## Statement of Priorities - Part A

Health 2040: Advancing health, access and care		Barwon Health Strategic Pillar	No.	Action
Goals	Strategies			
<b>Better Health</b>	<b>Better Health</b>			
<ul style="list-style-type: none"> <li>› A system geared to prevention as much as treatment</li> <li>› Everyone understands their own health and risks</li> <li>› Illness is detected and managed early</li> <li>› Healthy neighbourhoods and communities encourage healthy lifestyles</li> </ul>	<ul style="list-style-type: none"> <li>› Reduce state-wide risks</li> <li>› Build healthy neighbourhoods</li> <li>› Help people to stay healthy</li> <li>› Target health gaps</li> </ul>	Our consumers at the forefront	1.1	› Progress and monitor our responses to family violence initiatives by:
		Our community's wellbeing	1.2	› Improve care for patients at high risk of multiple unplanned hospital admissions by designing and implementing a model for integrated chronic disease management that will lead to decreased presentations to hospital.

Deliverables	Status	Progress/ Completion Statement
› Partnering with Colac, Hesse, Lorne and Otway Health Services to standardise approaches to family violence by April 2019.		<b>Complete.</b> A regional Strengthening Health Service Response Steering committee has been established, reporting to the Regional CEO's.
› Rolling out policies, procedures & training to build capacity and better recognise and respond to family violence utilising state-wide training resources in Emergency Department by December 2018.		<b>Complete.</b> Training has been provided across the region. Policies and procedures have been promoted and are uploaded to the Prompt Document management system.
› All managers receiving training in identifying and supporting our employees who may be experiencing family violence by December 2018.		<b>Complete.</b> 422 managers and leaders across Barwon Health, Hesse, Colac, Apollo Bay and Lorne have received training on how to respond to family violence. This has led to an increase in family violence disclosures.
› Engaging with the Sexual Assault and Family Violence Centre to co-design with victim survivors a timely proportionate and appropriate response Action Plan by March 2019.		<b>Complete.</b> Co-design workshops with victim survivors were held to better understand and assist in the design of future clinical responses to family violence in the health setting.
› Commencing a pilot project in family violence screening in antenatal services by February 2019.		<b>In progress.</b> Screening for family violence during pregnancy is delivered as part of routine pregnancy care ( <i>Clinical Practice Guidelines: Pregnancy Care, 2019</i> ). Release of the Family Violence Multi-Agency Risk Assessment and Management Framework (MARAM) Practice Guidance in July 2019 will over time support consistent screening practices and referral for women experiencing violence during pregnancy.
› Development of local and regional referral pathways for family violence that will be disseminated through the CEO Council by June 2019.		<b>Complete.</b> Referral pathways are in place and have been promulgated throughout the region.
› Vision, strategy and model for delivering ICDM (Healthlinks) program for years 2 and 3 developed and endorsed.		<b>In progress.</b> Draft chronic and complex strategy document under review.
› Agreed pilots established for speciality areas and monitored for evidence of appropriate use and reduction in presentations.		<b>In progress.</b> Funding application delivered in March 2019.
› Evaluation program implemented that tests that the desired outputs of the program are being delivered (promotes health prevention focus and provides service offerings to selected patient cohorts that are effective in reducing unnecessary admissions).		<b>In progress.</b> Dependent on above.
› Real time patient identification and data dashboard are being completed and used in standard care.		<b>Complete.</b> Provides better oversight of patient access and flow to support decision making.
› SWOT analysis to expand program to new and challenged patient cohorts. › Financial strategy developed to secure funding.		<b>In progress.</b> Further development of service models awaiting clarification of data integrity and financial result.
› Pilot Projects in cardiac and gastroenterology will be scoped and include evaluation criteria.		<b>In progress.</b> Funding application delivered in March 2019 - awaiting response to submission.

## Statement of Priorities - Part A

Health 2040: Advancing health, access and care		Barwon Health Strategic Pillar	No.	Action
Goals	Strategies			
<b>Better Health</b>	<b>Better Health</b>			
		Our consumers at the forefront	1.3	› Develop the Innovative Reconciliation Action Plan (as Successor to REFLECT Reconciliation Action Plan by September 2018).
<ul style="list-style-type: none"> <li>› Care is always there when people need it</li> <li>› More access to care in the home and community</li> <li>› People are connected to the full range of care and support they need</li> <li>› There is equal access to care</li> </ul>	<ul style="list-style-type: none"> <li>› Plan and invest</li> <li>› Unlock innovation</li> <li>› Provide easier access</li> <li>› Ensure fair access</li> </ul>	Right Care, Right Time, Right Place	2.1	› Progress strategies to support whole of hospital response to improved timely access to care for emergency patients by: June 2019.
		Right Care, Right Time, Right Place	2.2	› Refresh the Barwon Health Master Plan and review infrastructure and capital requirements necessary to deliver existing and expanded services.

Deliverables	Status	Progress/ Completion Statement
› INNOVATE RAP endorsed by Reconciliation Australia and launched at Barwon Health.		<b>Completed.</b> The RAP was endorsed by Reconciliation Australia and formally launched at an event that McKellar Centre in June 2019.
› All sites and all induction processes supported with Cultural Awareness training and tools.		<b>Completed.</b> Online Cultural Awareness training forms part of the employee induction process.
› Annual survey records year on year increase in staff undertaking Cultural Awareness Training.		<b>Completed.</b> Data on staff who have undertaken online training is readily available.
› Year on year increase recorded on percentage of Aboriginal workforce.		<b>Completed.</b> Reported to the Wurru-Ki Ngitj (To Speak Together) Aboriginal gathering committee.
› Improving emergency access by providing additional medical consultants, allied health and diagnostic services in Emergency Department to improve performance in Ambulance Wait time and Emergency Department length of stay.		<b>In progress.</b> Emergency performance and accuracy of data impacted by introduction of new Emergency Department Information System.
› Implementing Workplan from Specialist Clinic Strategy to decrease waiting times for urgent first appointment (within 30 days) and routine patients (within 365 days).		<b>Completed</b>
› Improving access to emergency surgery by utilisation of additional theatres and implementing new Colonoscopy guidelines.		<b>Completed</b>
› Infrastructure and capital asset review of all available Barwon Health service delivery sites - review for effectiveness and investment required to keep current and in use.		<b>Completed.</b> Comprehensive asset management system is under development throughout the organisation. Condition reports have been completed on all physical property assets in the 2018/19 financial year.
› Develop investment strategy with particular focus 18/19 on satellite site refurbishments.		<b>In progress,</b> condition reports created, option analysis being developed for all satellite sites. Agreement to include all sites in future master planning activities.
› Develop Capital Plan for University Hospital Geelong Building B (formerly Geelong Private Hospital).		<b>Completed.</b> Capital planning exercise has been completed in partnership with the Victorian Health and Human Services Building Authority. Awaiting confirmation of funding with re-occupation expected in 2020.
› Develop Property Strategy to maximise use of property assets (owned and leased).		<b>Completed</b> and available upon request.
› Co location review of facilities developed (co location of short stay provision including PAPU, RAPU, Paediatric; Cath Labs; Acute Surgery; Ambulatory Cardiology).		<b>In progress.</b> Review ongoing. Requires completion of a new Barwon Health Masterplan before any further progress can be made.
› Complete Building of Barwon Health North & confirm operational plan.		<b>Completed.</b> Work is underway to commission this site to commence providing care in January 2020.
› Identify options for the development of a new Barwon South West Region Women's and Children's Hospital, in conjunction with the Department of Health and Human Services.		<b>Completed.</b> Initial options have been identified and work is now underway on how to provide this enhanced service within the University Hospital Geelong precinct.




## Statement of Priorities - Part A

Health 2040: Advancing health, access and care		Barwon Health Strategic Pillar	No.	Action
Goals	Strategies			
<b>Better Health</b>	<b>Better Health</b>			
		Our consumers at the forefront	2.3	<ul style="list-style-type: none"> <li>› Develop a Barwon Health Electronic Health Record (EHR) Strategy that includes:</li> <li>› consultation that focusses opportunities to improve system efficiencies and synergies with regional health authorities by Sept 2018.</li> <li>› a roadmap for delivering the EHR through a staged implementation program by August 2018.</li> <li>› the benefits realisation plan that demonstrates quantifiable and qualifiable benefits for Barwon Health and its consumers by August 2018.</li> </ul>
		Our community's wellbeing	2.4	<ul style="list-style-type: none"> <li>› Establish additional Home Sub Acute Care Models covering GEM, Palliative Care &amp; other selected Rehabilitation Streams. Implement GEM at Home model &amp; scope Palliative Care at Home by December 2018.</li> </ul>
Mandatory - LGBTIQ+		Our consumers at the forefront	2.5	<ul style="list-style-type: none"> <li>› Commence with the Rainbow Tick Accreditation process to develop LGBTIQ+ inclusive practices and improve Barwon Health's quality of care and services to gay, lesbian, bisexual, transgender and intersex (LGBTIQ+) consumers, showing our commitment to diversity and inclusion. Health service-wide systems will be redesigned to incorporate evidence-based inclusive practice.</li> <li>› Guiding documentation, tools, resources and templates will be amended or developed to reflect organisational requirements.</li> <li>› Staff and volunteers will be trained in the new requirements.</li> <li>› LGBTIQ+ community will be engaged in service development and review.</li> </ul>
		Our community's wellbeing	2.6	<ul style="list-style-type: none"> <li>› Scope transition of Geelong Private Hospital Facility to a dedicated Women's &amp; Children's Hospital by developing a Clinical Service Plan &amp; Business Plan by September 2018.</li> </ul>

Deliverables	Status	Progress/ Completion Statement
› EHR Business Case endorsed by CEO, Executive and the Board: September 2018.		<b>Completed.</b> Completed and submitted to the Department of Treasury and Finance through the DHHS for consideration.
› Identify opportunities for process improvements in preparation for implementation of an EHR.		<b>Completed</b> and used in the development of the digital strategy.
› In conjunction with key internal and external stakeholders and regional partners, develop a business case for Barwon Health's EHR for submission to the department of Treasury and Finance through the DHHS.		<b>Completed.</b> Business case prepared and overall 'iCare' digital strategy prepared.
› Establish additional Home Sub Acute Care Models covering GEM, Palliative Care & other selected Rehabilitation Streams. Implement GEM at Home model and scope the provision of Palliative Care at Home.		<b>Completed.</b> Established 12 bed GEM home unit and finalised plans for six bed palliative care at home trial.
› Improved access to Sub Acute beds.		<b>Completed</b>
› Increase percentage of people dying in their place of choice.		<b>Completed</b>
› Reduced acute length of stay in GEM and palliative care patient types.		<b>Completed</b>
› Develop quality improvement and change management plan with prioritised action areas and identified resources required.		<b>Completed.</b> LGBTQ+ Committee has been established charged with progressing Rainbow tick accreditation.
› Scope Project and develop a Service Plan & Business Case.		Planning has commenced to explore options on how best to accommodate enhanced women's and children's services within the University Hospital Geelong precinct.

## Statement of Priorities - Part A







Health 2040: Advancing health, access and care		Barwon Health Strategic Pillar	No.	Action
Goals	Strategies			
<b>Better Health</b>	<b>Better Health</b>			
<ul style="list-style-type: none"> <li>› Target zero avoidable harm</li> <li>› Healthcare that focusses on outcomes</li> <li>› Patients and careers are active partners in care</li> <li>› Care fits together around people's needs</li> </ul>	<ul style="list-style-type: none"> <li>› Put quality first</li> <li>› Join up care</li> <li>› Partner with patients</li> <li>› Strengthen the workforce</li> <li>› Embed evidence</li> <li>› Ensure equal care</li> </ul>	Our consumers at the forefront	3.1	Refresh the Barwon Health Service Plan
		Right Care, Right Time, Right Place	3.2	Implement respectful approaches to end of life care by: <ul style="list-style-type: none"> <li>› Increasing Advance Care Plans</li> <li>› implementing the framework for Voluntary Assisted Dying legislation by June 2019.</li> </ul>
		Our community's wellbeing	3.3	<ul style="list-style-type: none"> <li>› Development and confirmation of Mental Health Strategy.</li> <li>› Confirm key deliverables in Mental Health Strategy by January 2019.</li> <li>› Review hospital Mental Health Clinical Liaison Service by April 2019.</li> <li>› Plan developed for psychiatric assessment and planning centre (Mental Health Crisis Hub) and 28 days outreach function by Dec 2018.</li> <li>› Plan confirmed to improve infrastructure in Swanston Centre and the Emergency Department by June 2019.</li> </ul>

Deliverables	Status	Progress/ Completion Statement
<ul style="list-style-type: none"> <li>Barwon Health will actively engage in the locality planning processes for the Barwon Locality Service Plan. The plan will identify service delivery options for Barwon Health for the next 5-10 years and inform the range of services to be delivered.</li> </ul>		<p><b>In progress.</b> Discussion amongst regional CEOs progressing on approach to Barwon sub-regional planning.</p>
<ul style="list-style-type: none"> <li>life care by:</li> <li>Increasing the number of patients with Advanced Care Plans to 40 per cent.</li> </ul>		<p><b>Completed.</b> Promotion is ongoing in this space to continue to raise awareness.</p>
<ul style="list-style-type: none"> <li>Implementing the framework for Voluntary Assisted Dying legislation.</li> </ul>		<p><b>Completed.</b> Framework has been set in place and communicated in accordance with guidelines.</p>
<ul style="list-style-type: none"> <li>Framework to develop Strategy developed and confirmed.</li> </ul>		<p><b>Completed</b></p>
<ul style="list-style-type: none"> <li>Confirm key deliverables in Mental Health Strategy.</li> </ul>		<p><b>Completed.</b> This has formed the basis for the development of a new model of care which is awaiting approval from DHHS.</p>
<ul style="list-style-type: none"> <li>Review hospital Mental Health Clinical Liaison Service.</li> </ul>		<p><b>In progress</b> as part of the development of a new model of care.</p>
<ul style="list-style-type: none"> <li>Plan developed for psychiatric assessment and planning centre (Mental Health Crisis Hub) and 28 days outreach function.</li> </ul>		<p><b>Completed.</b> Tender documentation is complete. Construction is anticipated to commence in mid-2020.</p>
<ul style="list-style-type: none"> <li>Plan confirmed to improve infrastructure in Swanston Centre and the Emergency Department.</li> </ul>		<p><b>Completed.</b> Design development is complete. Schematic design has been issued for consultation. Currently undertaking a value management exercise. Construction is due to commence June 2020.</p>














## Statement of Priorities - Part A

Goals	Strategies	Barwon Health Strategic Pillar	No.	Action
<b>Better Health</b>	<b>Better Health</b>			
		Our people at their best	3.4	› Keep our people safe.
		Our people at their best	3.5	› Occupational Violence ensure all staff who have contact with all staff and visitors have undertaken core Occupational Violence Training, Annually. Ensure the Departments Occupational Violence and Aggression training principals are implemented.
		Our people at their best	3.6	› Disability Action Plans. › Draft disability action plans are completed in 2018-19.

Deliverables	Status	Progress/ Completion Statement
<ul style="list-style-type: none"> <li>› Monthly trend analysis of Code Grey, Planned Code Grey and Occupational Violence and Aggression (OVA) incident reporting at management and board level will inform the organisation on i) areas of high risk; ii) areas of good/poor reporting culture; iii) areas where increased OVA training/ awareness is required.</li> </ul>		<p><b>Completed</b> with reports tabled to management.</p>
<ul style="list-style-type: none"> <li>› Staff provided with systems and equipment to ensure a safe place of work in line with funding approval for DHHS Violence Prevention Fund Round 3 Applications. Mobile Duress System, for Heath Wing 7 and the Emergency Department; Reconfiguration of Corio Community Mental Health, Swanston Centre and the Emergency Department Waiting Room.</li> </ul>		<p><b>Completed.</b> New processes, such as changes to out of hours access to wards have been implemented to keep staff and patients safe.</p>
<ul style="list-style-type: none"> <li>› 5% reduction in Lost Time Injury Frequency Rate (LITFR) (claims and actual) using Quality and Safety December 2017 baseline data</li> </ul>		<p><b>Completed</b></p>
<ul style="list-style-type: none"> <li>› Behaviour Assessment Room (BAR) commissioned in the ED.</li> </ul>		<p><b>In progress.</b> This work is now being integrated into the broader Emergency Department redevelopment.</p>
<ul style="list-style-type: none"> <li>› Security assessments of all Barwon Health sites to be conducted in 2018/19 utilising the soon-to-be released DHHS 'Guide for Security arrangements in Victorian health services' (specifically principle 4), in order to determine whether current security measures (resources, patrols, monitoring equipment) are sufficient.</li> </ul>		<p><b>Completed</b> and evidenced by new processes to secure wards at night.</p>
<ul style="list-style-type: none"> <li>› Occupational violence and Aggression Training Needs Analysis to be conducted for Barwon Health.</li> </ul>		<p><b>Completed</b></p>
<ul style="list-style-type: none"> <li>› All staff including Managers trained in Occupational Violence and Aggression/Code Grey programs as per DHHS mandated Code Grey Standards and Occupational Violence and Aggression Training Principals.</li> </ul>		<p><b>Completed</b></p>
<ul style="list-style-type: none"> <li>› Submit a draft Disability Action Plan to the Department by 30 June 2019. The draft plan needs to outline the approach to fill implementation within three years of publication.</li> </ul>		<p><b>Completed.</b> It is planned to release this plan in late 2019.</p>

## Statement of Priorities - Part A

Health 2040: Advancing health, access and care		Barwon Health Strategic Pillar	No.	Action
Goals	Strategies			
<b>Better Health</b>	<b>Better Health</b>			
Mandatory - Environmental sustainability		Right Care, Right Time, Right Place	3.7	› Environmental Sustainability Actively contribute to the development of the Victorian's Government's policy to be net zero carbon by 2050 and improve environmental sustainability through:
Mandatory - Volunteer engagement		Our consumers at the forefront	3.8	› Extend the current activities for Barwon Health Board and Executive to participate in volunteer engagement and recognition by May 2019.
Mandatory - Bullying and harassment		Our people at their best	3.9	› Actively promote positive workplace behaviours and encourage reporting. Utilise staff surveys, incident reporting data, outcomes of investigations and claims to regularly monitor and identify risks related to bullying and harassment, in particular include as a regular item in Board and Executive meetings. Appropriately investigate all reports of bullying and harassment and ensure there is a feedback mechanism to staff involved and the broader health service staff.

Deliverables	Status	Progress/ Completion Statement
Actively contribute to the development of the Victorian's Government's policy to be net zero carbon by 2050 and improve environmental sustainability through:		
› Continued investigation and installation of solar Photovoltaic cells to Community Health and Aged Care facilities.		<b>Completed.</b> Independent study and investigation was done. Appropriate appliances were selected and the replacement of fluorescent and dichroic downlights is ongoing.
› Ongoing upgrades to existing lighting infrastructure with LED and energy efficient fixtures.		<b>Completed.</b> All dichroic downlights at University Hospital Geelong have been replaced.
› Feasibility Study; Improvements to water waste management process including additional water harvesting opportunities.		<b>Completed.</b> The design, development and construction of new facilities are now required to ensure that grey water management principles are employed were practicable. Water harvesting occurs at all new facilities.
› Improvements to control strategies to optimise central mechanical, chiller and Building Management System.		<b>Completed.</b> The digital building management system has been upgraded to allow greater control over significant pieces of infrastructure to reduce energy wastage.
› Ongoing upgrades to existing pump infrastructure to Variable Speed Drives for improved control.		<b>Completed.</b> An asset collection exercise has been completed. A program is in place to systematically replace existing pump infrastructure when they reach end of life.
› Attending one orientation program annually.		<b>Completed</b>
› Attending National Volunteer Week and or end of year celebration.		<b>Completed.</b> Board Members are invited to attend celebration events with the Board Chair asked to present awards.
› Meet annually to review existing Volunteer engagement in clinical directorates.		<b>Completed</b>
› Full implementation of Wurru-Ki internal Peer Resolution Program.		<b>Completed.</b> Wurru-Ki is widely promoted via posters, the staff intranet and a dedicated external website. <a href="http://www.wurru-ki.org.au">www.wurru-ki.org.au</a>
› An ongoing communication programme using all internal communication channels and targeted promotion will be ongoing with themes emerging from Wurru-Ki (A peer based issue resolution system) presentations being identified and communicated. A bi-monthly meeting with contact and resolution officers will assist in identifying issues and possible improvements.		<b>Completed</b>
› Use of the Wurru-Ki process will be monitored to identify usage, satisfaction and trends associated with workplaces or groups. The annual people matters survey will provide a year on year measure of the success of initiatives to address bullying and harassment. The executive and board will continue to receive monthly updates.		<b>Completed</b>



## Statement of Priorities Part B: Performance Priorities

### High quality and safe care

Key performance indicator	Target	Actual
<b>Accreditation</b>		
Accreditation against the National Safety and Quality Health Service Standards	Accredited	Accredited
Compliance with the Commonwealth's Aged Care Accreditation Standards	Accredited	Accredited* – full compliance not achieved across all standards
<p>Note: Barwon Health maintained accreditation throughout 2018-19 however in January 2019 Barwon Health was issued with a non-compliance notice by the Australian Aged Care Quality and Safety Commission (Commission) for four of the 44 expected outcomes of the Aged Care Quality Standards. The expected outcomes not met were 1.8, 2.5, 2.7 and 3.7. Barwon Health was issued a serious risk notice for 2.7 (medication management). In response, Barwon Health implemented an action plan to meet the four expected outcomes and address the serious risk notice as well as a continuous improvement plan. Reassessment occurred in April 2019 and all 44 outcomes were met within the Commission's timeline.</p>		
<b>Infection prevention and control</b>		
Compliance with the Hand Hygiene Australia program	80%	82.7%
Percentage of healthcare workers immunized for influenza	80%	89%
<b>Patient experience</b>		
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 1	95%	96.1%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 2	95%	96.3%
Victorian Healthcare Experience Survey – percentage of positive patient experience responses – Quarter 3	95%	97%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 1	75%	75.5%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 2	75%	82.5%
Victorian Healthcare Experience Survey – percentage of very positive responses to questions on discharge care – Quarter 3	75%	80.4%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 1	70%	82.4%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 2	70%	78.1%
Victorian Healthcare Experience Survey – patients perception of cleanliness – Quarter 3	70%	74.6%
<b>Healthcare associated infections (HAI's)</b>		
Number of patients with surgical site infection	No outliers	Achieved
Number of patients with ICU central-line-associated bloodstream infection (CLABSI)	Nil	1
Rate of patients with SAB1 per occupied bed day	≤1/10,000	0.54
<b>Adverse events</b>		
Sentinel events – root cause analysis (RCA) reporting	All RCA reports submitted within 30 business days	Achieved
Unplanned readmission hip replacement	Annual rate ≤2.5%	4.5%
<b>Mental health</b>		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	13.4%
Rate of seclusion events relating to an adult acute mental health admission	≤15/1,000	26.7 episodes per 1,000 bed days
Rate of seclusion events relating to an aged acute mental health admission	≤15/1,000	2.7 episodes per 1,000 bed days
Percentage of child an adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	80%	71%
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	80%	91.2%
Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days	80%	91.5%

Key performance indicator	Target	Actual
<b>Maternity and newborn</b>		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.4%	1.6%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤28.6%	16.6%
Proportion of urgent maternity patients referred for obstetric care to a level 4, 4 or 6 maternity service who were booked for a specialist clinic appointment within 30 days of accepted referral	100%	100%
<b>Continuing Care</b>		
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	0.88

### Strong governance, leadership and culture

Key performance indicator	Target	Actual
<b>Organisational culture (Data for 'Actual' drawn from quarter one Monitor)</b>		
People Matter Survey – percentage of staff with an overall positive response to safety and culture questions	80%	93%
People Matter Survey – percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	97%
People Matter Survey –percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	97%
People Matter Survey –percentage of staff with a positive response to the questions, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	95%
People Matter Survey –percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	91%
People Matter Survey –percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	94%
People Matter Survey –percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	84%
People Matter Survey –percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	89%
People Matter Survey –percentage of staff with a positive response to the question, "I would recommend a friend or a relative to be treated as a patient here"	80%	95%

## Timely access to care

Key performance indicator	Target	Actual
<b>Emergency care</b>		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	78.43%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	55.8%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	62%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	1
<b>Elective surgery</b>		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	99.9%
Percentage of urgency category 1, 2 and 3 elective surgery patients admitted within clinically recommended time	94%	95.5%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	2.8%
Number of patients on the elective surgery waiting list	1,215	1,226
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 7/100	4.2
Number of patients admitted from the elective surgery waiting list	8,961	8,226
<b>Specialist clinics</b>		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days*	100%	75.1%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days*	90%	92%

\* Note: data from Quarter 4 Monitor report.

## Effective Financial Management

Key performance indicator	Target	Actual
<b>Finance</b>		
Operating result	Break even	\$270,064
Average number of days to paying trade creditors	60 days	54
Average number of days to receiving patient fee debtors	60 days	40
Public and Private WIES activity to target	100%	101.51%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.67
Forecast number of days a health service can maintain its operations with unrestricted available cash (based on end of year forecast)	14 days	Achieved
Actual number of days a health service can maintain its operations with unrestricted available cash, measured on the last day of each month	14 days	28.5
Measures the accuracy of forecasting the Net result from transactions (NRFT) for the current financial year ending 30 June	Variance ≤ \$250,000	Achieved

## Statement of Priorities Part C: Activity and Funding

Funding type	2018-2019 Activity Achievement	Funding type	2018-2019 Activity Achievement
<b>Acute admitted</b>		<b>Sub-acute non-admitted</b>	
WIES Public	55,490	Palliative care non-admitted	16,763
WIES Private	9,102	Health independence program - Public	73,055
WIES DVA	462	Health independence program - DVA	-
WIES TAC	589	Victorian artificial limb program	700
Other admitted	-	Sub-acute non-admitted other	-
<b>Acute Non-Admitted</b>		<b>Aged Care</b>	
Emergency services	43,373	Aged care assessment service	2,887
Home Enteral Nutrition	1,284	Residential aged care	125,181
Home Renal Dialysis	6,924	HACC	21,523
Radiotherapy WAUs Public	40,653	Aged care other	-
Radiotherapy WAUs DVA	986	<b>Mental Health and Drug Services</b>	
Specialist Clinics	143,115	Mental health ambulatory	64,766
Specialist Clinics DVA	617	Mental health inpatient - available bed days	11,688
Other non-admitted	-	Mental health inpatient - secure unit	1,095
<b>Sub-acute and Non-acute admitted</b>		Mental health residential	16,436
Sub-acute WIES - Rehabilitation Public	243	Mental health service system capacity	1,095
Sub-acute WIES - Rehabilitation Private	83	Mental health sub-acute	8,035
Sub-acute WIES - GEM Public	620	Mental health Other	-
Sub-acute WIES - GEM Private	208	Drug services	1,523
Sub-acute WIES - Palliative Care Public	243	<b>Primary Health</b>	
Sub-acute WIES - Palliative Care Private	83	Community Health / Primary Care Programs	34,518
Sub-acute WIES - DVA	60	Community Health Other	-
Transition Care - Bed days	11,724	<b>Other</b>	
Transition Care - Home days	5,445	Health Workforce	177
		Other specified funding	-



# FINANCIAL REPORT



# DISCLOSURE INDEX

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.

Legislation	Requirement	Page Reference
<b>Ministerial Directions - Report of Operations</b>		
<b>Charter and purpose</b>		
FRD 22H	Manner of establishment and the relevant Ministers	11
FRD 22H	Purpose, functions, powers and duties	11
FRD 22H	Nature and range of services provided	12
FRD 22H	Activities, programs and achievements for the reporting period	6
FRD 22H	Significant changes in key initiatives and expectations for the future	4
<b>Management structure</b>		
FRD 22H	Organisational Structure	17
FRD 22H	Workforce data/ employment and conduct principles	16
FRD 22H	Occupational Health and Safety	22, 23
<b>Financial information</b>		
FRD 22H	Summary of the financial results for the year	18
FRD 22H	Significant changes in financial position during the year	19
FRD 22H	Operational and budgetary objectives and performance against objectives	29
FRD 22H	Subsequent events	19
FRD 22H	Details of consultancies under \$10,000	20
FRD 22H	Details of consultancies over \$10,000	21
FRD 22H	Disclosure of ICT expenditure	22
<b>Legislation</b>		
FRD 22H	Application and operation of Freedom of Information Act 1982	24
FRD 22H	Compliance with building and maintenance provisions of Building Act 1993	24
FRD 22H	Application and operation of Protected Disclosure 2012	24
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<b>Other relevant reporting directives</b>		
FRD 25C	Victorian Industry Participation Disclosures	29
SD 5.1.4	Financial Management Compliance Attestation	25
SD 5.2.3	Declaration in Report of Operations	10
<b>Attestations</b>		
	Attestation on Data Integrity	29
	Attestation on managing Conflicts of Interest	29
	Attestation on Integrity, Fraud and Corruption	29
<b>Other Reporting Requirements</b>		
	Reporting of outcomes from Statement of Priorities 2018-19	30
	Occupational Violence reporting	23
	Reporting of compliance Health Purchasing Victoria Policy	25
	Reporting obligations under the Safe Patient Care Act 2015	24
	Reporting of compliance regarding Car Parking Fees	22

# BOARD CHAIR'S, CHIEF EXECUTIVE OFFICER'S AND CHIEF FINANCIAL OFFICER'S DECLARATION

These annual financial statements represent the audited general purpose financial statements for Barwon Health for the year ending 30 June 2019. 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 AASBs, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 Presentation of Financial Statements.

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

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

The annual financial statements were authorised for issue by the Board of Barwon Health on 6 September 2019.



**Brian Cook**  
Board Chair



**Frances Diver**  
Chief Executive Officer



**Cobus Lothringen**  
Chief Financial Officer

6 September 2019

# COMPREHENSIVE OPERATING STATEMENT

	Note	Parent Entity 2019 \$'000	Parent Entity 2018 \$'000	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>Income from transactions</b>					
Operating Activities	2.1	801,553	735,023	804,053	737,512
Non-Operating Activities	2.1	58	2,032	441	100
Other Income	2.1	-	-	-	16
Share of Revenue from Joint Operation	8.8	6,612	6,076	6,612	6,076
Total income from transactions		808,203	743,131	811,106	743,704
<b>Expenses from transactions</b>					
Employee Benefits	3.1	(553,429)	(506,904)	(553,429)	(506,905)
Depreciation and Amortisation	4.3	(47,566)	(44,602)	(47,566)	(44,602)
Non Salary Labour Costs	3.1	(9,213)	(7,609)	(9,213)	(7,610)
Expenditure for Capital Purpose	3.1	(3,438)	(2,839)	(3,438)	(2,839)
Supplies, Consumables and Purchased Services	3.1	(132,152)	(127,007)	(132,203)	(127,027)
Other Expenses from Continuing Operations	3.1	(62,661)	(58,534)	(62,775)	(58,577)
Share of Expenditure from Joint Operation	8.8	(8,589)	(8,112)	(8,589)	(8,112)
Total expenses from transactions		(817,049)	(755,607)	(817,214)	(755,672)
<b>Net Result From Transactions - Net Operating Balance</b>		<b>(8,846)</b>	<b>(12,476)</b>	<b>(6,108)</b>	<b>(11,968)</b>
<b>Other Economic Flows included in Net Result</b>					
Net loss on disposal of property plant and equipment		(19)	(196)	(19)	(196)
Loss on disposal of financial instruments		-	-	(92)	-
Bad Debts		85	(913)	85	(913)
Gain on Revaluation of Investment Properties		-	695	-	695
Revaluation of Long Service Leave		(5,305)	(43)	(5,305)	(43)
Share of Other Economic Flows from Joint Operation	8.8	31	3	31	3
Total Other Economic Flows included in Net Result		(5,208)	(454)	(5,300)	(454)
<b>Net Result For The Year</b>		<b>(14,054)</b>	<b>(12,930)</b>	<b>(11,408)</b>	<b>(12,422)</b>
<b>Other Comprehensive Income</b>					
Items that will not be reclassified to Net Result					
Changes in the Fair Value of Land and Buildings		184,789	6,908	184,789	6,908
Changes in the Fair Value of Equity Investments at Fair Value through Other Comprehensive Income		-	-	450	-
Items that may be reclassified to Net Result					
Changes in the Fair Value of Available-For-Sale Financial Assets		112	-	112	51
Total Other Comprehensive Income		184,901	6,908	185,351	6,959
<b>Comprehensive Result For The Year</b>		<b>170,847</b>	<b>(6,022)</b>	<b>173,943</b>	<b>(5,463)</b>

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

# BALANCE SHEET

	Note	Parent Entity 2019 \$'000	Parent Entity 2018 \$'000	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and Cash Equivalents	6.1	40,677	52,393	41,951	52,531
Investments and Other Financial Assets	4.1	3,693	2,059	6,591	4,230
Receivables	5.1	31,117	21,134	31,232	21,168
Inventories		3,072	3,059	3,072	3,060
Prepayments		1,992	1,794	1,992	1,794
Share of Assets in Joint Operation	8.8	4,397	14,415	4,397	14,415
Held for Sale		900	1,650	900	1,650
<b>Total Current Assets</b>		<b>85,848</b>	<b>96,504</b>	<b>90,135</b>	<b>98,848</b>
<b>Non-Current Assets</b>					
Investments and Other Financial Assets	4.1	13,784	10,180	17,286	12,515
Receivables	5.1	37,561	29,391	37,561	29,391
Property, Plant and Equipment	4.2	765,942	568,006	765,942	568,006
Investment Properties	4.4	-	14,824	-	14,824
Share of Assets in Joint Operation	8.8	2,903	1,873	2,903	1,873
Intangible Assets	4.5	10,193	2,787	10,193	2,787
<b>Total Non-Current Assets</b>		<b>830,383</b>	<b>627,061</b>	<b>833,885</b>	<b>629,396</b>
<b>TOTAL ASSETS</b>		<b>916,231</b>	<b>723,566</b>	<b>924,020</b>	<b>728,244</b>
<b>LIABILITIES</b>					
<b>Current Liabilities</b>					
Payables	5.2	52,669	44,969	52,660	44,984
Monies Held in Trust	5.3	22,794	19,843	22,794	19,843
Share of Liabilities in Joint Operation	8.8	3,997	14,190	3,997	14,190
Employee Benefits and related on-cost Provisions	3.3	119,653	104,991	119,653	104,991
Borrowings		219	-	219	-
<b>Total Current Liabilities</b>		<b>199,332</b>	<b>183,993</b>	<b>199,323</b>	<b>184,008</b>
<b>Non-Current Liabilities</b>					
Employee Benefits and related on-cost Provisions	3.3	26,623	21,701	26,623	21,701
Share of Liabilities in Joint Operation	8.8	1,143	860	1,143	860
Borrowings		924	-	924	-
<b>Total Non-Current Liabilities</b>		<b>28,690</b>	<b>22,561</b>	<b>28,690</b>	<b>22,561</b>
<b>TOTAL LIABILITIES</b>		<b>228,022</b>	<b>206,554</b>	<b>228,013</b>	<b>206,569</b>
<b>NET ASSETS</b>		<b>688,209</b>	<b>517,011</b>	<b>696,007</b>	<b>521,675</b>
<b>EQUITY</b>					
Land Revaluation Reserve		53,769	49,817	53,769	49,817
Buildings Revaluation Reserve		415,402	234,565	415,402	234,565
Available for Sale Revaluation Reserve		-	198	-	266
Financial Assets at Fair Value through Other Comprehensive Income		310	-	827	-
Restricted Specific Purpose Reserve		7,513	12,185	7,513	12,185
Contributed Capital		236,075	235,110	236,075	235,110
Accumulated Surplus / (Deficit)		(24,860)	(14,864)	(17,579)	(10,268)
<b>TOTAL EQUITY</b>		<b>688,209</b>	<b>517,011</b>	<b>696,007</b>	<b>521,675</b>
Commitment for Income	6.3				
Commitment for Expenditure	6.2				

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

# STATEMENT OF CHANGES IN EQUITY

Parent	Land Revaluation Reserve \$'000	Building Revaluation Reserve \$'000	Financial Assets through Other Comprehensive Income Revaluation Surplus	Available for Sale Revaluation Reserve \$'000	Restricted Specific Purpose Reserve \$'000	Contributed Capital \$'000	Accumulated Surpluses/ (Deficits) \$'000	Total \$'000
Balance at 1 July 2018	49,817	234,565	-	198	12,185	235,110	(14,864)	517,011
Net Result for the Year	-	-	-	-	-	-	(14,054)	(14,054)
Opening balance adjustment on adoption of AASB 9	-	-	198	(198)	-	-	-	-
Transfer to Reserves	-	-	-	-	(4,672)	-	4,672	-
Movement in Reserves	3,952	180,837	112	-	-	-	-	184,901
Contribution from Victorian Government	-	-	-	-	-	965	-	965
Prior Year Corrections	-	-	-	-	-	-	(614)	(614)
<b>Balance At 30 June 2019</b>	<b>53,769</b>	<b>415,402</b>	<b>310</b>	<b>-</b>	<b>7,513</b>	<b>236,075</b>	<b>(24,860)</b>	<b>688,209</b>
Balance at 1 July 2017	42,910	234,565	-	223	12,196	233,194	(2,515)	520,573
Net Result for the Year	-	-	-	-	-	-	(12,930)	(12,930)
Transfer to Reserves	-	-	-	-	(11)	-	11	-
Movement in Reserves	6,907	-	-	(25)	-	-	-	6,882
Contribution from Victorian Government	-	-	-	-	-	1,916	-	1,916
Prior Year Corrections	-	-	-	-	-	-	570	570
<b>Balance At 30 June 2018</b>	<b>49,817</b>	<b>234,565</b>	<b>-</b>	<b>198</b>	<b>12,185</b>	<b>235,110</b>	<b>(14,864)</b>	<b>517,011</b>

Consolidated	Land Revaluation Reserve \$'000	Building Revaluation Reserve \$'000	Financial Assets through Other Comprehensive Income Revaluation Surplus	Available for Sale Revaluation Reserve \$'000	Restricted Specific Purpose Reserve \$'000	Contributed Capital \$'000	Accumulated Surpluses/ (Deficits) \$'000	Total \$'000
Balance at 1 July 2018	49,817	234,565	-	266	12,185	235,110	(10,268)	521,675
Net Result for the Year	-	-	-	-	-	-	(11,408)	(11,408)
Opening balance adjustment on adoption of AASB 9	-	-	266	(266)	-	-	-	-
Transfer to Reserves	-	-	-	-	(4,672)	-	4,672	-
Movement in Reserves	3,952	180,837	417	-	-	-	-	185,206
Contribution from Victorian Government	-	-	-	-	-	965	-	965
Prior Year Corrections	-	-	144	-	-	-	(575)	(431)
<b>Balance At 30 June 2019</b>	<b>53,769</b>	<b>415,402</b>	<b>827</b>	<b>-</b>	<b>7,513</b>	<b>236,075</b>	<b>(17,579)</b>	<b>696,007</b>
Balance at 1 July 2017	42,910	234,565	-	240	12,196	233,194	1,568	524,673
Net Result for the Year	-	-	-	-	-	-	(12,422)	(12,422)
Transfer to Reserves	-	-	-	-	(11)	-	11	-
Movement in Reserves	6,907	-	-	26	-	-	-	6,933
Contribution from Victorian Government	-	-	-	-	-	1,916	-	1,916
Prior Year Corrections	-	-	-	-	-	-	575	575
<b>Balance At 30 June 2018</b>	<b>49,817</b>	<b>234,565</b>	<b>-</b>	<b>266</b>	<b>12,185</b>	<b>235,110</b>	<b>(10,268)</b>	<b>521,675</b>

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



# CASH FLOW STATEMENT

	Note	Parent Entity 2019 \$'000	Parent Entity 2018 \$'000	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating Grants from Government		599,345	559,684	599,345	559,612
Capital Grants from Government		41,048	31,799	41,048	31,799
Patient and Resident Fees Received		58,247	42,050	58,247	41,651
Capital Donation and Bequests Received		1,361	1,652	4,185	2,428
GST Received from ATO		21,468	13,870	21,468	13,870
Pharmaceutical Sales		15,792	14,200	15,792	14,810
Linen Fees		449	499	449	499
Pharmaceutical Benefits Scheme		32,478	33,555	32,478	33,361
Recoupment from Private Practice for use of Hospital Facilities		3,370	3,286	3,370	3,286
Investment Income Receipts		2,057	2,339	2,440	2,524
Other Receipts		39,639	52,127	39,253	51,833
<b>Total Receipts</b>		<b>815,254</b>	<b>755,061</b>	<b>818,075</b>	<b>755,673</b>
Employee Benefits Paid		(542,192)	(491,983)	(542,192)	(491,983)
Payments for Supplies, Consumables and Purchased Services		(173,429)	(186,091)	(173,614)	(186,154)
Other Payments		(37,682)	(33,067)	(37,682)	(33,067)
<b>Total Payments</b>		<b>(753,303)</b>	<b>(711,141)</b>	<b>(753,488)</b>	<b>(711,204)</b>
<b>NET CASH FLOW FROM OPERATING ACTIVITIES</b>	<b>8.1</b>	<b>61,951</b>	<b>43,920</b>	<b>64,587</b>	<b>44,469</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>					
Payments for Non Financial Assets		(71,496)	(49,819)	(71,496)	(49,819)
Proceeds from Sale of Non Financial Assets		1,369	10,188	1,369	8,064
Proceeds from Sale - Investment Properties		1,685	-	1,685	-
Purchase of Investments		(7,018)	(1,264)	(8,912)	(4,064)
Proceeds from Sale of Investments		336	(758)	731	3,005
<b>NET CASH FLOW USED IN INVESTING ACTIVITIES</b>		<b>(75,124)</b>	<b>(41,653)</b>	<b>(76,623)</b>	<b>(42,814)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>					
Financing Activities - Finance Lease Expense		(64)	-	(64)	-
Borrowings Received from Government		556	-	556	-
Contributed Capital from Government		965	1,916	965	1,916
<b>NET CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>1,457</b>	<b>1,916</b>	<b>1,457</b>	<b>1,916</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS HELD</b>		<b>(11,716)</b>	<b>4,183</b>	<b>(10,580)</b>	<b>3,571</b>
Cash and Cash equivalents at Beginning of Financial Year		52,393	48,210	52,531	48,960
<b>CASH AND CASH EQUIVALENTS AT THE END OF FINANCIAL YEAR</b>	<b>6.1</b>	<b>40,677</b>	<b>52,393</b>	<b>41,951</b>	<b>52,531</b>

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

# NOTES TO THE FINANCIAL STATEMENTS

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# 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 year ending 30 June 2019. 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 AASBs, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 Presentation of Financial Statements.

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

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

The annual financial statements were authorised for issue by the Board of Barwon Health on 6 September 2019.

## 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 2019, and the comparative information presented in these financial statements for the year ended 30 June 2018.

The financial statements are prepared on a going concern basis (refer to Note 8.9 Economic Dependency).

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

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

- › Non-current physical assets, which, subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are re-assessed when new indices are published by the Valuer General to ensure that the carrying amounts do not materially differ from their fair values;
- › Investment properties after initial recognition, which are measured at fair value through profit and loss; and
- › Investments and other financial assets which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income – items that may be reclassified subsequent to net result).

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

The fair value of financial and non-financial assets is disclosed further in Notes 4.1, 4.2 and 4.4.

In the application of AASBs management is required to make judgment, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. Management have made judgements and estimates specifically in the following areas:

- › Discount rates and inflation factors used in the calculation of employee benefits, disclosed further in Note 3.3; and

- › 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 AASBs 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 4.2); and
- › Actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.3).

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments. Actual results may differ from these estimates.

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

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

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

### 1.3: Reporting Entity

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

Its principal address is:  
Ryrie Street, Geelong Victoria 3220

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

## 1.4: Scope and Presentation of financial statements

### Principles of Consolidation

In accordance with AASB 10 Consolidated Financial Statements:

- › The consolidated financial statements of Barwon Health include all reporting entities controlled by Barwon Health as at 30 June 2019;
- › 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 8.7; and

- › The parent entity is not shown separately in the notes. Where control of an entity is obtained during the financial period, its results are included in the comprehensive operating statement from the date on which control commenced. Where control ceases during a financial period, the entity's results are included for that part of the period in which control existed. Where entities adopt dissimilar accounting policies and their effect is considered material, adjustments are made to ensure consistent policies are adopted in these financial statements.

Entities consolidated into Barwon Health reporting entity include Barwon Health Foundation Future Fund Limited and The Trustee of Barwon Health Future Fund. Barwon Health Foundation Future Fund Limited and the Trustee at Barwon Health Future Fund are controlled entities of Barwon Health by virtue of the existence of congruent objectives, exposure to variable returns and ability to affect the amount of returns from these entities.

### Intersegment Transactions

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

### Joint Arrangements

Interests in jointly controlled operations and assets are accounted for by recognising in Barwon Health's financial statements, its share of assets, liabilities and any revenue and expenses of such joint arrangements. Details of the joint arrangement are set out in Note 8.8.

### **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.

### **Comparatives**

Where applicable, the comparative figures have been restated to align with the presentation in the current year. Figures have been restated at Notes 2.1, 3.1, 3.2, 3.3, 5.2, 6.2, 7.1 and 8.8.

## **1.5: Goods and Services Tax (GST)**

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the ATO is included with other receivables or payables in the balance sheet.

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

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



## NOTE 2: FUNDING DELIVERY OF OUR SERVICE

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

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

### Structure

#### 2.1 Income from Transactions

#### Note 2.1: Income from transactions

Income from Transactions	Note	2019 \$'000	2018 \$'000
Government Grants - Operating		641,125	609,650
Government Grants - Capital		40,888	20,508
Patient and Resident Fees		49,441	56,884
Private Practice Fees		3,240	2,808
Commercial Activities	3.2	39,321	32,033
Other Revenue from Operating Activities (including non-capital donations)		30,038	15,629
<b>Total Income from Operating Activities</b>		<b>804,053</b>	<b>737,512</b>
Capital Interest		30	(53)
Other Interest		105	70
Dividends		306	83
<b>Total Income from Non-Operating Activities</b>		<b>441</b>	<b>100</b>
Available-for-Sale Revaluation gain recognised		-	16
<b>Total Capital Purpose Income</b>		<b>-</b>	<b>16</b>
<b>TOTAL INCOME FROM TRANSACTIONS</b>		<b>804,494</b>	<b>737,628</b>

## Note 2.1: Income from transactions (continued)

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

Amounts disclosed as revenue are where applicable, net of returns, allowances and duties and taxes.

### Government Grants and other transfers of income (other than contributions by owners)

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

The Department of Health and Human Services makes certain payments on behalf of Barwon Health. These amounts have been brought to account as grants in determining the operating result for the year by recording them as revenue.

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.

### Non-cash 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:

- › The Victorian Managed Insurance Authority non-medical indemnity insurance payments are recognised as revenue following advice from the Department of Health and Human Services; and
- › Long Service Leave (LSL) revenue is recognised upon finalisation of movements in LSL liability in line with the long service leave funding arrangements set out in the relevant Department of Health and Human Services Hospital Circular.

### Patient and Resident Fees

Patient fees are recognised as revenue on an accrual basis.

### Private Practice Fees

Private practice fees are recognised as revenue at the time invoices are raised, and include recoupments from private practice for the use of hospital facilities.

### Revenue from Commercial Activities

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

**Fair value of assets and services received free of charge or for nominal consideration**

Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying amount. Contributions in the form of services are only recognised when a fair value can be reliably determined and the service would have been purchased if not received as a donation.

**Donations and Other Bequests**

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

Donations from the community and estate bequests are included in the Comprehensive Operating Statement. Unspent donations which are for a specific purpose may be appropriated to a specific purpose reserve.

**Dividend Revenue**

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

**Interest Revenue**

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

**Sale of Investments**

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

# NOTE 3: THE COST OF DELIVERING SERVICES

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

## Structure

3.1 Expenses from Transactions

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: Expenses from transactions

Expenses from Transactions	2019 \$'000	2018 \$'000
Salaries and Wages	445,318	407,112
On-Costs	102,359	95,533
Agency Expenses	6,065	4,266
Fee for Service Medical Office Expenses	3,148	3,344
Workcover Premium	5,753	4,260
<b>Total Employee Expenses</b>	<b>562,643</b>	<b>514,515</b>
Drug Supplies	53,328	51,854
Medical and Surgical Supplies (including Prostheses)	37,707	35,025
Diagnostic and Radiology Supplies	7,497	7,301
Other Supplies and Consumables	33,671	32,847
<b>Total Supplies and Consumables</b>	<b>132,203</b>	<b>127,027</b>
Finance Costs	228	111
<b>Total Finance Costs</b>	<b>228</b>	<b>111</b>
Fuel, Light, Power and Water	6,717	5,928
Repairs and Maintenance	3,931	4,589
Maintenance Contracts	7,383	6,162
Medical Indemnity Insurance	8,313	8,239
Other Administrative Expenses	36,203	33,548
Expenditure for Capital Purposes	3,438	2,839
<b>Total Other Operating Expenses</b>	<b>65,985</b>	<b>61,305</b>
Depreciation and Amortisation	47,566	44,602
<b>Total Other Non-Operating Expenses</b>	<b>47,566</b>	<b>44,602</b>
<b>TOTAL EXPENSES FROM TRANSACTIONS</b>	<b>808,625</b>	<b>747,560</b>

### Note 3.1: Expenses from Transactions (continued)

#### Expense Recognition

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

#### Employee Benefits

Employee benefits include:

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

#### Other Operating Expenses

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

##### *Non Salary Labour Costs*

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

##### *Supplies and Consumables*

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

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

	Revenue		Expense	
	Consol'd 2019 \$'000	Consol'd 2018 \$'000	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>Commercial Activities</b>				
Cafeteria	3,472	3,367	3,317	3,028
Investments	1,998	2,005	33	23
Linencare	365	363	182	26
Properties	6,533	1,643	1,782	1,559
Salary Packaging	1,782	1,755	306	290
External Supply	14,033	12,042	10,681	11,022
Other	1,179	935	688	673
<b>Total Commercial Activities</b>	<b>29,362</b>	<b>22,110</b>	<b>16,989</b>	<b>16,621</b>
<b>Other Activities</b>				
Donations	1,601	2,223	3,734	1,215
Private Practice	3,248	2,689	2,133	2,062
Research	5,059	5,008	2,000	4,573
Restricted	51	3	25	15
<b>TOTAL</b>	<b>39,321</b>	<b>32,033</b>	<b>24,881</b>	<b>24,486</b>



### Note 3.3: Employee benefits and related on-costs provisions

Employee benefits and related on-costs provisions	2019 \$'000	2018 \$'000
<b>Current Provisions</b>		
<b>Employee Benefits</b>		
Annual Leave		
› Unconditional and expected to be settled wholly within 12 months (at nominal value)	35,892	33,383
› Unconditional and expected to be settled wholly after 12 months (at present value)	6,020	5,535
Long Service Leave		
› Unconditional and expected to be settled wholly within 12 months (at nominal value)	29,366	25,568
› Unconditional and expected to be settled wholly after 12 months (at present value)	35,849	29,596
Accrued Days Off	911	924
	<b>108,038</b>	<b>95,006</b>
<b>Provisions related to employee benefit on-costs</b>		
› Annual Leave	4,506	4,090
› Unconditional Long Service Leave Entitlements	7,011	5,798
› Accrued Days Off	98	97
<b>Total current provisions related to employee benefit on-costs</b>	<b>11,615</b>	<b>9,985</b>
<b>TOTAL CURRENT PROVISIONS</b>	<b>119,653</b>	<b>104,991</b>
<b>Non-Current Provisions</b>		
› Conditional Long Service Leave Entitlements (at present value)	24,039	19,637
› Employee benefit on-costs for Long Service Leave	2,584	2,064
<b>Total Non-Current Provisions</b>	<b>26,623</b>	<b>21,701</b>
<b>TOTAL PROVISIONS</b>	<b>146,276</b>	<b>126,692</b>
<b>a) Employee Benefits and Related On-Costs</b>		
<b>Current Employee Benefits and Related On-costs</b>		
Unconditional Annual Leave	46,418	43,008
Unconditional Long Service Leave Entitlements	72,225	60,962
Accrued Days Off	1,009	1,021
<b>Non-Current Employee Benefits and Related On-costs</b>		
Conditional Long Service Leave Entitlements	26,623	21,701
<b>TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS</b>	<b>146,275</b>	<b>126,692</b>
<b>b) Movement in Long Service Leave</b>		
Balance at start of year	82,663	74,992
Provision made during the year		
Revaluations	5,305	43
Expense recognising Employee Service	19,823	15,260
Settlement made during the year	(8,943)	(7,631)
<b>BALANCE AT END OF YEAR</b>	<b>98,848</b>	<b>82,664</b>

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

#### 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% (2018: 3.875%) 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% (2018: 9.5%) and workcover rate of 1.25% (2018: 1.01%).

#### Employee Benefits

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

#### Provisions

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

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

#### Wages and Salaries, Annual Leave and Accrued Days Off

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

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

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

#### Long Service Leave

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

#### Current Liability

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

The components of this current LSL liability are measured at:

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

#### Non-Current Liability

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

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

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

#### Employee Benefit On-Costs

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

### Note 3.4: Superannuation

	Contribution Paid		Contribution Payable	
	Consol'd 2019 \$'000	Consol'd 2018 \$'000	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>Defined contribution plans:</b>				
› First State Super	23,004	22,262	-	-
› Hesta	16,270	14,759	-	-
› Other compliant superannuation funds as selected by employee	2,633	1,907	-	-
<b>Defined benefit plans:</b>				
› First State Super	593	610	-	-
› ESS Super	171	177	-	-
<b>TOTAL</b>	<b>42,671</b>	<b>39,715</b>	<b>-</b>	<b>-</b>

#### Superannuation Liabilities

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

#### Defined contribution superannuation plans

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

#### Defined benefit superannuation plans

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

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

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

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

# NOTE 4: KEY ASSETS TO SUPPORT SERVICE DELIVERY

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

## Structure

- 4.1 Investments and other financial assets
- 4.2 Property, plant & equipment
- 4.3 Depreciation and amortisation
- 4.4 Investment properties
- 4.5 Intangibles

## Note 4.1: Investments and other financial assets

	Operating Fund		Capital Fund		Total	
	Consol'd	Consol'd	Consol'd	Consol'd	Consol'd	Consol'd
	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000	2019 \$'000	2018 \$'000
<b>Current</b>						
> Australian Dollar Term Deposits < 3 months	-	-	3,065	2,217	3,065	2,217
> Fixed Bonds and Floating Rate Notes	-	-	3,526	2,013	3,526	2,013
<b>TOTAL CURRENT</b>	-	-	<b>6,591</b>	<b>4,230</b>	<b>6,591</b>	<b>4,230</b>
<b>Non- Current</b>						
> Equities at Fair Value	3,502	2,335	-	-	3,502	2,335
> Fixed Bonds and Floating Rate Notes	-	-	13,784	10,180	13,784	10,180
<b>TOTAL NON CURRENT</b>	<b>3,502</b>	<b>2,335</b>	<b>13,784</b>	<b>10,180</b>	<b>17,286</b>	<b>12,515</b>
<b>TOTAL</b>	<b>3,502</b>	<b>2,335</b>	<b>20,375</b>	<b>14,410</b>	<b>23,877</b>	<b>16,745</b>
<b>Represented by:</b>						
Health Service Investments					167	2,046
Barwon Health Foundation Future Fund					6,401	4,506
Monies Held in Trust						
> Refundable Accommodation Deposits					17,310	10,193
<b>TOTAL</b>					<b>23,878</b>	<b>16,745</b>

## Note 4.1: Investments and other financial assets (continued)

### Investments and Other Financial Assets

Barwon Health's investments are made in accordance with Standing Direction 3.7.2 – Treasury management, including Central Banking System. Investments and other financial assets are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, net of transaction costs.

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

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

### 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 2019 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 2019. These methodologies were critiqued and considered to be consistent with standard market valuation techniques.



## Note 4.2: Property, plant and equipment

### Note 4.2(a) Gross carrying amount as at 30 June 2019

2019 Consolidated	At Cost / Valuation \$'000	Accumulated Depreciation / Amortisation \$'000	Net Assets 2019 \$'000
<b>Land and Buildings</b>			
<b>At Fair Value</b>			
Land at Valuation on 30 June 2019	62,972	-	62,972
Crown Land at Valuation on 30 June 2019	11,029	-	11,029
Buildings at Valuation on 30 June 2019	600,920	-	600,920
	<b>674,921</b>	-	<b>674,921</b>
<b>Assets Under Construction at Cost</b>	<b>28,896</b>	-	<b>28,896</b>
<b>Leasehold Improvements at Fair Value</b>	<b>2,623</b>	<b>1,028</b>	<b>1,595</b>
<b>Plant and Equipment at Fair Value</b>			
› Plant	16,917	7,959	8,958
› Motor Vehicles	6,644	5,014	1,630
› Other	36,411	26,304	10,107
	<b>59,972</b>	<b>39,277</b>	<b>20,695</b>
<b>Medical Equipment at Fair Value</b>	<b>89,443</b>	<b>58,254</b>	<b>31,190</b>
<b>Furniture and Fittings at Fair Value</b>	<b>11,119</b>	<b>2,474</b>	<b>8,645</b>
<b>TOTAL PROPERTY, PLANT AND EQUIPMENT</b>	<b>866,974</b>	<b>101,033</b>	<b>765,942</b>

The effective date of the valuation was 30 June 2019.

## Note 4.2: Property, plant and equipment (continued)

### Note 4.2(a) Gross carrying amount as at 30 June 2018

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

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

#### Property, Plant and Equipment

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

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

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

## Note 4.2: Property, plant and equipment (continued)

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

### Revaluations of Non-current Physical Assets

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

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

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

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

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

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 highest and best use, as no market or other factors suggest that a different use would maximise the value of the asset.

## Note 4.2: Property, plant and equipment (continued)

### Note 4.2(b) Reconciliations of the carrying amounts of each class of asset

2019 Consolidated	Note	Land	Buildings	Leasehold Improvements	Plant & Equipment \$'000	Medical Equipment \$'000	Furniture & Fittings \$'000	Linen \$'000	Assets Under Construction \$'000	Total \$'000
Balance at 1 July 2018		59,860	439,457	1,278	19,077	24,633	5,072	-	18,629	568,006
Additions		-	5,064	738	5,606	8,514	4,489	-	21,636	46,047
Revaluation Increment		3,952	180,837	-	-	-	-	-	-	184,789
Transfers from Assets Under Construction		-	6,145	-	1,203	3,996	25	-	(11,369)	-
Transfers (other)		10,189	3,975	-	-	-	-	-	-	14,164
Disposals		-	-	(224)	(559)	(96)	-	-	-	(879)
Depreciation and Amortisation	4.3	-	(34,558)	(197)	(4,632)	(5,857)	(941)	-	-	(46,185)
<b>Balance at 30 June 2019</b>	<b>4.2(a)</b>	<b>74,001</b>	<b>600,920</b>	<b>1,595</b>	<b>20,695</b>	<b>31,190</b>	<b>8,645</b>	<b>-</b>	<b>28,896</b>	<b>765,942</b>

#### 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 2019. An independent valuation was last performed on 30 June 2014.

2018 Consolidated	Note	Land	Buildings	Leasehold Improvements	Plant & Equipment \$'000	Medical Equipment \$'000	Furniture & Fittings \$'000	Linen \$'000	Assets Under Construction \$'000	Total \$'000
Balance at 1 July 2017		52,372	462,503	560	16,320	22,776	3,987	65	9,758	568,341
Additions		-	9,081	997	5,997	5,963	1,600	-	12,334	35,972
Revaluation Increment		6,908	-	-	-	-	-	-	-	6,908
Transfers from Assets Under Construction		-	1,613	-	1,229	577	44	-	(3,463)	-
Transfers (other)		580	139	-	-	-	-	-	-	719
Disposals		-	-	-	(61)	(20)	-	(65)	-	(146)
Depreciation and Amortisation	4.3	-	(33,879)	(279)	(4,408)	(4,663)	(559)	-	-	(43,788)
<b>Balance at 30 June 2018</b>	<b>4.2(a)</b>	<b>59,860</b>	<b>439,457</b>	<b>1,278</b>	<b>19,077</b>	<b>24,633</b>	<b>5,072</b>	<b>-</b>	<b>18,629</b>	<b>568,006</b>

#### Land and Buildings carried at Valuation

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

An independent valuation by Valuer-General Victoria was last performed on 30 June 2014.

## Note 4.2: Property, plant and equipment (continued)

### Note 4.2(c) Fair value measurement hierarchy for assets

	Consolidated carrying amount as at 30 June 2019 \$'000	Fair value measurement at end of reporting period using <sup>(1)</sup> :		
		Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000
<b>Land and Buildings at Fair Value</b>				
Non-specialised Land	32,983	-	32,983	-
Specialised Land	41,018	-	-	41,018
Non-specialised Buildings	3,507	-	-	3,507
Specialised Buildings	597,413	-	-	597,413
Leasehold Improvements	1,595	-	-	1,595
<b>Total Land and Buildings at Fair Value</b>	<b>676,516</b>	<b>-</b>	<b>32,983</b>	<b>643,533</b>
<b>Plant and Equipment at Fair Value</b>				
> Plant at Depreciated Replacement Cost	8,958	-	-	8,958
> Motor Vehicles at Depreciated Replacement Cost	1,630	-	-	1,630
> Other at Depreciated Replacement Cost	10,107	-	-	10,107
<b>Total Plant and Equipment at Fair Value</b>	<b>20,695</b>	<b>-</b>	<b>-</b>	<b>20,695</b>
<b>Medical equipment at Fair Value</b>	<b>31,190</b>	<b>-</b>	<b>-</b>	<b>31,190</b>
<b>Furniture and Fittings at Fair Value</b>	<b>8,645</b>	<b>-</b>	<b>-</b>	<b>8,645</b>
	<b>737,046</b>	<b>-</b>	<b>32,983</b>	<b>704,063</b>

<sup>(1)</sup> Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period.

## Note 4.2: Property, plant and equipment (continued)

### Note 4.2(c) Fair value measurement hierarchy for assets (continued)

	Consolidated carrying amount as at 30 June 2018 \$'000	Fair value measurement at end of reporting period using <sup>(1)</sup> :		
		Level 1	Level 2	Level 3
		\$'000	\$'000	\$'000
<b>Land and Buildings at Fair Value</b>				
Non-specialised Land	23,161	-	23,161	-
Specialised Land	36,698	-	-	36,698
Non-specialised Buildings	1,141	-	-	1,141
Specialised Buildings	438,317	-	-	438,317
Leasehold Improvements	1,278	-	-	1,278
<b>Total Land and Buildings at Fair Value</b>	<b>500,595</b>	<b>-</b>	<b>23,161</b>	<b>477,434</b>
<b>Plant and Equipment at Fair Value</b>				
› Plant at Depreciated Replacement Cost	7,726	-	-	7,726
› Motor Vehicles at Depreciated Replacement Cost	1,656	-	-	1,656
› Other at Depreciated Replacement Cost	9,695	-	-	9,695
<b>Total Plant and Equipment at Fair Value</b>	<b>19,077</b>	<b>-</b>	<b>-</b>	<b>19,077</b>
<b>Medical equipment at Fair Value</b>	<b>24,633</b>	<b>-</b>	<b>-</b>	<b>24,633</b>
<b>Furniture and Fittings at Fair Value</b>	<b>5,072</b>	<b>-</b>	<b>-</b>	<b>5,072</b>
	<b>549,377</b>	<b>-</b>	<b>23,161</b>	<b>526,216</b>

<sup>(1)</sup> Classified in accordance with the fair value hierarchy.

There have been no transfers between levels during the period.



## Note 4.2: Property, plant and equipment (continued)

### Note 4.2(c) Fair value measurement hierarchy for assets as at 30 June 2019 (continued)

#### Non-specialised land and non-specialised buildings

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

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

Buildings written down value is based on the independent valuers assessment plus consideration of depreciation and remaining useful life.

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

#### Specialised land and specialised buildings

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

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

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

An independent valuation of Barwon Health's specialised land and specialised buildings was performed by the Valuer-General Victoria. The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation was 30 June 2019.

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

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

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

There were no changes in valuation techniques throughout the period to 30 June 2019.

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

## Note 4.2: Property, plant and equipment (continued)

### Note 4.2(d) Reconciliation of Level 3 Fair Value

2019 Consolidated	Specialised Land \$'000	Specialised Buildings \$'000	Non-Specialised Buildings \$'000	Leasehold Improvements \$'000	Plant & equipment \$'000	Medical Equipment \$'000	Furniture & Fittings \$'000	Linen \$'000
<b>Opening Balance</b>	<b>36,698</b>	<b>438,317</b>	<b>1,141</b>	<b>1,278</b>	<b>19,077</b>	<b>24,633</b>	<b>5,072</b>	-
Additions	-	11,193	16	738	6,809	12,509	4,514	-
Gains or losses recognised in net result								
› Disposals	-	-	-	(224)	(559)	(96)	-	-
› Transfers	3,751	2,310	1,665	-	-	-	-	-
› Depreciation	-	(34,458)	(100)	(197)	(4,632)	(5,856)	(941)	-
<b>Subtotal</b>	<b>40,449</b>	<b>417,362</b>	<b>2,722</b>	<b>1,595</b>	<b>20,695</b>	<b>31,190</b>	<b>8,645</b>	-
Items recognised in other comprehensive income								
› Revaluation	569	180,052	785	-	-	-	-	-
<b>Closing Balance</b>	<b>41,018</b>	<b>597,414</b>	<b>3,507</b>	<b>1,595</b>	<b>20,695</b>	<b>31,190</b>	<b>8,645</b>	-

### Note 4.2(d) Reconciliation of Level 3 Fair Value (continued)

2018 Consolidated	Specialised Land \$'000	Specialised Buildings \$'000	Non-Specialised Buildings \$'000	Leasehold Improvements \$'000	Plant & equipment \$'000	Medical Equipment \$'000	Furniture & Fittings \$'000	Linen \$'000
<b>Opening Balance</b>	<b>31,953</b>	<b>461,304</b>	<b>1,199</b>	<b>560</b>	<b>16,320</b>	<b>22,776</b>	<b>3,987</b>	<b>65</b>
Additions	-	10,834		997	7,226	6,539	1,644	-
Gains or losses recognised in net result								
› Disposals	-	-	-	-	(61)	(19)	-	(65)
› Transfers	-	-	-	-	-	-	-	-
› Depreciation	-	(33,821)	(58)	(279)	(4,408)	(4,663)	(559)	-
<b>Subtotal</b>	<b>31,953</b>	<b>438,317</b>	<b>1,141</b>	<b>1,278</b>	<b>19,077</b>	<b>24,633</b>	<b>5,072</b>	-
Items recognised in other comprehensive income								
› Revaluation	4,745	-	-	-	-	-	-	-
<b>Closing Balance</b>	<b>36,698</b>	<b>438,317</b>	<b>1,141</b>	<b>1,278</b>	<b>19,077</b>	<b>24,633</b>	<b>5,072</b>	-

## Note 4.2: Property, plant and equipment (continued)

### Note 4.2(e) Description of significant unobservable inputs to Level 3 valuations

	Valuation technique	Significant unobservable inputs
Specialised land	Market approach	Community Service Obligation (CSO) adjustment, range 0% to 25%
Specialised buildings and non-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 Useful life of linen

The significant unobservable inputs remain unchanged in 2019.

### Note 4.3: Depreciation and amortisation

	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>Depreciation</b>		
Buildings	34,558	33,879
Leasehold Improvements	197	279
Plant and Equipment	4,632	4,408
Medical Equipment	5,857	4,663
Furniture and Fittings	941	559
<b>Total Depreciation</b>	<b>46,185</b>	<b>43,788</b>
<b>Amortisation</b>		
Intangible Assets	1,381	814
<b>Total Amortisation</b>	<b>1,381</b>	<b>814</b>
<b>Total Depreciation and Amortisation</b>	<b>47,566</b>	<b>44,602</b>

#### Depreciation

Assets with a cost in excess of \$2,000 (2018: \$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 (2018: \$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.

As part of the building valuation, building values were componentised and each component assessed for its useful life which is determined by the valuer and/or management.

	2019	2018
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 determined by the valuer and/or management.

#### 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 4.4: Investment properties

### Note 4.4(a) Movements in carrying value for investment properties

	Consol'd 2019 \$'000	Consol'd 2018 \$'000
Balance at Beginning of Period	14,824	14,848
Net Gain from fair value adjustment	-	695
Transfer to Property, Plant & Equipment	(14,164)	(719)
Transfer to Assets Held For Sale	(660)	-
<b>Balance at the End of Period</b>	<b>-</b>	<b>14,824</b>

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

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

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

Rental income from Investment Properties for the year was \$172,178 (2018: \$635,793). Related operating expenses were \$1,329 (2018: \$3,032).

Investment properties are initially recognised at cost.

Subsequent to initial recognition at cost, investment properties are revalued to fair value, determined annually by independent valuers or assessed for indication of material movements. Fair values are determined based on a market comparable approach that reflects recent transaction prices for similar properties. Investment properties are neither depreciated nor tested for impairment.

## Note 4.4: Investment properties (continued)

### Note 4.4(b) Fair value measurement hierarchy for investment properties

	Consolidated carrying amount as at 30 June 2019	Fair value measurement at end of reporting period using <sup>(1)</sup> :		
		Level 1	Level 2	Level 3
Investment properties	-	-	-	-
	-	-	-	-

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

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

(1) Classified in accordance with the fair value hierarchy

There have been no transfers between levels during the period. There were no changes in valuation techniques throughout the period to 30 June 2019.

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



## Note 4.5: Intangible assets

	Consol'd 2019 \$'000	Consol'd 2018 \$'000
Intangible Assets	10,193	2,787
<b>Total Intangible Assets</b>	<b>10,193</b>	<b>2,787</b>

Reconciliation of the carrying amounts of intangible assets at the beginning and the end of the previous and current financial year:

<b>Balance at beginning of financial year</b>	<b>2,787</b>	<b>1,193</b>
Additions	8,787	2,408
Amortisation	(1,381)	(814)
<b>Balance at end of financial year</b>	<b>10,193</b>	<b>2,787</b>
<b>Total Intangible Assets</b>	<b>10,193</b>	<b>2,787</b>

### 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 (2018: 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 Payables

5.3 Monies held in trust

## Note 5.1: Receivables

	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>CURRENT</b>		
<b>Contractual</b>		
Patient Fees	6,286	5,259
Sundry Debtors	15,267	6,107
Less: Allowance for impairment losses of contractual receivables	(222)	(824)
Accrued Investment Income	102	107
Accrued Revenue - Other	4,501	4,644
	<b>25,934</b>	<b>15,293</b>
<b>Statutory</b>		
GST Receivable	2,639	4,586
Accrued Revenue - Department of Health and Human Services	2,659	1,289
<b>TOTAL CURRENT RECEIVABLES</b>	<b>31,232</b>	<b>21,168</b>
<b>NON CURRENT</b>		
<b>Statutory</b>		
Long Service Leave - Department of Health and Human Services	37,561	29,391
<b>TOTAL NON CURRENT RECEIVABLES</b>	<b>37,561</b>	<b>29,391</b>
<b>TOTAL RECEIVABLES</b>	<b>68,793</b>	<b>50,559</b>
<b>(a) Movement in allowance for impairment losses of contractual receivables:</b>		
Balance at beginning of year	(824)	(1,148)
Amounts written off during year as uncollectible	(517)	32
(Increase) / decrease in allowance recognised in net result	1,119	292
<b>Balance at end of the year</b>	<b>(222)</b>	<b>(824)</b>

## Note 5.1: Receivables (continued)

### Receivables

Receivables consist of:

- › Contractual receivables, which consists of debtors in relation to goods and services and accrued investment income. These receivables are classified as financial instruments and categorised as 'financial assets at amortised costs'. They are initially recognised at fair value plus any directly attributable transaction costs. Barwon Health holds the contractual receivables with the objective to collect the contractual cash flows and therefore subsequently measured at amortised cost using the effective interest method, less any impairment.
- › Statutory receivables, which predominantly includes amounts owing from the Victorian Government and Goods and Services Tax (GST) input tax credits recoverable. Statutory receivables do not arise from contracts and are recognised and measured similarly to contractual receivables (except for impairment), but are not classified as financial instruments for disclosure purposes. Barwon Health applies AASB 9 for initial measurement of the statutory receivables and as a result statutory receivables are initially recognised at fair value plus any directly attributable transaction cost.

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition.

In assessing impairment of statutory (non-contractual) financial assets, which are not financial instruments, professional judgement is applied in assessing materiality using estimates, averages and other computational methods in accordance with AASB 136 Impairment of Assets.

Receivables are subject to impairment loss assessment in accordance with AASB 9's expected credit loss model and the impairment loss allowance is increased accordingly with the impairment expense recognised in the net result as an 'other economic flow'. However, when it becomes mutually agreed between debtor and creditor that the receivable has become uncollectible, the carrying amount of the receivable needs to be reduced, and a bad debt expense for the write-off recognised in the net result as a transaction. Accordingly at the same time, the amount in the provision together with its related impairment expense initially recognised as an 'other economic flow' will need to be reversed.

Barwon Health is not exposed to any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Trade receivables consist of a large number of customers in various geographical areas. Based on historical information about customer default rates, management consider the credit quality of trade receivables that are not past due or impaired to be good.

## Note 5.2: Payables

	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>Current</b>		
<b>Contractual</b>		
Trade Creditors	6,794	5,963
Accrued Expenses	21,444	16,328
Accrued Salaries and Wages	14,718	15,584
Salary Packaging	1,455	1,303
Other - payables	2,822	404
	<b>47,233</b>	<b>39,582</b>
<b>Statutory</b>		
Superannuation	2	8
Department of Health and Human Services	1,179	-
Australian Taxation Office	4,246	5,394
	<b>5,427</b>	<b>5,402</b>
<b>Total Payables</b>	<b>52,660</b>	<b>44,984</b>

### Payables

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

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

## Note 5.3: Monies held in trust

	Note	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>Current</b>			
<b>Contractual</b>			
Refundable Accommodation Deposits		21,930	19,072
Residential Patient Monies held in Trust		864	771
<b>Total Monies Held in Trust</b>		<b>22,794</b>	<b>19,843</b>
<b>Total Monies Held in Trust</b>			
Represented by the following assets:			
Cash held - monies held in trust	6.1	5,484	445
Investments and other financial assets		17,310	19,398
<b>Total Monies Held in Trust</b>		<b>22,794</b>	<b>19,843</b>

Monies held in trust represents money held on behalf of aged residential patients. Refundable Accommodation Deposits 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*

*6.2 Commitments for expenditure*

*6.3 Commitments for income*

### Note 6.1: Cash and cash equivalents

	Note	Consol'd 2019 \$'000	Consol'd 2018 \$'000
Cash at Bank		41,923	12,501
Cash on Hand		28	30
Deposits at Call		-	40,000
<b>Total Cash and Cash Equivalents</b>		<b>41,951</b>	<b>52,531</b>
Represented by:			
Cash for Health Service Operations		36,467	52,086
Cash held for residential patient monies held in trust	5.3	5,484	445
<b>Total Cash and Cash Equivalents</b>		<b>41,951</b>	<b>52,531</b>

### Cash and Cash Equivalents

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

## Note 6.2: Commitments for expenditure

### Note 6.2(a) Capital expenditure commitments

	Consol'd 2019 \$'000	Consol'd 2018 \$'000
Building Projects	13,907	44,134
Equipment Upgrades	-	2,667
	<b>13,907</b>	<b>46,801</b>
Not later than one year	9,718	44,597
Later than 1 year and not later than 5 years	4,184	2,204
5 years or more	5	-
<b>Total</b>	<b>13,907</b>	<b>46,801</b>

### Note 6.2(b) Other expenditure commitments

	Consol'd 2019 \$'000	Consol'd 2018 \$'000
Not later than one year	6,537	4,356
Later than one year and not later than 5 years	11,125	3,128
5 years or more	1,355	701
<b>Total</b>	<b>19,017</b>	<b>8,185</b>

### Note 6.2(c) Lease commitments

	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>Equipment</b>		
Not later than one year	3,077	1,971
Later than one year and not later than 5 years	7,213	5,789
5 years or more	1,108	695
	<b>11,398</b>	<b>8,455</b>
<b>Motor Vehicles</b>		
Not later than one year	128	98
Later than one year and not later than 5 years	310	120
5 years or more	13	-
	<b>451</b>	<b>218</b>
<b>Property</b>		
Not later than one year	922	852
Later than one year and not later than 5 years	1,607	1,447
5 years or more	-	2
	<b>2,529</b>	<b>2,301</b>

### (d) Lease Commitments - Finance

	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>Motor Vehicles</b>		
Not later than one year	174	20
Later than one year and not later than 5 years	252	40
	<b>426</b>	<b>60</b>
Total commitments for expenditure (inclusive of GST)	47,728	66,020
Less GST recoverable from the Australian Taxation Office	4,339	6,002
<b>Total commitments for expenditure (exclusive of GST)</b>	<b>43,389</b>	<b>60,018</b>

All amounts are shown inclusive of GST, unless indicated.

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.

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



### Note 6.3: Commitments for income

	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>Operating lease commitments - as lessor (receivables)</b>		
Future receivables under non-cancellable leases as at 30 June 2019 are, as follows:		
<b>Property</b>		
Not later than one year	453	1,200
Later than one year and not later than 5 years	478	2,841
5 years or more	-	9
	<b>931</b>	<b>4,050</b>

All amounts are shown inclusive of GST.

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

All incentives for the agreement of a new or renewed operating lease are recognised as an integral part of the net consideration agreed for the use of the leased asset, irrespective of the incentive's nature or form or the timing of payments.

In the event that lease incentives are given to the lessee, the aggregate cost of incentives is recognised as a reduction of rental income over the lease term, on a straight-line basis unless another systematic basis is more appropriate of the time pattern over which the economic benefit of the leased asset is diminished.

# 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

#### Note 7.1: Financial instruments

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

Consolidated 2019	Note	Financial Assets at Amortised Cost \$'000	Financial Assets at Fair Value Through Net Result \$'000	Financial Assets at Fair Value Through Other Comprehensive Income \$'000	Contractual Financial Liabilities at Amortised Cost \$'000	Total \$'000
<b>Financial Assets</b>						
Cash and Cash Equivalents	6.1	41,951	-	-	-	41,951
Receivables	5.1	25,934	-	-	-	25,934
Investments and Other Financial Assets	4.1	-	-	23,877	-	23,877
<b>Total Financial Assets</b>		<b>67,885</b>	<b>-</b>	<b>23,877</b>	<b>-</b>	<b>91,762</b>
<b>Financial Liabilities</b>						
Trade Creditors and Other Payables	5.2	-	-	-	47,233	47,233
Refundable Accommodation Deposits	5.3	-	-	-	21,930	21,930
Residential Patient Monies held in Trust	5.3	-	-	-	864	864
Borrowings		-	-	-	1,143	1,143
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>71,170</b>	<b>71,170</b>

## Note 7.1: Financial instruments (continued)

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

Consolidated 2018	Note	Contractual Financial Assets - Loans and Receivables \$'000	Available-for-Sale Financial Assets at Fair Value \$'000	Contractual Financial Liabilities at Amortised Cost \$'000	Total \$'000
<b>Financial Assets</b>					
Cash and Cash Equivalents	6.1	52,531	-	-	52,531
Receivables	5.1	15,293	-	-	15,293
Investments and Other Financial Assets	4.1	-	16,745	-	16,745
<b>Total Financial Assets</b>		<b>67,824</b>	<b>16,745</b>	<b>-</b>	<b>84,569</b>
<b>Financial Liabilities</b>					
Trade Creditors and Other Payables	5.2	-	-	39,582	39,582
Refundable Accommodation Deposits	5.3	-	-	19,072	19,072
Residential Patient Monies held in Trust	5.3	-	-	771	771
<b>Total Financial Liabilities</b>		<b>-</b>	<b>-</b>	<b>59,425</b>	<b>59,425</b>

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

### 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.

From 1 July 2018, Barwon Health applies AASB 9 and classifies all of its financial assets based on the business model for managing the assets and the asset's contractual terms.

### Categories of financial assets under AASB 9:

#### *Financial assets at amortised cost*

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

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

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

Barwon Health recognises the following assets in this category:

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

## Note 7.1: Financial instruments (continued)

### *Financial assets at fair value through other comprehensive income*

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

- › the assets are held by Barwon Health to achieve its objective both by collecting the contractual cash flows and by selling the financial assets, and
- › the assets' contractual terms give rise to cash flows that are solely payments of principal and interests.

Equity investments are measured at fair value through other comprehensive income as the assets are not held for trading and Barwon Health has irrevocably elected at initial recognition to recognise in this category.

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

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

### **Categories of financial assets previously under AASB 139:**

#### *Loans and Receivables*

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

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

#### *Available-for-Sale Financial Assets*

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

#### *Financial Liabilities at Amortised Cost*

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

#### *Revaluations of financial instruments at fair value*

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

#### *Net gain/(loss) on financial instruments*

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

## Note 7.1: Financial instruments (continued)

### Note 7.1(b) Payables and Borrowing Maturity Analysis

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

Consolidated	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	
<b>2019</b>								
<b>Financial Liabilities</b>								
Trade Creditors and Other Payables	47,233	47,233	38,059	8,131	1,043	-	-	
Refundable Accommodation Deposits	21,930	21,930	1,206	702	6,908	10,044	3,070	
Residential Patient Monies held in Trust	864	864	151	255	393	64	-	
Borrowings	1,143	1,143	128	28	124	683	-	
<b>Total Financial Liabilities</b>	<b>71,170</b>	<b>71,170</b>	<b>39,545</b>	<b>9,116</b>	<b>8,467</b>	<b>10,792</b>	<b>3,070</b>	
<b>2018</b>								
Financial Liabilities:								
Trade Creditors and Other Payables	39,582	39,582	36,901	1,767	914	-	-	
Refundable Accommodation Deposits	19,072	19,072	870	311	17,891	-	-	
Residential Patient Monies held in Trust	771	771	135	228	351	57	-	
<b>Total Financial Liabilities</b>	<b>59,425</b>	<b>59,425</b>	<b>37,906</b>	<b>2,306</b>	<b>19,156</b>	<b>57</b>	<b>-</b>	

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

## Note 7.1: Financial instruments (continued)

### Note 7.1(c) Contractual Receivables at Amortised Cost

Consolidated	Maturity Dates				Total \$'000
	Less than 1 Month \$'000	1-3 Months \$'000	3 months - 1 Year \$'000	1-5 Years \$'000	
<b>2019</b>					
<b>Expected Loss Rate</b>	1%	1%	1%	1%	1%
Gross carrying amount of contractual receivables	8,625	5,712	3,536	189	18,062
<b>Loss Allowance</b>	<b>106</b>	<b>70</b>	<b>43</b>	<b>2</b>	<b>222</b>
<b>2018</b>					
<b>Expected Loss Rate</b>	2%	2%	2%	2%	2%
Gross carrying amount of contractual receivables	6,578	3,497	1,011	95	11,181
<b>Loss Allowance</b>	<b>140</b>	<b>74</b>	<b>22</b>	<b>2</b>	<b>238</b>

#### Impairment of financial assets under AASB 9 – applicable from 1 July 2018

From 1 July 2018, Barwon Health has been recording the allowance for expected credit loss for the relevant financial instruments, replacing AASB 139's incurred loss approach with AASB 9's Expected Credit Loss approach. Subject to AASB 9 impairment assessment include Barwon Health's contractual receivables, statutory receivables and its investment in debt instruments.

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

#### Contractual receivables at amortised cost

Barwon Health applies AASB 9 simplified approach for all contractual receivables to measure expected credit losses using a lifetime expected loss allowance based on the assumptions about risk of default and expected loss rates. Barwon Health has grouped contractual receivables on shared credit risk characteristics and days past due and select the expected credit loss rate based on the Department's past history, existing market conditions, as well as forward looking estimates at the end of the financial year.

On this basis, Barwon Health determines the opening loss allowance on initial application date of AASB 9 and the closing loss allowance at end of the financial year as disclosed above.

#### Reconciliation of the movement in the loss allowance for contractual receivables

	2019 \$'000	2018 \$'000
<b>Balance at beginning of the year</b>	(824)	(1,148)
Amounts Written off during the year	(517)	32
Increase/Decrease in allowance recognised in the net result	1,119	292
<b>Balance at end of the year</b>	<b>(222)</b>	<b>(824)</b>

## NOTE 8: OTHER DISCLOSURES

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

### **Structure**

- 8.1 Reconciliation of net result for the year to net cash from operating activities*
- 8.2 Responsible persons disclosures*
- 8.3 Remuneration of Executive officers*
- 8.4 Related parties*
- 8.5 Remuneration of auditors*
- 8.6 Events occurring after balance sheet date*
- 8.7 Controlled entities*
- 8.8 Jointly controlled operations*
- 8.9 Economic dependency*
- 8.10 AASBs issued that are not yet effective*



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

	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>Net Result for the Period</b>	<b>(11,408)</b>	<b>(12,422)</b>
<b>Non-cash movements:</b>		
Depreciation and Amortisation	47,566	44,602
Provision for Doubtful Debts	(602)	(325)
Impairment of Non-Financial Assets	-	193
<b>Movements included in investing and financing activities:</b>		
Loss / (Gain) on Revaluation of Investment Property	-	(695)
Loss / (Gain) on sale of Available-for-Sale Shares	92	(53)
Loss / (Gain) on Sale of Property, Plant & Equipment	19	(16)
<b>Movements in assets and liabilities:</b>		
Increase / (Decrease) in Employee Benefits	18,716	17,770
Increase / (Decrease) in Trade Creditors	10,592	(9,254)
Decrease / (Increase) in Patient Fees Receivable	(1,027)	(12,978)
Decrease / (Increase) in Inventories	(13)	94
Increase / (Decrease) in Monies Held in Trust	2,951	17,022
Increase / (Decrease) in Other Payables	7,274	(2,507)
Decrease / (Increase) in Other Receivables	(9,573)	3,038
<b>Net Cash Inflow from Operating Activities</b>	<b>64,587</b>	<b>44,469</b>

## Note 8.2: Responsible persons disclosures

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

Responsible Ministers	Period
The Honourable Jill Hennessy, Minister for Health and Minister for Ambulance Services	1 July 2018 - 29 November 2018
The Honourable Jenny Mikakos, Minister for Health and Minister for Ambulance Services	29 November 2018 - 30 June 2019
The Honourable Martin Foley, Minister for Mental Health	1 July 2018 - 30 June 2019
The Honourable Martin Foley, Minister for Housing, Disability and Ageing	1 July 2018 - 29 November 2018
The Honourable Luke Donnellan, Minister for Child Protection, Minister for Disability, Ageing and Carers	29 November 2018 - 30 June 2019
Governing Board	
Mr Brian Cook	1 July 2018 - 30 June 2019
Mr Michael Feehan	1 July 2018 - 30 June 2019
Ms Jennifer Williams	1 July 2018 - 30 June 2019
Ms Robyn Davis	1 July 2018 - 30 June 2019
Ms Virginia Todd	1 July 2018 - 30 June 2019
Mr Jason Trethowan	1 July 2018 - 30 June 2019
Ms Christine Leahy	1 July 2018 - 30 June 2019
Prof Brendan Crotty	1 July 2018 - 30 June 2019
Prof Edward Janus	1 July 2018 - 30 June 2019
Accountable Officers	
Professor Ruth Salom	1 July 2018 - 8 December 2018
Mr Cobus Lotheringen (Interim)	9 December 2018 - 29 April 2019
Ms Frances Diver	30 April 2019 - 30 June 2019

## Note 8.2: Responsible persons disclosures (continued)

### Remuneration of Responsible Persons

The Responsible Persons received remuneration for the financial year ended 30 June 2019. 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:

	2019 No.	2018 No.
\$0 - \$9,999	-	-
\$10,000 - \$19,999	-	1
\$20,000 - \$29,999	-	7
\$40,000 - \$49,999	8	-
\$50,000 - \$59,999	1	1
\$60,000 - \$69,999	1	-
\$160,000 - \$169,999	1	-
\$270,000 - \$279,999	1	-
\$320,000 - \$329,999	-	1
<b>Total number of responsible persons</b>	<b>12</b>	<b>10</b>
	<b>\$'000</b>	<b>\$'000</b>
Total remuneration received, or due and receivable by Responsible Persons from Barwon Health for the year:	903	558

## Note 8.3: Remuneration of Executive Officers

The remuneration of executive officers, other than Accountable Officers, during the financial year ended 30 June 2019 was as follows:

	2019 \$'000	2018 \$'000
Short-term benefits	2,165	1,533
Long-term benefits	84	48
Post-employment benefits	178	131
Termination benefits	84	213
<b>Total remuneration of Executive Officers</b>	<b>2,511</b>	<b>1,925</b>
<b>Total number of Executive Officers</b>	<b>15</b>	<b>11</b>
<b>Total annualised employee equivalent (AEE)</b>	<b>8.6</b>	<b>7.0</b>

### Short-term benefits

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

### Long-term benefits

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

### Post-employment benefits

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

### Termination benefits

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

## Note 8.4: Related Parties

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

The following entities have been consolidated into Barwon Health's financial statements in accordance with AASB 10 Consolidated Financial Statements:

- › Barwon Health Future Fund Limited
- › Trustee for Barwon Health Future Fund

Related parties of Barwon Health include:

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

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

### Significant transactions with government-related entities

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

	2019 \$'000	2018 \$'000
Health & related services provided to other Victorian public health services	4,850	3,278
Health & related services received from other Victorian public health agencies	5,674	5,048
Information technology services received from South West Alliance of Rural Health	9,383	9,504

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 AASB 1004 Contributions are disclosed in Note 2.

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

<b>Lucy Cuddihy</b>	Chief Operating Officer (Acting) - resigned from role July 2018
<b>Amanda Cameron</b>	Chief Operating Officer
<b>Cobus Lotheringen</b>	Chief Financial Officer
<b>Jordon Beale</b>	Chief Financial Officer (Acting) - resigned from role April 2019
<b>Sean Jespersen</b>	Chief Medical Officer - resigned May 2019
<b>Anthony Wong</b>	Chief Medical Officer (Acting) - resigned June 2019
<b>John Reeves</b>	Chief Medical Officer (Acting)
<b>Matthew Hercus</b>	Executive Director, Strategic Business Planning - seconded to DHHS February 2019
<b>Lucy Cuddihy</b>	Executive Director, Strategic Business Planning (Acting) - resigned June 2019
<b>Keith Smith</b>	Executive Director, Strategic Business Planning (Acting)
<b>Sharon Hakkennes</b>	Chief Information Officer - resigned June 2019
<b>Andrew MacFarlane</b>	Chief Information Officer (Acting)
<b>Perry Muncaster</b>	Chief of Workforce & Culture
<b>Jo Bourke</b>	Chief of Nursing & Midwifery (Acting)
<b>Claudia Hurst</b>	Legal Counsel - resigned August 2018
<b>Bernadine McNamara</b>	Legal Counsel
<b>Kate Bibby</b>	Director of Public Affairs and Communication

### Total Remuneration of Key Management Personnel

	2019 \$'000	2018 \$'000
Short-term benefits	2,948	2,049
Long-term benefits	84	48
Post-employment benefits	242	173
Termination benefits	140	213
<b>Total remuneration</b>	<b>3,414</b>	<b>2,483</b>

## Note 8.4: Related Parties (continued)

### Transactions and balances with key management personnel and other related parties

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

Related party transactions with the members of the Key Management Personnel and their related parties, which occurred during the normal course of business, apart from remuneration disclosed in Notes 8.2 and 8.3 are listed below:

	2019 \$'000	2018 \$'000
Services have been received from Geelong Football Club Inc. of which Brian Cook is Director and CEO	33	53
Revenue received for services from Kardinia Health; of which Ruth Salom and Amanda Cameron are Directors	90	88
Services have been received from Barwon Child, Youth & Family Inc. of which Lucy Cuddihy is Director	174	251
Services have been provided to Barwon Child, Youth & Family Inc. of which Lucy Cuddihy is Director	137	-
Services have been received for corporate membership and advisory services from Victorian Hospital's Industrial Association of which Perry Muncaster is a Director	108	108
Funding received from Rural Workforce Agency; Victoria Ltd for special skills training provided to medical staff of which Alastair Mah is a Director	-	551
Services have been received from Western Alliance Health Research Ltd. of which Brendan Crotty is Chair of the Board	96	-

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 8.5: Remuneration of Auditors

	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>Victorian Auditor-General's Office</b>		
Audit of Financial Statements	138	185
<b>Total Remuneration of Auditors</b>	<b>138</b>	<b>185</b>

## Note 8.6: Events occurring after Balance Sheet date

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

## Note 8.7: Controlled Entities

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

Controlled Entities Contribution to the Consolidated Net Result for the Year	2019 \$'000	2018 \$'000
The Trustee for Barwon Health Foundation Future Fund	-	-
Barwon Health Foundation Future Fund Limited	2,646	509

### Contingent Liabilities and Capital Commitments

There are no known contingent liabilities or capital commitments held by the controlled entities at balance date.

## Note 8.8: Jointly Controlled Operations and Assets

Name of Entity	Principal Activity	Ownership Interest 2019 %	Ownership Interest 2018 %
South West Alliance of Rural Health (Vic)	Information Systems	49%	48%

The South West Alliance of Rural Health (SWARH) is an alliance of public health agencies covering 33 (2018: 33) physical sites in the South West of Victoria. SWARH connects all public acute hospitals and associated health services in the region through the delivery of Information Technology services. This enables each of the public acute hospitals and associated health services within the region to improve service delivery and gain returns on investment not possible on their own. Barwon Health is party to this unincorporated arrangement, and therefore treats the arrangement as a Joint Operation, taking a share of the operations to account. SWARH's principal place of business is Ryot Street, Warrnambool Victoria, Australia.

SWARH's financial statements for the year ended 30 June 2019 were not complete as at the date of signing these financial statements. Any further changes made to SWARH's financial statements would not be material to Barwon Health's consolidated financial statements.

## Note 8.8: Jointly Controlled Operations and Assets (continued)

	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>Current Assets</b>		
Cash and Cash Equivalents	703	3,510
Inventories	33	40
Receivables	3,661	10,865
<b>Total Current Assets</b>	<b>4,397</b>	<b>14,415</b>
<b>Non Current Assets</b>		
Property, Plant and Equipment	2,898	1,864
Intangible Assets	5	9
<b>Total Non Current Assets</b>	<b>2,903</b>	<b>1,873</b>
<b>Total Assets</b>	<b>7,300</b>	<b>16,288</b>
<b>Current Liabilities</b>		
Payables	2,487	12,420
Lease Liabilities	673	1,018
Employee Benefits and Related On-Cost Provisions	837	752
<b>Total Current Liabilities</b>	<b>3,997</b>	<b>14,190</b>
<b>Non Current Liabilities</b>		
Employee Benefits and Related On-Cost Provisions	120	139
Lease Liabilities	1,023	721
<b>Total Non Current Liabilities</b>	<b>1,143</b>	<b>860</b>
<b>Total Liabilities</b>	<b>5,140</b>	<b>15,050</b>
<b>Net Assets</b>	<b>2,160</b>	<b>1,238</b>
<b>Equity</b>	<b>2,160</b>	<b>1,238</b>



## Note 8.8: Jointly Controlled Operations and Assets (continued)

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

	Consol'd 2019 \$'000	Consol'd 2018 \$'000
<b>Income from Transactions</b>		
Revenue from operating activities	5,754	5,716
Revenue from non-operating activities	858	360
<b>Total Income from Transactions</b>	<b>6,612</b>	<b>6,076</b>
<b>Expenses from Transactions</b>		
Operating Expenses	(8,589)	(8,112)
<b>Total Expenses from Transaction</b>	<b>(8,589)</b>	<b>(8,112)</b>
<b>Net Result from transactions - Net Operating Balances</b>	<b>(1,977)</b>	<b>(2,036)</b>
<b>Other Economic Flows included in the Net Result</b>		
Revaluation of Long Service Leave	31	3
<b>Total Other Economic Flows included in Net Result</b>	<b>(1,946)</b>	<b>(2,033)</b>
Other comprehensive Income	-	-
<b>Comprehensive result for the year</b>	<b>(1,946)</b>	<b>(2,033)</b>

### 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.

### Contingent Liabilities and Capital Commitments

There are no known contingent liabilities held by the jointly controlled operations at balance date. There are capital commitments of \$8,300,000 as at balance date (100% share).

## Note 8.9: Economic Dependency

Barwon Health is dependent on the Department of Health and Human Services for the majority of its revenue used to operate the entity. The Department of Health and Human Services has provided confirmation that it will continue to provide Barwon Health adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to September 2020. On that basis, the financial statements have been prepared on a going concern basis.

## Note 8.10: AASBs issued that are not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2019 reporting period. Department of Treasury and Finance assesses the impact of all these new standards and advises Barwon Health of their applicability and early adoption where applicable.

As at 30 June 2019, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. Barwon Health has not and does not intend to adopt these standards early.

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Barwon Health Financial Statements
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet, which has an impact on net debt.	1 January 2019	<p>Where Barwon Health maintains operating leases (that are not considered short term or low value – less than \$10,000 underlying asset value) 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. Barwon Health intends to apply the modified retrospective transition method for AASB 16. The preliminary assessment of the impact of AASB 16 on Barwon Health's financial statements is:</p> <ul style="list-style-type: none"> <li>› increase lease liabilities and right to use assets by \$10,200,000 on 1 July 2019;</li> <li>› increase depreciation expense for the year ending 30 June 2020 by \$3,200,000;</li> <li>› increase interest expense for the year ending 30 June 2020 by \$230,000; and</li> <li>› decrease operating expenses for the year ending 30 June 2020 by \$3,400,000.</li> </ul>
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. Note that amending standard AASB 2015-8 Amendments to Australian Accounting Standards – Effective Date of AASB 15 has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 January 2019	<p>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.</p> <p>While the preliminary assessment has not identified any material impact on minor revenue sources arising from AASB 15, it will continue to be monitored and assessed.</p>
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	<p>This standard amends AASB 9 and AASB 15 to include requirements and implementation guidance to assist not-for-profit entities in applying the respective standards to particular transactions and events.</p> <p>The amendments:</p> <ul style="list-style-type: none"> <li>› require non-contractual receivable arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and clarifies circumstances when a contract with a customer is within the scope of AASB 15.</li> </ul>	1 January 2019	<p>This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context.</p> <p>AASB 9 (effective 1 July 2018 for Barwon Health and is already effective in these financial statements).</p> <p>AASB 15 – The vast majority of Barwon Health's revenue sources are outside the scope of this proposed standard and thus its application is not expected to impact the recognition or measurement of these.</p> <p>Barwon Health will continue to assess and monitor the impact of these standards.</p>

## Note 8.10: AASBs issued that are not yet effective (continued)

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Barwon Health Financial Statements
<p>AASB 2018-4 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Public-Sector Licensors</p>	<p>AASB 2018-4 provides the following guidance:</p> <ul style="list-style-type: none"> <li>› matters to consider in distinguishing between a tax and a licence, with all taxes being accounted for under AASB 1058;</li> <li>› IP licences are to be accounted for under AASB 15; and</li> <li>› non-IP, such as casino licences, are to be accounted for in accordance with the principles of AASB 15, after first having determined whether any part of the arrangement should be accounted for as a lease under AASB 16.</li> </ul>	<p>1 January 2019</p>	<p>Barwon Health will be impacted by the revenue recognition changes, in particular the phasing and timing of recording revenue in the profit and loss.</p> <p>The assessment of the impact is ongoing and is considered to not be material from an annual reporting perspective.</p>
<p>AASB 1058 Income of Not-for-Profit Entities</p>	<p>This standard will replace AASB 1004 Contributions and establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objectives. The restructure of administrative arrangement will remain under AASB 1004.</p>	<p>1 January 2019</p>	<p>Barwon Health will be impacted by the revenue recognition changes, in particular the phasing and timing of recording revenue in the profit and loss.</p> <p>The assessment of the impact is ongoing and is considered to not be material from an annual reporting perspective.</p>
<p>AASB 2018-8 Amendments to Australian Accounting Standards – Right of use asset</p>	<p>This standard amends various AASB standards to provide an option for not-for-profit entities to not apply the fair value initial measurement requirements to a class or classes of right of use assets arising under leases with significantly below-market terms and conditions principally to enable the entity to further its objectives. This Standard also adds additional disclosure requirements to AASB 16 for not-for-profit entities that elect to apply this option.</p>	<p>1 January 2019</p>	<p>Under AASB 1058, not-for-profit entities are required to measure right-of-use assets at fair value at initial recognition for leases that have significantly below-market terms and conditions.</p> <p>For right-of-use assets arising under leases with significantly below market terms and conditions principally to enable the entity to further its objectives (peppercorn leases), AASB 2018-8 provides a temporary option for Not-for-Profit entities to measure at initial recognition, a class or classes of right-of-use assets at cost rather than at fair value and requires disclosure of the adoption.</p> <p>The State has elected to apply the temporary option in AASB 2018-8 for not-for-profit entities to not apply the fair value provisions under AASB 1058 for these right-of-use assets.</p> <p>In making this election, the State considered that the methodology of valuing peppercorn leases was still being developed.</p> <p>Once the temporary option to adopt cost rather than fair value is removed, then it is expected that the financial statements of Barwon Health will be impacted (a higher level of assets and liabilities held on balance sheet, as well as higher depreciation/amortisation and interest charges).</p>

## Note 8.10: AASBs issued that are not yet effective (continued)

Standard / Interpretation	Summary	Applicable for Annual Reporting periods beginning on	Impact on Barwon Health Financial Statements
AASB 17 Insurance Contracts	<p>The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities.</p> <p>This standard does not currently apply to not-for-profit public sector entities. The AASB is undertaking further outreach to determine the applicability of this standard to the not-for-profit public sector.</p>	1 January 2021	The assessment has indicated that there will be no significant impact for the Barwon Health.
AASB 2018-6 Amendments to Australian Accounting Standards – Definition of a Business	<p>This standard amends AASB 3 Business Combinations to clarify the definition of a business, assisting entities to determine whether a transaction should be accounted for as a business combination or as an asset acquisition. The amendments:</p> <ul style="list-style-type: none"> <li>› clarify that to be considered a business, an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs;</li> <li>› remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs;</li> <li>› add guidance and illustrative examples to help entities assess whether a substantive process has been acquired;</li> <li>› narrow the definitions of a business and of outputs by focusing on goods and services provided to customers and by removing the reference to an ability to reduce costs; and</li> <li>› add an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business.</li> </ul>	1 January 2020	The standard is not expected to have a significant impact on Barwon Health.
AASB 2018-7 Amendments to Australian Accounting Standards – Definition of Material	<p>This standard amends AASB 101 Presentation of Financial Statements and AASB 108 Accounting Policies, Changes in Accounting Estimates and Errors. The amendments refine the definition of material in AASB 10 Events after the Reporting Period, include some supporting requirements in AASB 101 in the definition to give it more prominence and clarify the explanation accompanying the definition of material. The amendments also clarify the definition of material and its application by improving the wording and aligning the definition across AASB standards and other publications.</p>	1 January 2020	The standard is not expected to have a significant impact on Barwon Health.

# BOARD MEMBERS, ACCOUNTABLE OFFICER'S AND CHIEF FINANCIAL OFFICER DECLARATION

The attached financial statements for Barwon Health and the consolidated entities 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 2019 and the

financial position of Barwon Health and the consolidated entities at 30 June 2019.

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, 6 September 2019



**Frances Diver**

Chief Executive Officer

Geelong, 6 September 2019



**Mr Cobus Lotheringen**

Chief Financial Officer

Geelong, 6 September 2019

## Independent Auditor's Report



### To the Board of Barwon Health

<b>Opinion</b>	<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"> <li>• consolidated entity and health service balance sheets as at 30 June 2019</li> <li>• consolidated entity and health service comprehensive operating statements for the year then ended</li> <li>• consolidated entity and health service statements of changes in equity for the year then ended</li> <li>• consolidated entity and health service cash flow statements for the year then ended</li> <li>• notes to the financial statements, including significant accounting policies</li> <li>• board members, accountable officer's and chief financial officer declaration.</li> </ul> <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 2019 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>
<b>Basis for Opinion</b>	<p>I have conducted my audit in accordance with the <i>Audit Act 1994</i> which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the <i>Auditor's Responsibilities for the Audit of the Financial Report</i> section of my report.</p> <p>My independence is established by the <i>Constitution Act 1975</i>. My staff and I are independent of the health service and the consolidated entity in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's <i>APES 110 Code of Ethics for Professional Accountants</i> (the Code) that are relevant to my audit of the financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.</p> <p>I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.</p>
<b>Other Information</b>	<p>The Board of the health service are responsible for the Other Information, which comprises the information in the health service's annual report for the year ended 30 June 2019, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
<b>Board's responsibilities for the financial report</b>	<p>The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the <i>Financial Management Act 1994</i>, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Board is responsible for assessing the health service and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>

**Auditor's responsibilities for the audit of the financial report**

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

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

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

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



MELBOURNE  
6 September 2019

Travis Derricott  
*as delegate for the Auditor-General of Victoria*



# GLOSSARY

## A

### AASB

The Australian Accounting Standards Board

### AASs

Australian Accounting Standards

### AHCA

Australian Health Care Agreement

## B

### Best Practice

The way leading edge organisations deliver world class performance

### BSWRICS

Barwon South Western Regional Integrated Cancer Service

## C

### CEO

Chief Executive Officer

### CSO

The community service obligation

## D

### DVA

Department of Veterans Affairs

## E

### ED

Emergency Department

## F

### FRD

Financial Reporting Directions

### FTE

Full Time Equivalent

## G

### GCEID

Geelong Centre for Emerging Infectious Diseases

### GEM

Geriatric Evaluation and Management

### GP

General Practitioner

## H

### HACC

Home and Community Care

### HITH

Hospital in the Home

## I

### ICU

Intensive Care Unit

### IS

Information Services

### IT

Information Technology

## K

### KPI

Key Performance Indicator

## M

### MH

Mental Health

### MRI

Magnetic Resonance Imaging

## O

### OH&S

Occupational Health and Safety

## R

### RAC incl. Mental Health

Residential Aged Care including Mental Health

### RACS

Residential Aged Care Service

## S

### SAB

Staphylococcus aureus bacteraemia

### Separation

Process by which a patient is discharged from care

### Standard

A statement of a level of performance to be achieved

### SWARH

South West Alliance of Rural Health

## T

### TAC

Transport Accident Commission

## V

### VGW

The Valuer-General Victoria

## W

### WIES

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

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**Barwon  
Health**

[barwonhealth.org.au](http://barwonhealth.org.au)