ANNUAL REPORT

2016-17

BENDIGO HEALTH

HEALTHY COMMUNITIES AND WORLD CLASS HEALTHCARE

Contents

Our Vision

Healthy Communities and World Class Healthcare.

Our Values

CARING
We care for our community.

PASSIONATE
We are passionate about doing our best.

TRUSTWORTHY
We are open, honest and respectful.

Our Care at a Glance

87,690 Service events provided by our Specialist Clinics

50,026 People who came to our Emergency Department for treatment

44,076 People who were admitted to our hospital

13,221 Operations performed

10,446 Ambulance arrivals handled by our Emergency Department

1,539 Admissions of children aged 16 and under to our Children's Ward

1,380 Babies delivered

3,667 Staff employed

698 Bed service

Chair's Report

It has been a privilege to lead Bendigo Health as Board Chair through such an important year.

We experienced a truly historic milestone this year, moving into the brand new hospital on January 24. This was the culmination of the then Government's promise of master planning for the future of Bendigo Health a decade ago, planning, community support, the budget commitment in 2010 to lock in Bendigo getting a new hospital by then Health Minister Daniel Andrews, design, building, testing and commissioning of this amazing new facility. The hospital has been built to allow expansion of services into the years ahead.

The new hospital is a credit to our whole community. It was great to see more than 3000 people enjoying a sneak peak on the community tours day before we moved in. It was a joy to finally share the new hospital and see the excitement amongst the visitors.

The new hospital incorporated a number of changes to our services, including the co-location of Psychiatric Services within the acute facility and the inclusion of a Parent Infant Unit in Psychiatry, the first of its kind in regional Victoria. The layout is more intuitive and has allowed us to locate services and departments according to function, making it easier for staff and patients.

The hospital was constructed under a Private Public Partnership (PPP) model with the State Government and Exemplar Health. One aspect of the contract was the outsourcing of all facilities management services including catering, cleaning, portering and security to Spotless. This was the largest outsourcing to date under a PPP and it led to the successful transition of about 17% of our workforce to Spotless. This has resulted in a number of new processes and policies as we all work together for the benefit of our patients.

As staff transitioned from Bendigo Health to Spotless, we farewelled each staffing group with a function which provided a chance to say thank you and share stories about their many years, often decades, of service and dedication. They may have a different logo on their tops now but they are very much still a valued part of the Bendigo Health family.

Naturally this project took a great deal of time and resources and was the focus of most of our workforce for several months; on top of caring for our patients and driving innovation to continually improve our services.

In mid-2018 Stage 2 of the project will complete the Bendigo Hospital Project with the finish of building works on a new car park, helipad and air-bridge over Arnold street.

Heritage works

One element of the hospital project that has not received as much attention is the restoration works of some of our heritage buildings. During the 160 year history of Bendigo Health many buildings have come and gone but we have retained a number of significant buildings including the old Lying In Hospital, the Superintendents Building and the Concert Hall. The Bendigo Hospital Project included an allocation of funding to restore these beautiful buildings. These were done to a high standard and involved a lot of trial and error by master craftsmen to create matching mortar and to ensure the bricks were the correct colour. The results are fantastic and have enhanced the precinct as well as making these buildings useful again.

Landscaping in precinct

The new hospital project included investment in the landscaping of the precinct and this has resulted in a number of new green spaces for our community to enjoy. The area behind the Bendigo Primary Care Clinic and Monash Rural Clinical School, known as the academic green, is a perfect example. It links the buildings and creates a peaceful area for staff and students to enjoy the sunshine, it is a pleasure to walk through these new gardens and see them being enjoyed.

Landscaping has also been used to link the new hospital to the Anne Caudle building and outpatient rehabilitation with disability friendly walkways and ample seating. In addition to the

Chair's Report

courtyards, these amenities create a peaceful environment for patients and their visitors and provide ease of access to nature.

In addition, there are more than 45 courtyards throughout the new building which provide peaceful pockets of nature and reduce the clinical feel of the facility.

Cancer Centre

The creation of an integrated cancer centre for Bendigo will transform the delivery of services to Central and Northern Victoria. Housing all our cancer services in one area has improved the patient experience and provided our clinical staff with opportunities for collaboration. The new centre has been built to meet the needs of the community into the future with capacity for additional oncology chairs and two additional bunkers.

Technology in the new environment

The new hospital is one of the most technologically advanced hospitals in regional Australia.

The technology built in includes beds which can weigh the patient for our overweight patients, reducing the need for manual handling. A brand new MRI was installed and the newer of the two existing MRIs was moved across to the new hospital. A second cardiac catheter lab was purchased with funds raised by the Bendigo Health Foundation; this allowed the health service to offer procedures during the transition time between the equipment in the existing cath lab being dismantled and installed in the new environment.

A bed clean is just a push of a button away for our nursing staff who can order service to the patient bedside using a workflow terminal. Our PPP facilities managers, Spotless have an online portal for staff to order services such as maintenance, catering, cleaning and security.

A highly visible use of technology is the Automatic Guided Vehicles (AGVs) which were introduced to transport supplies, linen and meals around the new hospital. These robots have dedicated lifts and take themselves to charging stations when they are not required.

Hundreds of CCTV cameras have been installed allowing improved security and monitoring of the environment, providing a sense of improved safety for anyone in the hospital building.

Community tours

The new hospital has proved a popular drawcard for visitors. In the first half of 2017, almost 60 groups came to visit and take a tour of the new hospital. This included some international delegations as well as groups of architects, health designers and other associated professionals in addition to a number of local community groups and donors.

Quality Award

Amidst all the excitement and preparation for the new hospital staff continued to provide excellent patient care and to strive to improve our services. Each month the best quality improvement initiative is awarded the Quality Award for the month and then these are shortlisted at the end of the year for the overall winner. Last year the winner was Dental Services for their innovative work in the use of interpreters. The service booked all patients requiring an interpreter on the same day so the interpreter was available for the session and covered a number of appointments. As well as delivering improved services for our patients, this initiative resulted in less cancellations and saved money. Well done to everyone who won an award throughout the year. The passion to improve services shines through at Bendigo Health every year and is one of the elements that make our health service such a fantastic part of the community.

Electronic Medical Record (EMR)

One of the frontiers for technology in health is the emergence of computer based, or electronic, medical records. Bendigo Health was fortunate to secure funding towards an Electronic Medical Record (EMR) in the Bendigo Hospital Project budget. This will deliver enhanced patient safety and is on track to be delivered in the 2017-18 financial year. As an important step towards this change we implemented a (DMR) Digital Medical Record which has taken us to a paper light environment and gave our staff the opportunity to work with patient records in a digital

Chair's Report

environment without requiring the skills and time to adapt to a full EMR whilst they were preparing for the new hospital, moving and subsequently settling into the new facility. The DMR is now rolled out throughout the organisation and a number of lessons were learnt which will help further improve the EMR. This is the next big change for the organisation which will deliver a number of benefits for both patients and staff. Recruitment is underway for the full project team which will comprise clinicians from nursing, allied health and medical disciplines as well as information technology, change management, communications and project management.

Residential Care

Bendigo Health has been providing residential care for the elderly for more than 160 years, we are a trusted provider and our staff work hard to provide a varied program of activities and a high quality of life for our residents.

A special celebration this year was the 25th anniversary of Carshalton House. The nursing home opened its doors on 1 April 1992 and is home to 45 residents. One resident and seven staff have been part of Carshalton House since it opened, with a number of other staff working there for more than 20 years. Carshalton House is included in the Golden Oaks Complex in Stoneham Street, Golden Square. It became known as Carshalton House about 20 years ago when the residents decided to change the facility's name and took inspiration from the line of the Carshalton Reef the home is near.

Looking forward, we are excited about an upcoming redevelopment at our Golden Oaks site which will improve amenities for both residents and staff.

Auxiliaries

Once again our Auxiliaries worked hard throughout the year, generously giving their time and creative efforts to raise money. This dedicated group of supporters comprise nine auxiliaries and together they contributed more than $100,000 to our health service. Thank you to each and every one of you for your generosity; your enthusiasm and passion for Bendigo Health is part of what makes us such a key part of our community.

Volunteers

More than 3500 people work at Bendigo Health, and we are so fortunate another 300 people volunteer their time to help our patients and their loved ones. Not a day goes by when visitors and staff alike aren't greeted by a smiling volunteer in a red shirt at the entry to the hospital and they really are an important part of the soul of Bendigo Health. This year one of our volunteers was recognised for her efforts with a Minister for Health volunteering award, congratulations to Gabby Gamble on this significant achievement. Our volunteers played a key role in the success of the move into the new hospital, working with patients and their loved ones to ensure a smooth transition between the old and the new. Like our staff, they have needed to adapt to the new, much larger, hospital and I thank all of them for working hard to help us make the most of our new environment.

Foundation

Bendigo Health is fortunate to have the financial support of a number of organisations and individuals. Our Foundation Board members oversee the smooth running and governance of the Foundation and ensure that they raise both funds and awareness of the great work of Bendigo Health.

The Bendigo Bank Fun Run is a Bendigo institution, each year this iconic event raises more than $100,000 for Bendigo Health. This could not be achieved without the support of the Bendigo Bank and our other sponsors whose financial support means that every dollar raised goes to the Foundation. In addition, the many volunteers who come together to support the participants are essential to the success of the Fun Run. Most notably, Hunter Gill who oversees the course and shares his vast knowledge of running with the event team. Thank you to everyone who plays a part, I know I am not alone in my enjoyment of this great event.

Dry July

The Foundation has taken part in Dry July for five years now and this year we received $42,800 from Dry July and our wonderful supporters. As well as raising funds, Dry July aligns with our

Chair's Report

vision for Healthy Communities by promoting a healthy attitude to alcohol and most people who take part report numerous health benefits including better sleep and weight loss.

Give Me 5 For Kids

Every June Southern Cross Austereo, especially Triple M radio station, rallies the community to support Give Me 5 For Kids and this year was no exception. Their efforts again were fantastic and the donation will be used to purchase a neonatal resuscitation warmer, an ultrasound to assist the insertion of cannulas for intravenous medicines in infants and small children, and to support the future Paediatric Scholarship led by Dr Andy Lovett.

New Bendigo Hospital Appeal

This year the Foundation launched their first Capital Appeal to purchase world class equipment for our new hospital which will improve safety for patients and allow more people to be treated closer to home. The Appeal has already raised almost $2 million towards the goal of $4 million. The Appeal committee, led by Keith Sutherland are encouraging our community to give back to the hospital which is always there for our community when they need us.

Donor Month

The Foundation held three donor month events, including presentation nights with speakers Dr Andy Lovett and Diana Badcock. Community members and donors were very engaged in seeing how their support makes a difference to patients at Bendigo Health. In 2018 we hope to stream the presentations to Bendigo Health inpatients via the bedside Patient Entertainment Systems.

Looking forward, the 2017-18 financial year will be the last year of our current Strategic Plan and we are planning for the development of a new, three year plan to be launched July 2018. In the lead up to the new plan we will be asking our stakeholders to evaluate the current plan and tell us what worked well, where more effort is required and whether there are any activities we need to do less of, or stop altogether.

Our organisation is about people and we want our next Strategic Plan to reflect this. We will also continue our evolution from a regional hospital to a large health service where patients can access the same services and quality of care that you would expect in a large metro health service; our community deserves nothing less.

You can never pause in healthcare, the technology is constantly changing, patient needs are evolving and here at Bendigo Health demand is increasing: Bendigo Health will continue evolving to meet the needs of our community.

The Board thanks the Executive for their dedicated work. We thank Peter Faulkner for stepping in as Acting CEO. As the Executive Director of the Bendigo Hospital Project and Chief Nursing and Midwifery Officer, Peter has been uniquely placed to oversee the settling in to the new hospital.

The Board thanks everyone who has contributed to Bendigo Health this year.

Bob Cameron.

Bob Cameron
Chair Board of Directors
Bendigo Health

Acting Chief Executive Officer's Report

I want to begin by congratulating each and every Bendigo Health staff member and volunteer on an amazing year at Bendigo Health.

For those involved in the new hospital project, it was an unprecedented year and one they will never forget.

In addition to their normal roles, staff were required to prepare for the new environment. This included time to attend training sessions for new equipment as well as becoming familiar with the new environment. There are more than 500 pieces of new equipment and technology in the new hospital, training staff in their use was a significant focus during the first half of the year.

The full training program commenced in late October 2016 utilising a Super User and Trainer model that allowed peer to peer learning. The majority of the training and orientation occurred during December and January which is traditionally a time of high annual leave as families enjoy the summer together. Acknowledging this we had an initial goal to train 70% of clinical staff and this was exceeded with 93% of staff receiving training before the move to the new facility. This was an outstanding effort, not only from the trainers but also from our managers who supported their staff to attend training without impacting service provision.

On top of this, staff prepared for the move itself which included practicing move day, planning every detail and engaging with partners including Ambulance Victoria and the Department of Health and Human Services. In the lead up to the move our staff worked hard to reduce patient numbers and roster additional staff to ensure a smooth move for patients. The move day was very successful and included a visit from the Minister for Health, Jill Hennessy MP who accompanied the parents of a patient in the Special Care Nursery. She was able to see the reaction the family had to the brand new environment.

A challenge for our managers was the wellbeing of their staff during this time and we made an effort as an organisation to thank our staff along the way and to celebrate important milestones, including local media events to showcase our new 'home'.

Another focus for training was the Digital Medical Record, this new system transformed Bendigo Health patient records from paper based records to digital records and was an important step on our journey to paper light. This was a big change for many of our staff and they were supported with training on the system and for those that needed it, there was also training on the use of mobile devices. More than 1726 staff were trained prior to implementation which was an enormous effort. Well done.

Once the move was complete we experienced a settling in period. Colleagues from other health services who had recently moved, such as the Peter MacCullum hospital, were very generous sharing their experiences and lessons and a key message they gave us was that the first few months in the new environment are full of challenges. I often said before we moved it would be the little things staff would notice, like finding the light switches. All this was true.

One change that impacted us all was the move to a Public Private Partnership (PPP) environment. As a result of this most of our facilities management staff transitioned from being employed by Bendigo Health to being employed by Spotless. This included all our cleaning and catering staff and most of our Buildings and Infrastructure team.

I am so proud of our staff and how they took all this change in their stride. We are now looking to the next big change which is the implementation of an Electronic Medical Record.

You could be forgiven for thinking the only thing that happened at Bendigo Health was the new hospital. It was an incredible project which required unprecedented effort and focus but we had numerous sites who were not directly affected. They did feel the impact though with their acute health colleagues all busy with the project and the organisational spotlight on the new hospital while they did their best to provide high quality services and create space for those

Acting CEO's Report

involved in the project to focus on the move. I want to thank each and every one of these staff for their patience and support.

Amongst all the extra activity Bendigo Health continued to care for an increased number of patients and had a record number of babies. Once the new hospital opened we saw a noticeable increase in presentations at our Emergency Department and we expect this trend to continue.

We also continue to grow the workforce of the future through our education programs and partnerships with LaTrobe and Monash Universities. Throughout the year Bendigo Health had 41,858 student placement days. We also ran a number of internal education programs including compulsory training and our Great Managers Great Results (GMGR) program. There is a strong learning culture at Bendigo Health with attendance at more than 5000 training sessions during the year.

We are currently preparing for Accreditation against the 10 National Standards which is scheduled for October and are confident the work we are doing towards being a world class service will shine through.

When people ask what we mean by world class I like to share the following quote with them:

> World class healthcare is achieved by going above and beyond compliance with professional accreditation and certification standards to bring the best of the art and science of medicine together in a focused effort to meet the physical, mental and spiritual needs of the patient.

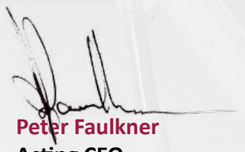
> When highly skilled professionals work together in practised teams with precision, passion and a palpable commitment to excellence."
> – Kenneth W Kizer 2010

In summary, I believe it means going above compliance in everything we do.

Looking forward the organisation is entering the final year of the current five year Strategic Plan. We will engage in a period of reflection of our performance against this plan and this will include public engagement around the performance of our health service and where our community and staff would like us to focus in the future. The Board will use this feedback to inform the next plan.

Next year will see the construction of Stage 2 of the Bendigo Hospital Project. This will comprise the helipad, multi-storey car park, air link bridge, a conference centre and retail spaces. The completion of these facilities will connect the precinct and provide ease of access for air ambulance patients who currently travel to and from the airport by road ambulance. This will be another exciting step towards world class health care facilities for the region.

Thank you to everyone who contributed to our health service this year. It was satisfying to see many years of planning and hard work come to fruition and I am proud of all our staff and volunteers for their contribution to this. Our Values shone through during the challenging times and we have much to be proud of.



Peter Faulkner
Acting CEO
Bendigo Health

Board of Directors

The Hon Bob Cameron – Board Chair

LL.B FAICD

Bob Cameron was a long serving Victorian Minister from 1999-2010 and Bendigo West MP from 1996-2010. Mr Cameron has a history of serving and working with community organisations including being a former Board member of the Anne Caudle Centre. He is a lawyer by occupation and was appointed Chair of Bendigo Health Board of Directors from 1 July 2015.

Ms Marilyn Beaumont OAM

With a general and psychiatric nursing background, Marilyn Beaumont was the Executive Director of Women's Health Victoria, a statewide women's health promotion and advocacy service between 1995-2010. Ms Beaumont's work includes holding the position of Australian Nursing Federation (ANF) Federal Secretary between 1987-1995. From 1982-1987 she was the ANF South Australian Branch Secretary. Her previous board work has included Northern Melbourne Medicare Local, Northern Health, Melbourne Health, Commonwealth Health Insurance Commission and HESTA. She is currently the Chair of Australian Women's Health Network National Board. In addition to her board work, Ms Beaumont is a consultant in the health sector.

Ms Sue Clarke

G/Dip SocSci (CD) G/Dip Bus GAICD ANZSOG Fellow

Sue Clarke is a consultant in the health sector and Director/ Owner of a local retail business. She is currently a Director and Chair of Haven, Home, Safe and is a Director of Murray Primary Health Network (PHN), the Zonta Club of Bendigo, and a member of the Central Victoria AICD Advisory Committee and Patron of the Community Foundation for Bendigo and Central Victoria. She joined the Board of Bendigo Health in 2010.

Ms Dianne Foggo AM

Dianne Foggo AM was appointed to the Board in August 2015. She works as a private conciliator and mediator primarily in universities. She worked as a teacher in Victoria, South Australia and the Northern Territory and was President of Australian Education Union and a Vice President of the ACTU. Ms Foggo was a Commissioner at the Fair Work Commission for 19 years and the Deputy Chancellor of Victoria University.

She is a Life Member of the AEU and the IR Society of Victoria and was awarded an Honorary Doctorate at Victoria University in 2011. Ms Foggo was awarded the Order of Australia (AM) in 2015 in recognition of her work in governance and administration in the university sector, the representation of women and industrial relations.

She is currently the independent member of the Victoria Police Review Steering Committee to implement the 2015 VEOHRC Report.

Dr Umair Masood

Partner at Neal Street Medical Clinic

Dr Umair Masood graduated from medical school in 1998. Since then he has worked as a doctor in the UK and Australia in both public and private hospitals. He went on to do his Fellowship in General Practice. Dr Masood has also been involved in medical research throughout his career. He has published a thesis, journal articles and presented at scientific meetings. Dr Masood is currently a senior partner at Neal Street Medical Clinic, which is a GP and specialist medical clinic in Gisborne. He helped establish the clinic and works full time as a GP at the clinic and is also involved in its management. He is a GP Supervisor and helps mentor GP registrars and medical students at the clinic.

Mr Michael McCartney

Director – Crockford McCartney Pty Ltd

For close to 20 years Michael McCartney was a principal in the accounting and financial planning practice of Strategem Financial Group based in Bendigo. He headed the Investment Services division of the business. During his time in professional practice he was also involved in a number of start-up initiatives including the reactivation of the Bendigo Stock Exchange (now part of the National Stock Exchange Group) and formation of a local chapter of the Financial Planning Association.

Board of Directors

From 2005-2007 he was actively involved in the formulation and writing of the business case to secure funding for the Central Victoria Solar City, a Commonwealth Government initiative. When he left professional practice with a view towards semi-retirement, he project managed the funding negotiations with government and rolled out the Solar City Project, based in Castlemaine.

Mr Geoff Michell

Dip CE MBA MAICD

Geoff Michell is a consultant and board director on a number of Boards. His Board experience includes being Managing Director of Coliban Water from 1998-2008 and previously a non-executive director on the Boards of Aspire Cultural and Charitable Foundation, Lower Murray Water, Wimmera Catchment Management Authority, Discovery Science and Technology Centre, and Bendigo Telco.

Ms Margaret O'Rourke

FAICD

Margaret O'Rourke until recently was a consultant in telecommunications and economic development projects. She is the current Mayor of the City of Greater Bendigo 2016-17, Deputy Chair of Bendigo Kangan TAFE and Director of Goulburn Murray Water (GMW) and Executive Director of the Aspire Charitable Foundation.

Mr Adam Woods

CA BApSci

Adam Woods is Chief Executive Officer of Clear Dynamics, an innovative enterprise software development company based in Bendigo. He has 18 years' experience in public accounting, banking, finance and major change/technology project implementation.

Board Sub-Committee Membership

Audit
Bob Cameron
Sue Clarke
Adam Woods

Community Advisory Council
Margaret O'Rourke (Chair)
Marilyn Beaumont

Finance
Adam Woods (Chair)
Bob Cameron
Dianne Foggo
Michael McCartney
Geoff Michell

Governance and Remuneration
Bob Cameron (Chair)
Michael McCartney
Geoff Michell
Margaret O'Rourke

Major Projects
Adam Woods (Chair)
Sue Clarke
Geoff Michell
Margaret O'Rourke

Medical Advisory
Bob Cameron
Dianne Foggo
Dr Umair Masood

Primary Care and Population Health
Marilyn Beaumont (Chair)
Sue Clarke
Dr Umair Masood
Geoff Michell

Quality Care Council
Sue Clarke (Chair)
Marilyn Beaumont
Dianne Foggo
Dr Umair Masood
Michael McCartney

Strategic Planning
Geoff Michell (Chair)
Marilyn Beaumont
Dr Umair Masood
Margaret O'Rourke

Visiting
All Board of Directors

Executive Directors

Peter Faulkner

Acting Chief Executive Officer

Executive Director Bendigo Hospital Project

Andrew Collins

Executive Director Corporate Services and Chief Financial Officer

Liz Hamilton

Executive Director Healthy Communities and Continuing Care

Robyn Lindsay

Executive Director Acute Health

Humsha Naidoo

Executive Director Clinical Support Services and Chief Medical Officer

Andrea Noonan

Executive Director People and Culture

David Rosaia

Acting Chief Nursing and Midwifery Officer

Philip Tune

Executive Director Psychiatry Services

Bruce Winzar

Executive Director Information Services and Chief Information Officer

Workforce Data

Hospitals Labour Category	JUNE Current Month FTE*		JUNE YTD FTE**	
	2016	2017	2016	2017
Nursing Services	1,084	1,200	1,067	1,137
Medical Support Services	214	209	208	209
Medical Officers	49	48	48	49
Hotel & Allied Services	245	90	244	150
Hospital Medical Officers	152	176	148	163
Ancillary Support Services	240	261	237	248
Administration & Clerical	434	445	430	441
Sessional Medical Officers	15	24	19	20
Grand Total	2,432	2,452	2,401	2,417

Application of employment and conduct principles

Bendigo Health is committed to upholding the principles of merit and equity in all aspects of the employment relationship. To this end, we have policies and practices in place to ensure all employment related decisions, including recruitment, promotion, training and retention, are based on merit.
Any complaints, allegations or incidents involving discrimination, vilification, bullying or harassment are taken seriously and addressed. All staff are provided with education and training on their rights and responsibilities and are provided with the necessary resources to ensure equal opportunity principles are upheld.

Organisational Structure

Board of Directors

Chief Executive Officer
Peter Faulkner (Acting)

Acute Health
Executive Director
Robyn Lindsay

INPATIENT and EMERGENCY SERVICES
> Emergency Department
> Intensive Care Unit
> General Medicine
> Inpatient and Sub Acute
  - Ward 4A (Medical)
  - Ward 4B (Ortho)
  - Ward 4C (Inpatient Rehab)
  - Ward 5A (Medical)
  - Ward 5B (Surgical)
  - Ward 6C (Inpatient Rehab)
> Patient Access & Demand
  - Patient Services

INTERVENTIONAL and SPECIALTY SERVICES
> Women and Children
  - Women's Ward & Birthing Suite
  - Children's Ward
  - Special Care Nursery
  - Women's Health Clinics including MAMTA
> Interventional Suite
  - Theatre
  - Anaesthetics and Recovery
  - CSSD
> Cardiology and Respiratory
> Renal
> Anaesthetics
> ENT
> General Surgery
> Obstetrics and Gynaecology
> Ophthalmology
> Orthopaedics
> Paediatrics
> Plastic Surgery
> Urology

CANCER SERVICES
> Medical Oncology
> Cancer Services
  - Oncology
  - Radiotherapy
> Clinical Trials
> Loddon Mallee Integrated Cancer Services

Psychiatric Services
Executive Director
Philip Tune

PSYCHIATRY MEDICAL
> Centre for Rural Mental Health

PSYCHIATRY ADULT

PSYCHIATRY OLDER PERSONS

PSYCHIATRY EXTENDED CARE

PSYCHIATRY PARENT AND INFANT

ECAT TRIAGE PARC

PROFESSIONAL DEVELOPMENT UNIT

OLDER PERSONS COMMUNITY MH

BENDIGO ADULT COMMUNITY MH and PRIMARY MH

RURAL NORTH COMMUNITY MH
> Swan Hill Community MH
> Echuca Community MH

RURAL SOUTH COMMUNITY MH
> Castlemaine Community MH
> Kyneton Community MH
> Maryborough Community MH

CHILD and ADOLESCENT MH

YOUTH COMMUNITY MH and YPARC

Healthy Communities and Continuing Care
Executive Director/Chief Allied Health Officer (CAHO)
Liz Hamilton

SUB ACUTE SERVICES MEDICAL

CONTINUING CARE
> Outpatient Rehabilitation
> Specialist Clinics
> Transition Care Program & Residential In-reach
> HARP, PAC and Community Health Programs
> Hospital in the Home
> Community Dental Services
> Integrated Palliative Care
  - Community Palliative Care
  - LMR Palliative Care Consultancy
  - Hospice and Evaluation
> Palliative Care Consortium

COMMUNITY SERVICES
> Aged Care Assessment Services
> Community Allied Health Services
> Community Care Services
> Carer Support Services
> Community Nursing Services
> Referral Centre

ALLIED HEALTH
> Nutrition and Dietetics
> Occupational Therapy
> Physiotherapy and Exercise Physiology
> Podiatry
> Social Work
> Speech Pathology and Audiology

RESIDENTIAL SERVICES
> Gibson Street Complex
  - Joan Pinder
  - Stella Anderson
> Golden Oaks
> Simpkin House
> Carshalton House

HEALTHY COMMUNITIES

VOLUNTEER SERVICES

PASTORAL CARE

Clinical Support Services
Executive Director/Chief Medical Officer (CMO)
Dr Humsha Naidoo

MEDICAL IMAGING

PHARMACY

QUALITY and RISK

INFECTION PREVENTION and CONTROL

RESEARCH and DEVELOPMENT

HMO SUPPORT

MORTUARY

PATHOLOGY CONTRACT

LMR CLINICAL COUNCIL

Corporate Services
Executive Director/Chief Financial Officer
Andrew Collins

BUILDINGS and INFRASTRUCTURE

FINANCIAL SERVICES

PERFORMANCE PLANNING and APPLICATIONS

PAYROLL and SALARY PACKAGING

SUPPLY

PROCUREMENT

CORPORATE SUPPORT

PPP CONTRACT MANAGEMENT

Information Services
Executive Director/Chief Information Officer
Bruce Winzar

HEALTH INFORMATION SERVICES

ICT SERVICE DELIVERY

APPLICATIONS PORTFOLIO SERVICES

EMR PROJECT

ICT ARCHITECTURE

PROJECT MANAGEMENT OFFICE
> Redesign

People and Culture Division
Executive Director
Andrea Noonan

PEOPLE and CULTURE (ADVISORS)

WORKFORCE PLANNING and RESOURCING

OCCUPATIONAL HEALTH and SAFETY

ORGANISATIONAL DEVELOPMENT

CLINICAL LEARNING and DEVELOPMENT
> Nursing & Midwifery Education
> Clinical Deanery
> E-Learning

Bendigo Hospital Project
Executive Director/Chief Nursing and Midwifery Officer
Peter Faulkner
Chief Nursing and Midwifery Officer
David Rosaia (Acting)

Office of the Chief Executive
Chief Executive Officer
Peter Faulkner (Acting)

BENDIGO HEALTH FOUNDATION

COMMUNICATIONS and MARKETING

STRATEGY, PLANNING and GOVERNANCE

GROUP SECRETARY

Attestations and Declarations

Reporting period from 1 July 2016 to 30 June 2017

This report is prepared for the Minister of Health, the Parliament of Victoria and the general public in accordance with relevant government and legislative requirements.

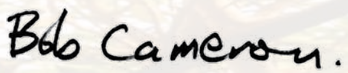
Responsible Bodies Declaration

In accordance with the Financial Management Act 1994, I am pleased to present the report of operations for Bendigo Health Care Group for the year ending 30 June 2017.

Bob Cameron
Chair Board of Directors
Bendigo Health
31 July 2017

Attestation on Risk Management

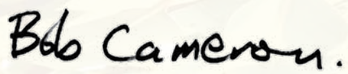
I, Bob Cameron certify that the Bendigo Health Care Group has complied with Ministerial Direction 3.7.1 – Risk Management Framework and Processes. The Bendigo Health Care Group Audit Committee has verified this.



Bob Cameron
Chair Board of Directors
Bendigo Health
31 July 2017

Attestation with Health Purchasing Victoria (HPV) Health Purchasing Policies

I, Bob Cameron certify that Bendigo Health Care Group 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.



Bob Cameron
Chair Board of Directors
Bendigo Health
31 July 2017

Statutory Compliance

Nature and range of services

Bendigo Health provides services in emergency, maternity, women's health, medical imaging, pathology, rehabilitation, community services, residential aged care, psychiatric care, community dental, hospice/palliative care, cancer services and renal dialysis.

It is an expanding regional health service incorporating the Loddon Mallee, an area the quarter of the size of Victoria. There are a number of campuses, including the Bendigo Hospital, based in Bendigo with services extended to many regional settings including areas such as Mildura, Echuca, Swan Hill, Kyneton and Castlemaine.

Freedom of Information

The Freedom of Information Act 1982 provides the public with a means of obtaining information held by the organisation. During the 2016-17 financial year, 458 requests were received. Of these, 355 requests were granted full access, 41 were granted partial access, two requests were denied in full, seven were withdrawn by the applicant, four did not proceed, nine had no documents, one was transferred to another agency and 39 were still outstanding.

Of the documents that were granted partial or no access, exemptions used were: s. 25A(1) in one request, s. 30(1) in two requests, s. 33(1) in 38 requests, s. 35(1)(b) in 10 requests, and s. 38 in nine requests.

Protected disclosures

Under the Protected Disclosure Act 2012 Bendigo Health has a protocol, including policy, consistent with the requirements of the act that supports staff to disclose serious misconduct or corruption within the organisation and public health services in Victoria.

Carers Recognition Act 2012

Bendigo Health takes all practicable measures to ensure that its employees and agents have an awareness and understanding of the care relationship principals. This also includes taking all practicable measures to ensure that persons who are in care relationships and who are receiving services in relation to the care relationship from the care support organisation have an awareness and understanding of the care relationship principals.

The organisation takes all practicable measure to ensure that the care support organisation and its employees and agents reflect the care relationship principals in developing, providing or evaluating support and assistance for persons in care relationships.

Safe Patient Care Act 2015

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

Financial Management Act 1994

The information provided in this report has been prepared in accordance with the directions of the Minister for Finance Part 9.1.3 (IV) and is available to relevant Ministers, Members of Parliament and the public on request.

National Competition Policy

Bendigo Health supports and complies with the Victorian Government's Competitive Neutrality Policy.

Building and Maintenance

Bendigo Health complies with the Building Act 1993 under the guidelines for publicly owned buildings issued by the Minister for Finance 1994 in all redevelopment and maintenance issues.

The new Bendigo Hospital is maintained by a Public Private Partnership (PPP) through Spotless for a period of 25 years.

Additional Information

Consistent with FRD 22H in the Report of Operations, details in respect of the items listed below have been retained by Bendigo Health Care Group and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

a) Declarations of pecuniary interests have been duly completed by all relevant officers;

b) Details of shares held by senior officers as nominee or held beneficially;

Statutory Compliance

c) Details of publications produced by the entity about itself, and how these can be obtained

d) Details of changes in prices, fees, charges, rates and levies charged by the Health Service;

e) Details of any major external reviews carried out on the Health Service;

f) Details of major research and development activities undertaken by the Health Service that are not otherwise covered either in the report of operations or in a document that contains the financial statements and report of operations;

g) Details of overseas visits undertaken including a summary of the objectives and outcomes of each visit;

h) Details of major promotional, public relations and marketing activities undertaken by the Health Service to develop community awareness of the Health Service and its services;

i) Details of assessments and measures undertaken to improve the occupational health and safety of employees;

j) General statement on industrial relations within the Health Service and details of time lost through industrial accidents and disputes, which is not otherwise detailed in the report of operations;

k) A list of major committees sponsored by the Health Service, the purposes of each committee and the extent to which those purposes have been achieved;

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

Victorian Industry Participation Policy

Bendigo Health complies with the intent of the Victorian Industry Participation Policy (VIPP) Act 2003.

Car parking fees

Bendigo Health complies with the DHHS hospital circular on car parking fees and details of car parking fees and concession benefits can be viewed at http://www.bendigohealth.org.au/Patients_Families.asp?PageID=18

Occupational Violence

Occupational violence statistics	2016-17
1. Workcover accepted claims with an occupational violence cause per 100 FTE	.06 per 100 FTE
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	.718 claims per 1,000,000
3. Number of occupational violence incidents reported	347
4. Number of occupational violence incidents reported per 100 FTE	19 per 100 FTE
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	4.03%

For the purpose 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 2016-17.

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.

Statutory Compliance

Occupational Health Safety

The Occupational Health and Safety department continues to be proactive in the delivery of risk management strategies and provide a significant level of care for our staff to ensure their health, safety and wellbeing. The health, safety and wellbeing of everyone in our hospital is important to the work we do at Bendigo Health.

WorkSafe Award

Bendigo Health won the Best Solution to a Manual Handling Issue Award at the 2016 WorkSafe Awards. The award was for the creation and implementation of a deceased bariatric pack to reduce the risk of injuries when handling larger, deceased bariatric patients when moving them from the hospital to the care of funeral directors.

The deceased bariatric pack addresses the risk of injuries for not only staff, but also the funeral industry. The pack includes a disposable repositioning sling that can remain under the patient through their hospital care and transfer to the funeral industry, reducing the injury risks associated with manual handling. The pack has been well received by local funeral directors who have participated in education sessions demonstrating the specialised bariatric equipment and systems used.

Safe Manual Handling

There were 140 safe manual handling education sessions held at Bendigo Health with 1569 participants attending, plus additional one-on-one training and small groups that were provided education on a needs basis. A total of 18 corporate education sessions were also undertaken with 195 staff provided initial education.

With the move to the new Bendigo Hospital, training increased in the lead up to move day, on the day and as a result of being in a new facility. This also included move day to ensure the safe transfer of staff and patients from the old site to the new. All overhead tracking has been audited in the new hospital and extensive work has continued to enable equipment at the right area and ward for the right patient in a timely manner.

Sling audits were conducted as per WorkSafe recommendations throughout the hospital six monthly. These were conducted in December 2016 and June 2017 and in this six month period. There were 1730 bariatric patient separations over the past 12 months as recorded on Patient Flow.

WorkHealth Improvement Network Project

The WorkHealth Improvement Network (WIN) project is focussed on the prevention of occupational violence and aggression within Bendigo Health Psychiatry Services. The project, run in conjunction with WorkSafe Victoria and the Department of Health and Human Services, was conducted in the three inpatient psychiatric units – Adult Acute, Older Persons and Secure Extended Care. The objective was to obtain a clear understanding of the occupational violence and aggression risks in all of these units. A working party was established that included both clinical and non clinical staff, and staff were surveyed to identify what the risks were and how risks were controlled. Feedback from the survey identified 19 strategies from the two year project.

Leadership in Safety Program

The Leadership in Safety project was a significant piece of work undertaken to ensure boards understand the roles and responsibilities for occupational health and safety, and that they are the lead for the organisation. It's an ongoing project with stage one now complete. This first stage saw the mapping of all Bendigo Health activity around occupational health and safety. The mapping identified what Bendigo Health has in place that complies with WorkSafe legislation and provided gap analysis for any improvements in the organisation. It has provided information and encourages continued improvement and enforcement requirements of occupational health and safety law. Stage one mapping has been presented to the Bendigo Health Board and executive team.

Statutory Compliance

Environmental performance

Bendigo Health endeavours to maximise energy efficiency and improve the overall management of resources. The new Bendigo Hospital incorporates many energy efficient initiatives, examples such as:

- Cogeneration and trigeneration plant to supply electricity, hot water and chilled water
- 200KW solar photovoltaic array on the roof to generate electricity
- Capture of rain water from the roof for re-use
- CSSD steriliser waste water capture for re-use
- Use of the combined reclaimed water and Class A recycled water for toilets and garden irrigation
- Variable speed drives on pumps and fans so plant is only consuming energy as needed
- Economy cycles on air handling systems to maximise use of outside air when conditions permit
- Zoning of air conditioning systems that only operate as required
- Lighting control systems to allow programming including the use of motion detectors and daylight sensors to provide lighting only when it is required
- A building management system that utilises sub-metering to provide control and monitoring of all building services
- Water efficient heat rejection systems comprising adiabatic coolers
- Recycling areas that are designated for recycling paper, cardboard, PET, glass and HDPE waste to reduce the amount of waste to landfill.

These measures that have been incorporated in the building indicate that Bendigo Health is committed to minimise any environmental impacts and aspire to reducing our footprint.

Energy consumption and carbon emissions both increased with the commissioning and occupation of the new hospital during the year. Recycled water consumption increased 100% due to the increased areas of gardens and also use within the toilets of the new hospital. Potable water use decreased by 7.4% and combined with increased recycled water use the total water consumption decreased by 2.9% from the benchmark (2012-13 year) but significantly decreased by 13.11% from the previous year. This is an indication that the greater number of fittings within the new hospital are extremely efficient.

To further demonstrate and share our environmental performance, all environmental data gathered by the sub-metering is displayed on the environmental display screen within the hospital's Internal Atrium and this information is easily accessible for staff and the public.

Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2016-17 is $21.92 million (excluding GST) with the details shown below.

BAU ($ Million)	Non-BAU ($ Million)	Operational expenditure ($ Million)	Capital expenditure TOTAL ($ Million)
$20.40 million	$1.52 million	$9.87 million	$12.05 million

Statutory Compliance

Details of consultancies (under $10,000)

In 2016-17, there were 22 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2016-17 in relation to these consultancies is $65,048.08 (excl. GST).

Details of consultancies (valued at $10,000 or greater)

In 2016-17, there were 12 consultancies where the total fees payable to the consultants were $10,000 or greater. The total expenditure incurred during 2016-17 in relation to these consultancies is $638,000 (excl. GST). Details of individual consultancies can be viewed at Website details to come.

Consultant	Purpose of Consultancy	Start date	End date	Expenditure 2016-17 (ex GST) $'000	Expenditure Future (ex GST) $'000
Angela Ballard	Workplace Investigation	Oct-16	Jun-17	59	0
Applied Aged Care Solutions Pty Ltd	Aged Care Funding Instrument Review	Nov-16	Jun-17	251	0
Baade Harbour Australia Pty Ltd	Feasibility Study	Jun-17	Jun-17	30	0
Converge International Incorporating Resolutionsrtk Pty Ltd	Employee Assistance Program	Jul-16	Jun-17	45	0
CSC Australia Pty Ltd	iPharmacy Implementation	Oct-16	Feb-17	13	0
Designinc Melbourne Pty Ltd	Retained Buildings Decanting Plan	Dec-16	Apr-17	56	0
Gnarwarre Group Of Companies Pty Ltd	Governance Review	Jul-16	Jul-16	19	0
Heather Baker-Goldsmith Safety Solutions	Workplace Investigation	Nov-16	Jan-17	36	0
Jase Consulting	ICT Transitional Planning and Contractual Review Services	Dec-16	Apr-17	61	0
Loddon Mallee Rural Health Alliance	Telehealth Clinics Project	Apr-17	Jun-17	42	0
Renoir Consulting (Australia) Pty Limited	Administration Area Review	Oct-16	Oct-16	15	0
The Trustee For AWG Trading Trust	NDIS Eligibility Assessments	Apr-17	Apr-17	11	0

Advertising campaigns (total media buy more than $100,000)

Bendigo Health ran no advertising campaigns reportable per FRD 22H for the 2016-17 period.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
Quality and safety	Implement systems and processes to recognise and support person-centred end of life care in all settings, with a focus on providing support for people who choose to die at home.	Review current services for people who choose to die at home, and explore a Palliative Care @ Home model to complement current palliative care community and hospice services by 31 December 2016.	Deliverable Achieved Proposed service model for Palliative Care @ Home developed and ready to be activated pending a subacute bed review. Model further revised and discussed with regional Department of Health and Human Services. No subacute funding available at this stage, awaiting potential sub-acute Weighted Inlier Equivalent Separation (WIES) growth.
	Advance care planning is included as a parameter in an assessment of outcomes including: mortality and morbidity review reports, patient experience and routine data collection.	By 30 June 2017 all mortality reviews identify whether an Advance Care Plan (ACP) was in place, and if so, was the delivered care aligned with the ACP.	Deliverable Achieved The presence of an Advance Care Plan (ACP) and resuscitation form is now included in the morbidity and mortality (M&M) screening and auditing templates. The M&M screening tool sends an automated email to the ACP Coordinator stating a patient has been identified through the M&M screening process to have an ACP. The ACP team are then responsible for completing the audit to see if the patient's care was aligned with the ACP.
		By 30 June 2017 30% of the target population has a valid Advance Care Plan.	Deliverable Ongoing Processes and systems have been developed through the Bendigo Health Advance Care Plan (ACP) program to support patients to develop an ACP or register their ACP in their medical file and on the digital medical record. In June 2016 the Department of Health and Human Services (DHHS) introduced mandatory reporting through the DHHS admitted episode dataset (VAED) dataset of all patients over 75 who an ACP or identified Substitute Decision Maker during their admission. Bendigo Health has increased this result from 6% in 2015 to 9% in 2017. The annual 'snapshot' of target patients with ACP in 2017 showed a consistent result of 18% of patients with ACP documentation in their file.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
	Progress implementation of a whole-of-hospital model for responding to family violence.	An education plan (including a regional role) for embedding whole of hospital 'Strengthening Hospital Responses to Family Violence' will be developed and implementation commenced by March 2017.	Deliverable Achieved The Bendigo Health Strengthening Hospital Responses to Family Violence (SHRFV) education plan has been developed rolled out to clinical staff in Emergency Department, Maternity, Psychiatric Services and the inpatient units. The plan to roll out the education to community and dental services is currently being implemented. The SHRFV regional coordinators have rolled out training to regional health services using a variety of formats including one hour sessions, half day workshops in collaboration with the Centre for Non-Violence, and train the trainer sessions.
	Develop a regional leadership culture that fosters multidisciplinary and multi-organisational collaboration to promote learning and the provision of safe, quality care across rural and regional Victoria.	Education strategy developed by 30 June 2017 to make Bendigo Health's education sessions available across the whole region.	Deliverable Achieved The relocation of hospital has enabled education meeting rooms with video/ teleconference facilities. Suitable education sessions will be shared with region's hospitals with doctors-in-training. Bendigo Health's Advanced Life Support (ALS) Education Package available for ALS Assessors to adopt for clinician's ALS training in the region. Cohuna District Hospital identified Clinical Nurse Educator who is an Assessor, and will adopt the training package to be provided for nurses and doctors on a yearly basis.
		Collaborate with Murray Primary Health Network (PHN) to develop Health Pathways to strengthen partnerships between service providers by supporting evidence-based pathways to deliver the best quality care in the region. 10 Health Pathways developed by June 2017.	Deliverable Achieved Bendigo Health continues to participate in the Health Pathways development. 26 pathways have been led to completion by the Central region of Murray Primary Health Network with Bendigo Health having been involved in the finalisation of a number of these pathways. 49 pathways are currently progressing towards development and completion. The development of Health Pathways will continue in 2017-18.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
	Establish a foetal surveillance competency policy and associated procedures for all staff providing maternity care that includes the minimum training requirements, safe staffing arrangements and ongoing compliance monitoring arrangements.	Maternity Services audit completed by 31 October 2016 to ensure adherence to foetal surveillance competency framework by midwifery and medical staff.	Deliverable Achieved An audit was completed in October 2016 to ensure adherence to the Bendigo Health foetal surveillance competency framework to guide assessment, monitoring and evaluation of competence in midwifery and medical staff. This has been guided by the recommendations made by the Royal Australian and New Zealand College of Obstetricians and Gynaecologists (RANZCOG) for education in foetal surveillance.
	Use patient feedback, including the Victorian Healthcare Experience Survey to drive improved health outcomes and experiences through a strong focus on person and family centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	Review of patient experience surveys being undertaken in all departments and divisions completed by 30 September 2016.	Deliverable Achieved A review of methods undertaken to gather patient experience information has been undertaken and a report outlining findings and recommendations has been completed. A Victoria wide Patient Experience Network Group has been established and had the inaugural meeting in June 2017.
		Revision of the internal patient experience survey methodology by 31 March 2016 to enhance responses to patient experience surveys.	75% complete The review into mechanisms for patient experience is being used as a basis to develop a Patient Experience Toolkit. A review of the use of Victorian Health Experience Survey (VHES) data is also being undertaken to ensure that Bendigo Health governing committees receive information regarding patient experience in relation to the scope of the relevant governing committee. A Quality Consultant has been dedicated to the project of the development of Clinical Service Indicator Boards. Work has commenced on developing a detailed project plan to outline all aspects of the project and ensure tools and process are embedded in quality systems to ensure long term success of the project.
	Develop a whole of hospital approach to reduce the use of restrictive practices for patients, including seclusion and restraint.	Psychiatric Services Reducing Restrictive Interventions Coordinator to lead a review of restrictive practices used across Bendigo Health by 30 April 2017 and develop improvement plan by 30 June 2017.	Deliverable Achieved Hospital wide reporting processes have been implemented to capture restrictive interventions via an online process. Governance and reporting process have been implemented, with the Restraint and Seclusion review outcomes reported to Occupational Violence & Safety Committee.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
Access and timeliness	Ensure the development and implementation of a plan in specialist clinics to: (1) optimise referral management processes and improve patient flow through to ensure patients are seen in turn and within time; and (2) ensure Victorian Integrated Non-Admitted Health data accurately reflects the status of waiting patients.	Review and document current referral management processes by 31 March 2017 and examine detailed requirements for development of single entry point by 30 June 2017.	Deliverable Achieved The e-referral project is reviewing and documenting current referral management processes and examining detailed requirements for development of single entry point by 30 June 2017. Proposal for referral management project has been developed and utilised as a Better Care Victoria submission with the proposal being unsuccessful in the current round.
		Review Victorian Integrated Non-Admitted Health audit report by 31 December 2016 and implement recommended changes according to plan developed.	Deliverable Achieved The Victorian Integrated Non-Admitted Health (VINAH) audit report has been reviewed, and the recommended changes are completed. Bendigo Health Policy and Procedure related to the Access Policy are in place - Bendigo Health Specialist Clinics Access and Policy and Bendigo Health Specialist Clinics Protocol.
	Ensure the implementation of a range of strategies (including processes and service models) to improve patient flow, transfer times and efficiency in the Emergency Department, with particular focus on patients who did not wait for treatment and/or patients that re-presented within 48 hours.	Implement processes for Emergency Department consultant and Nurse Unit Manager to monitor time to treat, transfer times, patient disposition and suitability for admission to Short Stay Observational Unit by 30 September 2016.	Deliverable Achieved Weekly meeting with the Emergency Department Electronic Medical Record (EMR) project medical and nursing leads to develop a streamlined process for identifying patients for Short Stay Observational Unit (SSOU) admission and modifying SSOU pathways to reduce documentation load on clinicians; recent change in inpatient bed allocation for patients who 'fail' SSOU admission. Equal inpatient bed allocation priority given to SSOU and Emergency Department patients to reduce bed block in the SSOU. This will give SSOU capacity to increase average daily admission; monthly SSOU Associate Nurse Unit Manager meetings. Standing items include – SSOU access targets, barriers to admissions and quality improvement; SSOU medical lead implemented in June 2017; and SSOU pathway audit and SSOU fail audit completed in June 2017. Data used to identify most common SSOU fails and reduce inappropriate admissions to SSOU. Time to treat is monitored ongoing and is overseen by the Waiting Room Nurse.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
		Review and improve processes to decrease 'did not waits' to 4% by 30 June 2017.	75% complete Mandatory weekly National Emergency Access Target (NEAT) improvement meetings aimed and at identifying barriers to inpatient bed access and reducing wait times for patients who present to the Emergency Department are being held. Reviewing Fast Track model of care and staffing resources to improve time to treatment and timely discharge for non-admitted patients has been undertaken.
	Identify opportunities and implement pathways to aid prevention and increase care outside hospital walls by optimising appropriate use of existing programs (i.e. the Health Independence Program or telemedicine).	Options explored including new Telemedicine opportunities and continuation of development of a more integrated service delivery model. Two initiatives conducted in 2016-17.	Deliverable Achieved Bendigo Health has been successful in receiving funding to be part of the Specialist Clinics Telehealth project run by Department of Health and Human Services (DHHS). This project will target the areas of Respiratory, Endocrinology, Paediatrics and Clinical Genetics. Bendigo Health will also partner Austin Health focusing on respiratory and spinal care. The Geri-Connect telemedicine project is in operation across the Loddon Mallee Region providing Geriatrician consultancy to residents of Aged Care facilities. As at June 2017, five health services have the assessments embedded into clinical practice in their respective sites (Mallee Track, Robinvale, Kyabram, Maryborough and Inglewood). The assessments from these sites accounting for 70% of consultations to date. The Specialist Clinics telehealth project is progressing, both the Bendigo Health led and the Austin Health led initiatives. A business case has been developed for a single operating system.
	Increase the proportion of patients (locally and across the state) who receive treatment within the clinically recommended time for surgery and implement ongoing processes to ensure patients are treated in turn and within clinically recommended timeframes.	New expanded Interventional Suite completed and commissioned by February 2017.	Deliverable Achieved All 11 operating theatres (eight major surgery and three minor procedure) have been equipped and commissioned. All theatres are functioning adequately to allow safe and effective performance of the surgeries for which they were designed. Minor works continue, to eliminate small issues that require management. These works will not impact on service delivery.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
		Processes to be established and implemented by 31 August 2016 to support increased proportion of patients seen within clinically appropriate timeframe. Specialty Liaison Nurses and Surgical Consultants will regularly review patients and surgical lists to ensure maximal use of theatre time at Bendigo and partner health services.	Deliverable Achieved Development and introduction of Nurse Liaison positions for each major surgical specialty; development of a monthly dashboard report for each surgical specialty and sent to each visiting medical officer (VMO); ongoing auditing of elective surgery waiting list (ESWL) confirming status. A temporary memorandum of understanding has developed with private partners to assist with the treat in time framework.
	Develop and implement a strategy to ensure the preparedness of the organisation for the National Disability and Insurance Scheme and Home and Community Care program transition and reform, with particular consideration to service access, service expectations, workforce and financial management.	Identify and map current clients who will be impacted by the disability reforms by 30 June 2017.	Deliverable Achieved Plan development for the Disability Support Register (DSR) has been facilitated through Case Management Services where identified. Home and Community Care (HACC) programs have transitioned to HACC Program for Younger People and Commonwealth Home Support Program. Programs and the sector continue to struggle with the significant changes required due to the transition to business models. National Disability Insurance Scheme (NDIS) transition will occur over the next financial year. Community Services have been actively identifying and updating client information in a Sigbox for the Department of Health and Human Services (DHHS). The Sigbox is used to identify clients who will transition to the NDIS. The managers have spent considerable time ensuring current and accurate client information in an online environment that is very resource intensive. Individual programs have consistently provided targeted information regarding NDIS from access through to the development of participant plans. Mapping via Sigbox continues as per DHHS transition requirements.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
		Develop and implement a strategy by 30 June 2017 to ensure eligible clients are provided with appropriate information to facilitate smooth transition to changed service arrangements.	Deliverable Achieved The Bendigo Health Home and Community Care (HACC) programs have transitioned to the HACC Program for Younger People and Commonwealth Home Support Program. The Loddon Mallee Community Care Alliance has commenced with the Director Community Services as chair to support the sector with the changes. Carer Support Services have delivered or partnered to deliver information about the roll out of National Disability and Insurance Scheme (NDIS) to carers and eligible participants of the NDIS. The information has been well received and compliments the other sessions provided. The new Regional Development Coordinator has commenced. Ongoing work is required to ensure eligible clients receive appropriate information. Planning is well advanced for a Navigating the Aged Care System to be held in five venues throughout Bendigo and various Loddon Mallee locations. The sessions will provide information that supports progression through the system including the My Aged Care platform, assessment, Commonwealth Home Support Program services, Home Care Packages and Residential Aged Care.
		Development of Bendigo Health organisational strategy for organisational transition of service sector reforms by 30 June 2017.	Deliverable Achieved The National Disability and Insurance Scheme (NDIS) Project manager has commenced at Bendigo Health. Project plan approved by Steering Committee. Bendigo Health has been registered as an NDIS provider. The Commonwealth Home Support Programme (CHSP)/ Home and Community Care Program for Younger People (HACC PYP) transition has commenced.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
	Develop and implement strategies within their organisation to ensure identification of potential organ and tissue donors and partner with DonateLife Victoria to ensure that all possible donations are achieved.	Bendigo Health will ensure that policies exist to enable staff to understand organ donation and identification of possible donors is established. The policies will be updated in March 2017 in line with the hospital move.	Deliverable Achieved Bendigo Health have in place policies on organ donation and brain death. Four Organ Donation policies have been updated and currently with an Intensive Care Unit Intensivist for review, to be presented at Acute Health Clinical Standards for review on 3 August 2017. New policy for eye and tissue donation being developed and also planned to be presented at Acute Health Clinical Standards on 3 August 2017.
		Bendigo Health will conduct educational programs across the Intensive Care and the Emergency Department, inpatient wards, theatre and community based to raise awareness of organ donation by 30 June 2017.	Deliverable Achieved Education is ongoing so that staff and the community are aware of organ donation. Education sessions are provided to Critical Care students, Advanced Clinical Nursing Management, and the Post Graduate Renal Course.
		The onsite donation specialist role will be reviewed to ensure that staff have the resources required and that information is in alignment with DonateLife policy by 30 September 2016.	Deliverable Achieved The onsite donation specialist role has been reviewed and is ongoing and funded until July 2018.
	Support shared population health and wellbeing planning at a local level - aligning with the Local Government Municipal Public Health and Wellbeing Plan and working with other local agencies and Primary Health Networks.	New Director position and governance committee established to provide leadership in the development of a collaborative approach to preventive health initiatives in the Greater Bendigo local government area by December 2016.	Deliverable Achieved The Director Healthy Communities started at Bendigo Health in July 2016. Agreement on the development of a collaborative approach to preventive health initiatives in the Greater Bendigo local government area was made in September 2016 and is now part of the Terms of Reference.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
	Municipal Public Health and Wellbeing Plan and working with other local agencies and Primary Health Networks.	Agreement reached with partner agencies for implementation of a complex adaptive systems approach by 31 March 2017 based on a Collective Impact framework for preventive health initiatives in the City of Greater Bendigo.	Deliverable Achieved The GREATER governance group supports the process of the Municipal Public Health and Wellbeing Plan and will be working towards using it as the one plan we all work from. The Healthy Communities team is participating in the development of this plan via stakeholder and working group. There is agreement from the Governance Group members that this approach is required. All are participating in a consultancy to develop the future Obesity Platform.
Supporting healthy populations	Focus on primary prevention, including suicide prevention activities, and aim to impact on large numbers of people in the places where they spend their time adopting a place based, whole of population approach to tackle the multiple risk factors of poor health.	Based on the Collective Impact framework, develop collaborative strategy with community settings such as schools, workplaces, sporting clubs and early years environments for a sustained focus on prevention of ill health by 31 May 2017.	Deliverable Achieved Backbone team have started to reconnect with community groups to begin the conversation again around health promoting environments in schools, workplaces, sporting clubs and early year's environment settings. As part of the development of the initiative the Governance Group agreed to employ a consultant for a period of 12 months to develop the collaborative strategy. Staff have been allocated to roles, a brand GREATER has been agreed upon and the placed based approach for prevention is well underway. Consultancy, Health Future Australia Lead by Dr Shelley Bowen and Russel Fisher have started work with the Bendigo stakeholders to develop a strategic obesity platform. This will guide the work in the Bendigo region for the eventual reduction of obesity.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
	Develop and implement strategies that encourage cultural diversity such as partnering with culturally diverse communities, reflecting the diversity of your community in the organisational governance, and having culturally sensitive, safe and inclusive practices.	A Bendigo Health Diversity Plan and strategies to support culturally diverse people are implemented and monitored by the Diversity Committee by 30 June 2017.	Deliverable Achieved The Diversity Committee continues to meet regularly with internal and external membership. The Bendigo Health Diversity Plan has broadened its scope to be inclusive on not only Cultural Diversity but also Disability Access related diversity matters. The plan consists of two components – Part A relating to service provision and Part B related to workforce. The Plan is updated and reviewed at the Diversity Committee. The Diversity Plan in it new form has also seen a merge of the Cultural Diversity Committee and Disability Access Committee into a single Committee now titled 'Diversity Committee'. The new hospital has been influenced by Bendigo Health committee members in ensuring that the environment is conducive to support patient centred care and responding to support cultural diversity. The new multi-faith sacred space; patient entertainment systems and check in monitors inclusive of other languages; Aboriginal Support service space and garden; and interpreting symbols displayed at all front of house reception areas are examples of this work.
	Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices which recognise and respect their cultural identities and safely meets their needs, expectations and rights.	Designated Aboriginal Space in the new Bendigo Hospital formally opened and promoted to Aboriginal patients and community by 31 January 2017.	Deliverable Achieved The Aboriginal Support space in the new hospital was formally opened during NAIDOC week events on Monday 3 July 2017. The Aboriginal Support space in the new hospital has been carefully designed to ensure Aboriginal Community members have a cultural sensitive and safe environment in this mainstream service. The new area has Aboriginal art features; direct connections to the land; display of Acknowledgement plaques and specifically designed gardens spaces. The garden features a fire pit for ceremonial purposes and other artwork/artefacts which will be registered with the Koori Heritage Trust. The outdoor garden also allows for two separate areas which means men's and women's business can be conducted separately. Health promotion information can be displayed in this area to support patients and the larger gathering space will allow for health promotion education sessions to be conducted.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
	Drive improvements to Victoria's mental health system through focus and engagement in activity delivering on the 10 Year Plan for Mental Health and active input into consultations on the Design, Service and infrastructure Plan for Victoria's Clinical mental health system.	Finalise model of care and establish Parent Infant Unit from 28 February 2017.	Deliverable Achieved The Parent Infant Unit model of care is progressing well. The Parent Infant Unit opened at Bendigo Health on 6 March 2017.
		Embed the Safewards model into the Model of Care for the four new psychiatric inpatient units by 31 January 2017.	Deliverable Achieved The Safewards model has been implemented as a model of care for the new and existing inpatient units within Psychiatric Services.
	Using the Government's Rainbow eQuality Guide, identify and adopt 'actions for inclusive practices' and be more responsive to the health and wellbeing of lesbian, gay, bisexual, transgender and intersex individuals and communities.	Review patient/carer survey to include specific questions for individuals identifying as lesbian, gay, bisexual, transgender and intersex (LGBTI) by 31 October 2016.	Deliverable Achieved Patient/carer survey includes specific question that lesbian, gay, bisexual, transgender and intersex (LGBTI) is considered in care and treatment. Survey also has questions for safety and comfort. Survey developed with broad consultations with consumer and family/carers.
		Progress the LGBTI project in the Child and Adolescent Mental Health Service, including policy development and staff education by 31 May 2017.	Deliverable Achieved Considerable resources have been collated which are accessible to all Bendigo Health Psychiatric Services including safe zone poster and inclusive practice guides and patient and family and specific material for addressing the mental health needs of people identifying as LGBTI. Training was provided in 2016 for Improving LGBTI sensitive practice. More training is scheduled on Child and Adolescent Mental Health Services training plan and opening these sessions to other areas. The LGBTI project includes a Gender and Sexuality Responsiveness Action plan, inclusive of review of terminology and documentation.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
	Further engagement with relevant academic institutions and other partners to increase participation in clinical trials.	Collaborative research institute including partners from key academic institutions and regional/rural health services established by 30 June 2017	90% complete The research Steering Group has agreed on the vision for the entity and a working party was established to develop a Joint Venture Agreement (JVA) for the establishment of a collaborative research institute. The universities do not wish to enter into a JVA legal agreement and are working on a different model that they will table with the Steering Group. Despite attempts to follow-up on an agreement with Monash and La Trobe Universities, they still have not been able to reach a mutual agreement and the research institute work has stalled. The Research and Development Director is following up on other potential partnership opportunities. The newly established Bendigo Health internal Interdisciplinary Research Collaborative Group has met on two occasions and the purpose is to support and promote Bendigo Health in developing a culture of research excellence. The group will provide a reference point for internal and external researchers and will oversee the implementation of elements of Bendigo Health's Research and Development (R&D) Agenda.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
	Demonstrate implementation of the Victorian Clinical Governance Policy Framework: Governance for the provision of safe, quality healthcare at each level of the organisation, with clearly documented and understood roles and responsibilities. Ensure effective integrated systems, processes and leadership are in place to support the provision of safe, quality, accountable and person centred healthcare. It is an expectation that health services implement to best meet their employees' and community's needs, and that clinical governance arrangements undergo frequent and formal review, evaluation and amendment to drive continuous improvement.	Review Bendigo Health clinical governance framework and reporting process by 30 September 2016 to ensure compliance with statewide policy framework. Implementation plan for improvements developed by 31 December 2016.	75% complete The governance and reporting framework has been reviewed in line with the Tricker Framework. The recommendations from the Targeting Zero report have been tabled at the Bendigo Health Quality Care Council (QCC). Development of the QCC work plan is well underway with refinement of KPIs and monitoring mechanisms for each aspect of the plan now being developed. Safer Care Victoria released the updated Victorian Clinical Governance Framework in June 2017. This framework has been revised in response to the 'Targeting Zero: the review of hospital safety and quality assurance in Victoria' and includes an additional domain of 'Leadership and Culture'. A review is underway to align the Bendigo Health quality assurance plan and relevant documents to this framework.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
Governance and leadership	Lead the development and implementation of Local Region Action Plans under the series of statewide design, service and infrastructure plans being progressively released from 2016 17. Development of Local Region Action Plans will require partnerships and active collaboration across regions to ensure plans meet both regional and local service needs, as articulated in the statewide design, service and infrastructure plans.	Executive Officer recruited by October 2016 to support establishment of shared regional governance framework for all health services in the Loddon Mallee Region.	Deliverable Achieved The Executive Officer has been recruited and has visited all health services in Loddon Mallee Region.
		Memorandum of Understanding signed by December 2016 to establish regional Leadership Forum to develop shared responses to statewide clinical and service plans as plans are published.	Deliverable Achieved Second Loddon Mallee Regional Clinical Council (LMRCC) Reference Group met on 1 February 2017, refining the: a) Drafted Terms of Reference for the LMRCC Reference Group; b) Drafted Terms of Reference of LMRCC; c) LMRCC Discovery Report (includes issues identified, safety and quality framework, expectation and outcomes, roles and responsibilities, establishment of LMRCC). First LMRCC meeting to occur in September 2017. The Executive Committee has met several times and planning is underway for the inaugural meeting in September 2017. Invitations have been sent to members of the LMRCC.
	Ensure that an anti-bullying and harassment policy exists and includes the identification of appropriate behaviour, internal and external support mechanisms for staff and a clear process for reporting, investigation, feedback, consequence and appeal and the policy specifies a regular review schedule.	Reviews of organisational policies completed by 30 June 2017: Bullying, Harassment, Staff Grievance Protocol, Employee Assistance Protocol and Staff Support Protocol.	Deliverable Achieved The Bullying, Harassment, Staff Grievance, Employee Assistance and Staff Support Protocols have all been updated and reviewed and are available and accessible to all staff on PROMPT.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
	Board and senior management ensure that an organisational wide occupational health and safety risk management approach is in place which includes: (1) A focus on prevention and the strategies used to manage risks, including the regular review of these controls; (2) Strategies to improve reporting of occupational health and safety incidents, risks and controls, with a particular focus on prevention of occupational violence and bullying and harassment, throughout all levels of the organisation, including to the board; and (3) Mechanisms for consulting with, debriefing and communicating with all staff regarding outcomes of investigations and controls following occupational violence and bullying and harassment incidents.	Reviews of committee structures completed by 30 June 2017: The Board of Directors, Quality Care Council, The Executive OH&S Committee, Staff Occupational Health and Safety Committees, the Code Grey and Code Black Response Committee. The review should ensure the relevant information is being provided to the committee to improve health and safety outcomes for staff and patients.	Deliverable Achieved A full review was conducted of all committees that address matters pertaining to staff health, wellbeing and safety. In addition to the internal review an external review was conducted by WorkSafe. Matters pertaining to workplace health, safety and wellbeing are regularly and routinely reported to the Executive and Board of Directors as required.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
	Implement and monitor workforce plans that: improve industrial relations; promote a learning culture; align with the Best Practice Clinical Learning Environment Framework; promote effective succession planning; increase employment opportunities for Aboriginal and Torres Strait Islander people; ensure the workforce is appropriately qualified and skilled; and support the delivery of high-quality and safe person centred care.	Bendigo Health has completed a service wide workforce plan in preparation for the new Bendigo Hospital. The plan covers industrial relations framework, workforce integration, education and training, succession planning, diversity and inclusion. The plan will be monitored throughout the reporting period and revised as appropriate in June 2017.	Deliverable Achieved Recruitment strategies have been developed for speciality areas that are relying on the use of agency staff to meet service demands. Interventional Suite has had significant growth and changes with their model of care so the approach is flexible along with developmental. Women's and Children's Services have had changes to their model of care since moving into the new environment which has created some shortfalls in rosters that is being covered by permanent, casual and agency staff. Once approval for increased growth is approved the recruitment strategy will be put into place. Recruitment for Interventional Suite continues to increase, this has been a slow and steady recruitment process and we anticipate a full complement of staff within the next six months. Additionally there has been a significant increase in the number of positions advertised at Bendigo health and a long perm recruitment branding and advertisement campaign is necessary. Specialised recruitment strategies has now been expanded to the Health Information Department. Similar methods of recruitment that has been successful with other departments are being implemented along with an increase of advertising in social media. Traditional methods of advertising are not having the same level of success as previously. This information has prompted a review of the mode of advertising for positions for the 2017-2018 business planning year.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
	Create a workforce culture that: (1) includes staff in decision making; (2) promotes and supports open communication, raising concerns and respectful behaviour across all levels of the organisation; and (3) includes consumers and the community.	Staff satisfaction survey implemented by 30 June 2017 aimed at measure workplace culture and levels of engagement.	Deliverable Achieved The People Matter Survey was undertaken in May 2017. Preliminary results have been received from the Victorian Public Sector Commission (VPSC) and are being analysed with results to be communicated to the Board, Executive and staff during August 2017.
	Ensure that the Victorian Child Safe Standards are embedded in everyday thinking and practice to better protect children from abuse, which includes the implementation of: strategies to embed an organisational culture of child safety; a child safe policy or statement of commitment to child safety; a code of conduct that establishes clear expectations for appropriate behaviour with children; screening, supervision, training and other human resources practices that reduce the risk of child abuse; processes for responding to and reporting suspected abuse of children; strategies to identify and reduce or remove the risk of abuse and strategies to promote the participation and empowerment of children.	Collaborate with Murray Primary Health Network (PHN) for the development of a Health pathway focused on better shared care between health providers for children at risk by 31 March 2017.	60% complete A Paediatric Consultant is leading the shared care pathway between health providers for children at risk which is in development
		With the Loddon Children and Youth Area Partnership, develop a strategy for competency based skills development in trauma informed practice by December 2017.	75% complete The Chief Speech Pathologist is working to develop the competency based skills development in trauma informed practice across the region. This is currently ongoing.
		Vulnerable Children-Child Abuse, Sexual Abuse and Neglect Protocol reviewed and updated by 31 March 2017.	85% complete The Vulnerable Children, Child Abuse, Sexual Abuse and Neglect policy has been reviewed and will be further updated following release of the Department of Health and Human Services child safe gap analysis.

Statement of Priorities

Part A

Domain	Action	Deliverables	Outcome
	Implement policies and procedures to ensure patient facing staff have access to vaccination programs and are appropriately vaccinated and/or immunised to protect staff and prevent the transmission of infection to susceptible patients or people in their care.	Staff immunisation policy and Staff influenza vaccination policies reviewed to ensure compliance with health care worker immunisation guidelines by 31 December 2016.	Deliverable Achieved Bendigo Health staff immunisation policies are in line with the Department of Health and Human Services health care worker immunisation guidelines and are available via PROMPT portal.
		Deliver a staff vaccination program, including multiple delivery modalities to achieve 75% health care worker immunisation target by May 2017.	75% complete Currently the staff Influenza vaccination rate is 70%. Infection Prevention and Control Unit (IPC) continue to offer clinics for vaccination. IPC will continue to offer clinics into early August 2017. Based on numbers presenting and current rate Bendigo Health may not meet the Statement of Priorities rate of 75%.
Financial sustainability	Further enhance cash management strategies to improve cash sustainability and meet financial obligations as they are due.	Monitor debt collections daily and report to board monthly.	Deliverable Achieved Debt collections are monitored on a daily basis and reports are provided to the Board of Directors on a monthly basis.
	Actively contribute to the implementation of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	By June 2017, achieve a 12% improvement in consumption of electricity, gas and water on 2012-13 performance baseline.	Deliverable Achieved Excluding the new building, there has been a 12.3% reduction in power, gas and water consumption for the retained buildings compared to the 2012-2013 benchmark year.
		Implement environmental technologies in the new Bendigo hospital, including the Environmental Display Screen, increased number of recycled waste streams and new systems for waste auditing. Connection of Class A recycled water before summer 2016.	Deliverable Achieved The Environmental Display Screen (EDS) is operational and among the Sustainability messages, it displays weekly power, gas and water consumption as well as power generated on site by Solar PV and Tri-generators. Waste streams are monitored and audited and Spotless provide a monthly break down of waste volumes and weights. Recycled water is in use on the Barnard Street site with the Lucan Street site to come on line following completion of Stage 2 building works.

Disclosure Index

The annual report of the Bendigo Health Care Group 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
Ministerial Directions		
Report of Operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	14
FRD 22H	Purpose, functions, powers and duties	15
FRD 22H	Initiatives and key achievements	3
FRD 22H	Nature and range of services provided	15
Management and structure		
FRD 22H	Organisational structure	12-13
Financial and other information		
FRD 10A	Disclosure index	38-39
FRD 11A	Disclosure of ex gratia expenses	FR
FRD 21C	Responsible person and executive officer disclosures	FR
FRD 22H	Application and operation of *Protected Disclosure 2012*	15
FRD 22H	Application and operation of *Carers Recognition Act 2012*	15
FRD 22H	Application and operation of *Freedom of Information Act 1982*	15
FRD 22H	Compliance with building and maintenance provisions of *Building Act 1993*	15
FRD 22H	Details of consultancies over $10,000	19
FRD 22H	Details of consultancies under $10,000	19
FRD 22H	Employment and conduct principles	11
FRD 22H	Information and Communication Technology Expenditure	18
FRD 22H	Major changes or factors affecting performance	FR
FRD 22H	Occupational violence	16
FRD 22H	Operational and budgetary objectives and performance against objectives	FR
FRD 24C	Reporting of office-based environmental impacts	18
FRD 22H	Significant changes in financial position during the year	FR
FRD 22H	Statement on National Competition Policy	15
FRD 22H	Subsequent events	FR
FRD 22H	Summary of the financial results for the year	FR
FRD 22H	Additional information available on request	15-16
FRD 22H	Workforce Data Disclosures including a statement on the application of employment and conduct principles	11
FRD 25C	Victorian Industry Participation Policy disclosures	16
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FRD 103F	Non-Financial Physical Assets	FR
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SD 5.2.1(a)	Compliance with Ministerial Directions	FR
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Statement of Priorities

Part B

Quality and Safety

Key performance indicator	Target	Outcome
Accreditation		
Compliance with NSQHS Standards accreditiation	Full compliance	Full compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Full compliance
Infection prevention and control		
Compliance with cleaning standards	Full compliance	Full compliance
Compliance with the Hand Hygiene Australia program	80%	80%
Percentage of healthcare workers immunised for influenza	75%	81%
Patient experience		
Victorian Healthcare Experience Survey - data submission	Full compliance	Full compliance
Victorian Healthcare Experience Survey - patient experience Quarter 1	95% positive experience	95%
Victorian Healthcare Experience Survey - patient experience Quarter 2	95% positive experience	95%
Victorian Healthcare Experience Survey - patient experience Quarter 3	95% positive experience	93%
Victorian Healthcare Experience Survey – discharge care Quarter 1	75% very positive response	84%
Victorian Healthcare Experience Survey – discharge care Quarter 2	75% very positive response	82%
Victorian Healthcare Experience Survey – discharge care Quarter 3	75% very positive response	81%
Healthcare associated infections		
Number of patients with sugical site infection	No outliers	No outliers
ICU central line associated blood stream infections	No outliers	No outliers
SAB rate per occupied bed days	< 2 / 10,000	0.3
Maternity and newborn		
Percentage of women with prearranged postnatal home care	100%	100%
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.6%	3.5%
Rate of severe foetal growth restriction in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	0.0%
Mental health		
Percentage of adult inpatients who are readmitted within 28 days of discharge	14%	16%
Percentage of seclusion events relating to an acute admission - composite seclusion rate	15%	6%
Rate of seclusion events relating to an adult acute admission	< 15 / 1,000	7
Rate of seclusion events relating to an aged acute admission	< 15 / 1,000	3
Percentage of child and adolescent patients with post-discharge follow-up within seven days	75%	100%

Statement of Priorities

Part B

Percentage of adult patients who have post-discharge follow-up within seven days	75%	86%
Percentage of aged patiens who have post-discharge follow-up within seven days	75%	100%
Continuing care		
Functional independence gain from admission to discharge, relative to length of stay	"≥ 0.39 (GEM) and ≥ 0.645 (rehab)"	Partial

Governance and leadership

Key performance indicator	Target	Outcome
Accreditation		
People Matter Survey - Percentage of staff with a positive response to safety culture questions	80%	90%

Access and timeliness

Key performance indicator	Target	Outcome
Emergency care		
Percentage of ambulance patients transferred within 40 minutes	90%	89%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	65%
Percentage of emergency patients with a length of stay less than four hours	81%	63%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	4
Elective surgery		
Percentage of Urgency Category 1 elective patients removed within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective patients admitted within clinically recommended timeframes	94%	84%
20% longest waiting Category 2 and 3 removals from elective surgery waiting list	100%	80%
Number of patients on the elective surgery waiting list	1185	1,339
Number of hospital initiated postponements per 100 scheduled admissions	< 8 / 100	7.2
Number of patients admitted from elective surgery waiting list - annual total	5,164	4,704
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	94%
Percentage of routine patients referred by a GP or external specialist who attended a first appointment within 365 days	90%	91%

Statement of Priorities

Part B

Financial sustainability

Key performance indicator	Target	Outcome
Finance		
Operating result ($m)	3.0	2.7
Trade creditors	60 days	38 days
Patient fee debtors	60 days	39 days
Public & private WIES performance to target	100%	101%
Adjusted current asset ratio	0.7	0.8
Number of days with available cash	14 days	17%
Asset management		
Basic assest management plan	Full compliance	Full compliance

Statement of Priorities

Part C

Funding type	Activity	2016-17 Activity Achievement
Acute Admitted		
WIES DVA	502	476
WIES Private	4,783	4,101
WIES Public	24,752	25,492
WIES TAC	240	254
Acute Non-Admitted		
Home Renal Dialysis	30	29
Home Enteral Nutrition	337	287
Aged care		
HACC	12,491	14,307
Residential Aged Care	82,444	77,939
Subacute & Non-Acute Admitted		
Transition Care - Beddays	18,250	15,964
Transition Care - Homeday	12,775	12,060
Subacute WIES - GEM Private	153	213
Subacute WIES - GEM Public	627	598
Subacute WIES - Palliative Care Private	75	64
Subacute WIES - Palliative Care Public	191	180
Subacute WIES - Rehab Private	169	243
Subacute WIES - Rehab Public	794	718
Subacute WIES - DVA	86	87
Subacute Non-Admitted		
Health Independence Program - Public	50,622	54,997
Mental Health and Drug Services		
Mental Health Ambulatory	63,082	43,485
Mental Health Residential	15,341	12,847
Mental Health Sub Acute	7,305	6,435
Mental Health Inpatient - Secure Unit	5,821	2,813
Mental Health Inpatient - Available bed days	18,164	15,674
Primary Health		
Community Health/ Primary Care Programs	8,824	7,925
Other		
Health Workforce	139	189

Financials in Brief

A summary of the financial results for the year, from Annual Financial Reports, with comparative results from the preceding four financial years.

	2016/17 $000	2015/16 $000	2014/15 $000	2013/14 $000	2012/13 $000
Total Expenses	440,726	367,159	357,294	340,528	329,666
Total Revenue	970,901	366,737	347,512	333,154	324,799
Other economic flows included in the net result	96	(184)	(242)	(285)	(1,639)
Net Result Before Capital & Specific Items	2,663	3,163	3,138	2,948	1,608
Net Result for the Year	530,271	(606)	(10,024)	(7,659)	(6,506)
Accumulated Surpluses/(Deficits)	490,385	(40,116)	(39,480)	(29,620)	(22,109)
Total Assets	1,059,320	264,278	253,870	264,812	235,790
Total Liabilities	358,058	94,287	83,273	84,191	91,915
Net Assets	701,262	169,991	170,597	180,621	143,875
Total Equity	701,262	169,991	170,597	180,621	143,875

Operational Summary

Bendigo Health Care Group recorded a statement of priorities operating surplus for the 2016/17 financial year which was adverse to budget.

FINANCIAL REPORT

2016-17

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Bendigo Health Care Group

Opinion

I have audited the financial report of Bendigo Health Care Group (the health service) which comprises the:

- balance sheet as at 30 June 2017
- comprehensive operating statement for the year then ended
- statement of changes in equity for the year then ended
- cash flow statement for the year then ended
- notes to the financial statements, including a summary of significant accounting policies
- board member's, accountable officer's, chief finance & accounting officer's declaration.

In my opinion the financial report presents fairly, in all material respects, the financial position of the health service as at 30 June 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.

Basis for Opinion

I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report.

My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Board's responsibilities for the financial report

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 *Financial Management Act 1994*, 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.

In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Auditor's responsibilities for the audit of the financial report

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

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

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service'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'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 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.

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 October 2017

Ron Mak
as delegate for the Auditor-General of Victoria

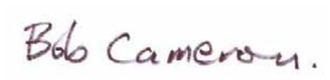
Board Member's, Accountable Officer's, Chief Finance & Accounting Officer's Declaration

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2017 and the financial position of Bendigo Health Care Group at 30 June 2017.

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

We authorise the attached financial statements for issue on this day.



.....

R G Cameron

Chair

.....

P A Faulkner

Acting Chief Executive Officer

.....

A B Collins

Chief Financial Officer

Dated the 3rd day of October 2017

at Bendigo

Bendigo Health Care Group
Comprehensive Operating Statement For the Financial Year Ended 30 June 2017

	Note	2017 $'000	2016 $'000
Revenue from Operating Activities	2.1	384,311	338,338
Revenue from Non-operating Activities	2.1	10,858	12,140
Employee Expenses	3.1	(261,882)	(242,986)
Non Salary Labour Costs	3.1	(15,871)	(12,576)
Supplies & Consumables	3.1	(64,030)	(54,821)
Other Expenses	3.1	(50,723)	(36,932)
Net result before capital & specific items		**2,663**	**3,163**
Capital Purpose Income	2.1	575,714	16,111
Depreciation & Amortisation	4.4	(30,629)	(16,753)
Finance Costs	3.3	(9,905)	0
Expenditure for Capital Purpose	3.1	(7,686)	(3,091)
Assets Received Free of Charge	2.2	18	148
Net result after capital and specific items		**530,175**	**(422)**
Other economic flows included in the net result			
Net gain/(loss) on Disposal of Non-Financial Assets	2.1	(967)	(184)
Revaluation of Long Servce Leave	2.1	1,063	0
Total other economic flows included in net result		**96**	**(184)**
NET RESULT FOR THE YEAR		**530,271**	**(606)**
COMPREHENSIVE RESULT		**530,271**	**(606)**

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

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

Bendigo Health Care Group
Balance Sheet
As at 30 June 2017

	Note	2017 $'000	2016 $'000
Current Assets			
Cash and Cash Equivalents	6.2	41,026	21,451
Receivables	5.1	13,289	11,784
Other Financial Assets	4.1	146	142
Inventories	5.2	2,987	2,485
Prepayments and Other Assets	5.4	25,821	1,004
Total Current Assets		**83,269**	**36,866**
Non-Current Assets			
Receivables	5.1	10,987	10,481
Property, Plant & Equipment	4.3	965,064	216,931
Total Non-Current Assets		**976,051**	**227,412**
TOTAL ASSETS		**1,059,320**	**264,278**
Current Liabilities			
Payables	5.5	21,786	16,973
Borrowings	6.1	3,337	0
Provisions	3.4	61,694	56,222
Other Liabilities	5.3	17,679	12,343
Total Current Liabilities		**104,496**	**85,538**
Non-Current Liabilities			
Borrowings	6.1	244,773	0
Provisions	3.4	8,789	8,749
Total Non-Current Liabilities		**253,562**	**8,749**
TOTAL LIABILITIES		**358,058**	**94,287**
NET ASSETS		**701,262**	**169,991**
EQUITY			
Property, Plant & Equipment Revaluation Surplus	8.1(a)	107,152	107,152
Restricted Specific Purpose Surplus	8.1(a)	3,685	3,915
Contributed Capital	8.1(b)	100,040	99,040
Accumulated Surpluses/(Deficits)	8.1(c)	490,385	(40,116)
TOTAL EQUITY		**701,262**	**169,991**
Contingent Liabilities and Contingent Assets	7.3		
Commitments	6.3		

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

Bendigo Health Care Group
Statement of Changes in Equity
For the Financial Year Ended 30 June 2017

	Note	Property, Plant & Equipment Revaluation Surplus $'000	Restricted Specific Purpose Surplus $'000	Contributions by Owners $'000	Accumulated Surpluses / (Deficits) $'000	Total $'000
Balance at 30th June 2015		**107,152**	**3,885**	**99,040**	**(39,480)**	**170,597**
Net Result for the Year	8.1c	0	0	0	(606)	(606)
Transfer to accumulated surplus	8.1c	0	30	0	(30)	0
Balance at 30th June 2016		**107,152**	**3,915**	**99,040**	**(40,116)**	**169,991**
Net Result for the Year	8.1c	0	0	0	530,271	530,271
Capital appropriation received from Victorian Government	8.1b	0	0	1,000	0	1,000
Transfer to accumulated surplus	8.1c	0	(230)	0	230	0
Balance at 30th June 2017		**107,152**	**3,685**	**100,040**	**490,385**	**701,262**

This Statement should be read in conjunction with the accompanying notes

Bendigo Health Care Group
Cash Flow Statement
For the Financial Year Ended 30 June 2017

	Note	2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		335,210	297,340
Capital Grants from Government		22,808	14,854
Patient and Resident Fees Received		27,722	29,493
Private Practice Fees Received		1,955	1,865
Donations and Bequests Received		282	515
GST Received from/(paid to) ATO		9,681	7,551
Recoupment from Private Practice for Use of Hospital Facilities		4	15
Interest Received		812	656
Other Capital Receipts		2,330	450
Other Receipts		22,269	23,892
Total receipts		**423,073**	**376,631**
Employee Expenses Paid		(269,970)	(251,345)
Non Salary Labour Costs		(15,872)	(12,576)
Payments for Suppliers & Consumables		(66,559)	(57,211)
Other Payments		(38,160)	(32,015)
Total payments		**(390,561)**	**(353,147)**
NET CASH FLOW FROM OPERATING ACTIVITIES	8.2	**32,512**	**23,484**
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for Non-Financial Assets		(19,733)	(16,000)
Proceeds from Sale of Non-Financial Assets		282	290
NET CASH FLOW USED IN INVESTING ACTIVITIES		**(19,451)**	**(15,710)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributed Capital from Government		1,000	0
NET CASH FLOW FROM INVESTING ACTIVITIES		**1,000**	**0**
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**14,061**	**7,774**
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		**7,886**	**112**
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	**21,947**	**7,886**

This Statement should be read in conjunction with the accompanying notes

Basis of presentation

These financial statements are presented in Australian dollars and the historical cost convention is used unless a different measurement basis is specifically disclosed in the note associated with the item measured on a different basis.

The accrual basis of accounting has been applied in the preparation of these financial statements whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 Contributions (that is contributed capital and its repayment) are treated as equity transactions and, therefore, do not form part of the income and expenses of the hospital.

Additions to net assets which have been designated as contributions by owners are recognised as contributed capital. Other transfers that are in the nature of contributions to or distributions by owners have also been designated as contributions by owners.

Transfers of net assets arising from administrative restructurings are treated as distributions to or contribution by owners. Transfer of net liabilities arising from administrative restructurings are treated as distribution to owners.

Judgements, estimates and assumptions are required to be made about financial information being presented. The significant judgements made in the preparation of these financial statements are disclosed in the notes where amounts affected by those judgements are disclosed. Estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also future periods that are affected by the revision. Judgements and assumptions made by management in applying the application of AASB that have significant effect on the financial statements and estimates are disclosed in the notes under the heading: 'Significant judgement or estimates'.

Note 1: Summary of significant accounting policies

These annual financial statements represent the audited general purpose financial statements for Bendigo Health Care Group for the period ending 30 June 2017. The report provides users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of compliance

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

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

The Health Service is a not-for profit entity and therefore applies the additional Aus paragraphs applicable to "not-for-profit" Health Services under the AASB's.

The annual financial statements were authorised for issue by the Board of Bendigo Health Care Group on 3rd October 2017.

(b) Reporting entity

The financial statements include all the controlled activities of the *Bendigo Health Care Group*.

Its principal address is:
100 Barnard Street
Bendigo, Victoria, 3550

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

Objectives and funding
Bendigo Health Care Group's overall objective is the provision of Health Services.

Bendigo Health Care Group is predominantly funded by accrual based grant funding for the provision of outputs.

Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2017

(c) Basis of accounting preparation and measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2017, and the comparative information presented in these financial statements for the year ended 30 June 2016.

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

These financial statements are presented in Australian dollars, the functional and presentation currency of Bendigo Health Care Group.

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:

- 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;
- available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised (i.e. other comprehensive income – items that may be reclassified subsequent to net result); and
- the fair value of assets other than land is generally based on their depreciated replacement value.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on professional judgements derived from historical experience and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates.

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

- The fair value of land, buildings, plant and equipment, (refer to Note 4.3);
- Superannuation expense (refer to Note 3.5); and
- For employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to note 3.4).

(d) Principles of consolidation

Transactions between segments within Bendigo Health Care Group have been eliminated to reflect the extent of Bendigo Health Care Group operations as a group.

Jointly controlled assets or operations

Interests in jointly controlled assets or operations are not consolidated by Bendigo Health Care Group, but are accounted for in accordance with the policy outlined in Note 4.2 Jointly Controlled Operations and Assets.

Details of joint operations are set out in Note 4.2.

Note: 2 Funding delivery of our services

The Hospital's overall objective is to deliver programs and services that support and enhance the wellbeing of all Victorians.

To enable the hospital to fulfil its objective it receives income based on parliamentary appropriations. The hospital also receives income from the supply of services.

Structure
2.1 Analysis of revenue by source
2.2 Assets received free of charge or for nominal consideration

Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2017

Note 2.1: Analysis of Revenue by Source (continued)

	Admitted Patients 2016 $'000	Non-Admitted 2016 $'000	EDS 2016 $'000	Mental Health 2016 $'000	RAC incl. Mental Health 2016 $'000	Aged Care 2016 $'000	Primary Health 2016 $'000	Other 2016 $'000	Total 2016 $'000
Government Grants	165,171	15,707	21,717	44,348	21,033	15,167	832	14,602	298,577
Indirect contributions by Department of Health and Human Services	127	14	17	32	19	11	1	18	239
Patient and Resident Fees	8,190	2,153	696	395	6,013	628	0	1,265	19,340
Business Units & Specific Purpose Funds	0	0	0	0	0	0	0	486	486
Interest & Dividends	344	39	46	88	59	31	2	44	653
Other Revenue from Operating Activities	5,995	2,563	1,390	1,101	479	367	53	7,095	19,043
Total Revenue from Operating Activities	**179,827**	**20,476**	**23,866**	**45,964**	**27,603**	**16,204**	**888**	**23,510**	**338,338**
Interest and Dividends	0	0	0	0	0	0	0	3	3
Other Revenue from Non-Operating Activities	0	0	0	0	0	0	0	12,137	12,137
Total Revenue from Non-Operating Activities (refer note 3.2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**12,140**	**12,140**
State Government Capital Grants	0	0	0	0	0	0	0	15,826	15,826
Assets Received Free of Charge (refer note 2.2)	0	0	0	0	0	0	0	148	148
Other Capital Purpose Income	0	0	0	0	0	0	0	285	285
Total Capital Purpose Income	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**16,259**	**16,259**
Net Gain/(Loss) on Disposal of Non-Current Assets (refer note 7.2)	0	0	0	0	0	0	0	(184)	(184)
Total Revenue	**179,827**	**20,476**	**23,866**	**45,964**	**27,603**	**16,204**	**888**	**51,725**	**366,553**

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

Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2017

Note 2.1: Analysis of revenue by source

	Admitted Patients 2017 $'000	Non-Admitted 2017 $'000	EDS 2017 $'000	Mental Health 2017 $'000	RAC incl. Mental Health 2017 $'000	Aged Care 2017 $'000	Primary Health 2017 $'000	Other 2017 $'000	Total 2017 $'000
Government Grants	196,009	18,756	25,169	49,658	21,952	15,650	848	13,619	341,661
Indirect contributions by Department of Health and Human Services	125	14	16	30	17	10	1	14	227
Patient and Resident Fees	8,928	2,193	761	579	6,215	599	1	989	20,265
Business Units & Specific Purpose Funds	0	0	0	0	0	0	0	686	686
Interest & Dividends	443	49	57	107	66	35	2	50	809
Other Revenue from Operating Activities	6,526	2,380	1,236	1,155	456	366	86	8,458	20,663
Total Revenue from Operating Activities	**212,031**	**23,392**	**27,239**	**51,529**	**28,706**	**16,660**	**938**	**23,816**	**384,311**
Interest and Dividends	0	0	0	0	0	0	0	4	4
Other Revenue from Non-Operating Activities	0	0	0	0	0	0	0	10,854	10,854
Total Revenue from Non-Operating Activities (refer note 3.2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**10,858**	**10,858**
State Government Capital Grants	0	0	0	0	0	0	0	573,537	573,537
Assets Received Free of Charge (refer note 2.2)	0	0	0	0	0	0	0	18	18
Other Capital Purpose Income	0	0	0	0	0	0	0	2,177	2,177
Total Capital Purpose Income	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**575,732**	**575,732**
Net Gain/(Loss) on Disposal of Non-Current Assets (refer note 7.2)	0	0	0	0	0	0	0	(967)	(967)
Revaluation of Long Service Leave	0	0	0	0	0	0	0	1,063	1,063
Total Revenue	**212,031**	**23,392**	**27,239**	**51,529**	**28,706**	**16,660**	**938**	**610,502**	**970,997**

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

Note 2.1: Analysis of Revenue by Source (continued)

Income is recognised in accordance with AASB 118 *Revenue* and is recognised as to the extent that it is probable that the economic benefits will flow to Bendigo Health Care Group 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, 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 Bendigo Health Care Group gains control of the underlying assets irrespective of whether conditions are imposed on Bendigo Health Care Group's use of the contributions.

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

Indirect Contributions from the Department of Health & Human Services

– Insurance is recognised as revenue following advice from the Department of Health & Human Services.
– Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 04/2017 (update for 2016-17).

Patient and Resident Fees

Patient fees are recognised as revenue at the time invoices are raised or accrued when a patient is discharged or service provided.

Private Practice Fees

Private practice fees are recognised as revenue at the time invoices are raised or accrued when a patient is discharged or service provided.

Revenue from commercial activities

Revenue from commercial activities is recognised at the time invoices are raised.

Donations and Other Bequests

Donations and bequests are recognised as revenue when received. If donations are for a special purpose, they may be appropriated to a surplus, such as the specific restricted purpose surplus.

Dividend Revenue

Dividend revenue is recognised when the right to receive payment is established.

Interest Revenue

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

Sale of investments

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

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 value. 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.

Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2017

Note 2.1: Analysis of Revenue by Source (continued)

Category groups

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

Admitted Patient Services (Admitted Patients) comprises all acute and subacute admitted patient services, where services are delivered in public hospitals.

Mental Health Services (Mental Health) comprises all specialised mental health services providing a range of inpatient, community based residential, rehabilitation and ambulatory services which treat and support people with a mental illness and their families and carers.

These services aim to identify mental illness early, and seek to reduce its impact through providing timely acute care services and appropriate longer-term accommodation and support for those living with a mental illness.

Non Admitted Services comprises acute and subacute non admitted services, where services are delivered in public hospital clinics and provide models of integrated community care, which significantly reduces the demand for hospital beds and supports the transition from hospital to home in a safe and timely manner.

Emergency Department Services (EDS) comprises all emergency department services.

Aged Care comprises a range of in home, specialist geriatric, residential care and community based programs and support services, such as Home and Community Care (HACC) that are targeted to older people, people with a disability, and their carers.

Primary, Community and Dental Health comprises a range of home based, community based, community, primary health and dental services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy and a range of dental health services.

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

Other Services not reported elsewhere - (Other) comprises services not separately classified above, including: Public Health Services including laboratory testing, blood borne viruses / sexually transmitted infections clinical services, Kooris liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, Disability services including aids and equipment and flexible support packages to people with disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

Note 2.2: Assets Received Free of Charge or For Nominal Consideration

	2017 $'000	2016 $'000
During the reporting period, the fair value of assets received free of charge, was as follows:		
Computers and Communications	8	138
Medical Equipment	10	10
Total	**18**	**148**

In 2017, Computers and Communications were received from Loddon Mallee Rural Health Alliance as part of the Clinical Technology Infrastructure Refresh Program funding from the Department of Health & Human Services. The equipment provided will enhance the video conferencing facilities at Bendigo Health Care Group.

In 2017, Medical Equipment was received from Florey Institute of Neuroscience and Mental Health.

Note 3: The cost of delivering our services

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

Structure
3.1 Analysis of expenses by source
3.2 Analysis of expense and revenue by internally managed and restricted specific purpose funds
3.3 Finance costs
3.4 Provisions
3.5 Superannuation

Note 3.1: Analysis of Expenses by Source

	Admitted Patients 2017 $'000	Non-Admitted 2017 $'000	EDS 2017 $'000	Mental Health 2017 $'000	RAC incl. Mental Health Aged Care 2017 $'000	Primary Health 2017 $'000	Other 2017 $'000	Total 2017 $'000
Employee Expenses	135,257	11,371	22,452	43,031	23,142	12,789	1,214	12,626	261,882
Non Salary Labour Costs	10,669	860	436	3,025	356	225	19	281	15,871
Supplies & Consumables	36,982	4,164	3,234	6,644	2,823	2,813	125	7,245	64,030
Other Expenses	33,907	1,940	4,038	4,773	2,114	1,737	161	2,053	50,723
Total Expenditure from Operating Activities	**216,815**	**18,335**	**30,160**	**57,473**	**28,435**	**17,564**	**1,519**	**22,205**	**392,506**
Expenditure for Capital Purposes	0	0	0	0	0	0	0	7,686	7,686
Finance Costs (refer note 3.3)	0	0	0	0	0	0	0	9,905	9,905
Depreciation & Amortisation (refer note 4.4)	16,901	1,433	2,357	4,491	2,222	1,372	119	1,734	30,629
Total Other Expenses	**16,901**	**1,433**	**2,357**	**4,491**	**2,222**	**1,372**	**119**	**19,325**	**48,220**
Total Expenses	**233,716**	**19,768**	**32,517**	**61,964**	**30,657**	**18,936**	**1,638**	**41,530**	**440,726**

	Admitted Patients 2016 $'000	Non-Admitted 2016 $'000	EDS 2016 $'000	Mental Health 2016 $'000	RAC incl. Mental Health Aged Care 2016 $'000	Primary Health 2016 $'000	Other 2016 $'000	Total 2016 $'000
Employee Expenses	123,263	9,835	21,165	40,050	22,483	12,314	967	12,909	242,986
Non Salary Labour Costs	8,681	717	403	1,834	381	239	16	305	12,576
Supplies & Consumables	31,254	3,309	2,740	5,776	2,556	2,695	82	6,409	54,821
Other Expenses	19,757	1,716	4,390	4,527	2,239	1,932	112	2,259	36,932
Total Expenditure from Operating Activities	**182,955**	**15,577**	**28,698**	**52,187**	**27,659**	**17,180**	**1,177**	**21,882**	**347,315**
Expenditure for Capital Purposes	0	0	0	0	0	0	0	3,091	3,091
Depreciation & Amortisation (refer note 4.4)	8,825	751	1,384	2,517	1,334	829	57	1,056	16,753
Total Other Expenses	**8,825**	**751**	**1,384**	**2,517**	**1,334**	**829**	**57**	**4,147**	**19,844**
Total Expenses	**191,780**	**16,328**	**30,082**	**54,704**	**28,993**	**18,009**	**1,234**	**26,029**	**367,159**

Note 3.1: Analysis of Revenue by Source (continued)

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

Cost of goods sold
Costs of goods sold are recognised when the sale of an item occurs by transferring the cost or value of the item/s from inventories.

Employee expenses
Employee expenses include:
- wages and salaries;
- fringe benefits tax;
- leave entitlements;
- workcover premiums; 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:

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

Bad and doubtful debts
Refer to Note 4.1 (b) *Investments and Other Financial Assets.*

Fair value of assets, services and resources provided free of charge or for nominal consideration
Contributions of resources provided 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 agency as a consequence of a restructuring of administrative arrangements. In the latter case, such a transfer will be recognised at its carrying amount.

Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

Borrowing costs of qualifying assets
In accordance with the paragraphs of AASB 123 Borrowing Costs applicable to not-for-profit public sector entities, the Health Services continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

Other economic flows are changes in volume or value of assets or liabilities that do not result from transactions.

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

Revaluation gains/(losses) of non-financial physical assets
Refer to Note 4.3 *Property, Plant and Equipment.*

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

Revaluations of financial instrument at fair value
Refer to Note 7.1 *Financial instruments.*

Other gains/(losses) from other economic flows
Other gains/(losses) include:
- the revaluation of the present value of the long service leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes in probability factors; and
- transfer of amounts from the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

Note 3.2: Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds

	Expense		Revenue	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Catering	877	1,711	876	1,858
Private Radiology	12	12	7,488	7,637
Palliative Care	975	898	166	56
Fundraising Activities	423	263	639	802
Research Trials	193	148	183	173
Business Services	131	314	1,338	1,273
Other	85	116	168	341
Total	**2,696**	**3,462**	**10,858**	**12,140**

Note 3.3: Finance Costs

	2017 $'000	2016 $'000
Finance Charges on Finance Leases (i)	9,905	0
Total Finance Costs	**9,905**	**0**

(i) Of the balance in 'interest on finance lease', $9,905 ($0 in 2016) related to assets contracted under the PPP arrangements.

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs include:

- Interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- finance charges in respect of finance leases recognised in accordance with AASB 117 *Leases* .

Note 3.4: Employee benefits in the balance sheet

	2017 $'000	2016 $'000
Current Provisions		
Employee Benefits		
Long Service Leave		
- Unconditional and expected to be settled within 12 months	4,366	4,288
- Unconditional and expected to be settled after 12 months	25,105	24,423
Annual Leave		
- Unconditional and expected to be settled within 12 months	18,108	15,854
- Unconditional and expected to be settled after 12 months	3,010	2,616
Accrued Days Off		
- Unconditional and expected to be settled within 12 months	556	467
- Unconditional and expected to be settled after 12 months	92	77
Accrued Wages and Salaries	4,809	3,285
Sub Leave	30	35
Other	74	0
	56,150	**51,045**
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months	2,483	2,226
- Unconditional and expected to be settled after 12 months	3,061	2,951
	5,544	5,177
Total Current Provisions	**61,694**	**56,222**
Non-Current Provisions		
Employee Benefits		
Long Service Leave	7,928	7,889
Provisions related to Employee Benefit On-Costs	861	860
Total Non-Current Provisions	**8,789**	**8,749**
Total Provisions	**70,483**	**64,971**
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and Related On-Costs		
Unconditional Long Service Leave Entitlements	32,673	31,839
Annual Leave Entitlements	23,387	20,460
Accrued Wages and Salaries	4,809	3,285
Accrued Days Off	718	603
Sub Leave	33	35
Other	74	0
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements	8,789	8,749
Total Employee Benefits and Related On-Costs	**70,483**	**64,971**
(b) Movements in Provisions		
Movement in Long Service Leave:		
Balance at start of year	**40,588**	**39,009**
Provision made during the year	4,598	5,371
Settlement made during the year	(3,724)	(3,792)
Balance at end of year	**41,462**	**40,588**

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

The amount recognised as a liability is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

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

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

Note 3.4: Employee benefits in the balance sheet (continued)

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 the health service 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 and annual leave are measured at:
- Undiscounted value – if the Health Service expects to wholly settle within 12 months; or
- Present value – if the health service does not expect to wholly settle within 12 months.

Long Service Leave (LSL)

Liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the health service 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 unconiditional right arises after a qualifying period.

The components of this current LSL liability are measured at:
- Undiscounted value – if the health service expects to wholly settle within 12 months; and
- Present value – if the health service does not expect to wholly settle within 12 months.

Conditional LSL 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. This non-current LSL liability is measured at present value.

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

Termination Benefits

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

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

On-Costs Related to Employee Expense

Provisions for on-costs, such as payroll tax, workers compensation and superannuation are recognised together with provisions for employee benefits.

Note 3.5: Superannuation

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

The Health Service does not recognise any defined benefit liability in respect of the plans because the entity 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 the Health Service. The name, details and amounts expense in relation to the major employee superannuation funds and contributions made by the Health Service are as follows:

	Paid Contributions for the Year		Contribution Outstanding at Year End	
	2017	2016	2017	2016
	$'000	$'000	$'000	$'000
(i) Defined benefit plans:				
First State Super Pty Ltd	602	453	46	51
Government Superannuation Office	193	203	71	67
Defined contributions plans:				
First State Super Pty Ltd	10,867	11,167	900	1,381
HESTA Administration	4,834	4,102	431	537
Other	3,130	3,040	281	362
Total	**19,626**	**18,965**	**1,729**	**2,398**

(i) The bases for determining the level of contributions is determined by the various actuaries of the defined benefit superannuation plans.

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 Bendigo Health Care Group to the superannuation plans in respect of the services of current Bendigo Health staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan, and are based upon actuarial advice.

Employees of Bendigo Health Care Group are entitled to receive superannuation benefits and Bendigo Health Care Group contributes to both the defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary.

The name and details of the major employee superannuation funds and contributions made by the Bendigo Health Care Group are disclosed in the table above.

Superannuation liabilities

The Bendigo Health Care Group does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Health Service 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.

Note 4: Key Assets to support service delivery

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

Structure
4.1 Investments and other financial assets
4.2 Jointly controlled operations and assets
4.3 Property, plant & equipment
4.4 Depreciation and amortisation

Note 4.1: Investments and Other Financial Assets

	Operating Fund		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
CURRENT				
Loans and Receivables				
Aust. Dollar Term Deposits > 3 months	20	20	20	20
Financial Assets at fair value through profit or loss				
Australian listed shares	126	122	126	122
Total Current	**146**	**142**	**146**	**142**
Represented by:				
Shares	126	122	126	122
Heritage Council of Victoria	20	20	20	20
Total Investments and Other Financial Assets	**146**	**142**	**146**	**142**

(a) Ageing analysis of investments and other financial assets
Please refer to note 7.1(c) for the ageing analysis of investments and other financial assets.

(b) Nature and extent of risk arising from investments and other financial assets
Please refer to note 7.1(c) for the nature and extent of credit risk arising from investments and other financial assets.

Investments and other financial assets
Investments 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.

Investments are classified in the following categories:
- financial assets at fair value through profit or loss; and
- loans and receivables.

Bendigo Health Care Group 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.

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

All financial assets, except those measured at fair value through profit or loss are subject to annual review for impairment.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired; or
- Bendigo Health Care Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full
- Bendigo Health Care Group has transferred its rights to receive cash flows from the asset and either:
  (a) has transferred substantially all the risks and rewards of the asset; or
  (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where Bendigo Health Care Group has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Health Service's continuing involvement in the asset.

Impairment of financial assets
At the end of each reporting period Bendigo Health Care Group assesses whether there is objective evidence that a financial asset or group of financial asset is 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 or more months, the financial asset is treated as impaired.

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.

Doubtful debts
Receivables are assessed for bad and doubtful debts on a regular basis. Those bad debts considered as written off by mutual consent are classified as a transaction expense. Bad debts not written off by mutual consent and the allowance for doubtful debts are classified as other economic flows in the net result.

Note 4.2: Jointly Controlled Operations and Assets

Name of entity	Principal Activity	Ownership Interest 2017	Ownership Interest 2016
Loddon Mallee Rural Health Alliance	Information Technology	20.96%	21.26%

Bendigo Health's interest in the above jointly controlled operations and assets is detailed below.
The amounts are included in the financial statements under their respective asset categories:

	2017 $'000	2016 $'000
CURRENT ASSETS		
Cash and Cash Equivalents	1,555	1,453
Receivables	66	61
Other	144	122
Total Current Assets	**1,765**	**1,636**
NON CURRENT ASSETS		
Property, Plant and Equipment	32	45
Total Non Current Assets	**32**	**45**
Total Assets	**1,797**	**1,681**
CURRENT LIABILITIES		
Payables	263	246
Total Current Liabilities	**263**	**246**
Total Liabilities	**263**	**246**
Net Assets	**1,534**	**1,435**

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

	2017 $'000	2016 $'000
REVENUES		
Operating Activities	1,498	1,701
Total Revenue	**1,498**	**1,701**
EXPENSES		
Other Expenses from Continuing Operations	1,340	1,456
Expenditure using Capital Purpose Income	60	384
Total Expenses	**1,400**	**1,840**
Net Result	**98**	**(139)**

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS
The joint venture does not have any known contingent assets or contingent liabilities as at 30 June 2017 (2016: Nil).

Investments in joint operations
In respect of any interest in joint operations, Bendigo Health Care Group recognises in the financial statements:

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

Note 4.3: Property, Plant & Equipment

(a) Gross carrying amount and accumulated depreciation

	2017 $'000	2016 $'000
Land		
Land at Fair Value	19,240	19,240
Total Land	**19,240**	**19,240**
Buildings		
Buildings at Fair Value	162,126	159,916
Less Accumulated Depreciation	(30,422)	(25,415)
Total Buildings	**131,704**	**134,501**
Landscaping & Grounds		
Landscaping & Grounds at Fair Value	1,677	1,691
Less Accumulated Depreciation	(114)	(72)
Total Landscaping & Grounds	**1,563**	**1,619**
Plant and Machinery		
Plant and Machinery at Fair Value	4,951	5,167
Less Accumulated Depreciation	(2,604)	(2,596)
Total Plant and Machinery	**2,347**	**2,571**
Medical Equipment		
Medical Equipment at Fair Value	49,130	32,612
Less Accumulated Depreciation	(19,782)	(21,566)
Total Medical Equipment	**29,348**	**11,046**
Computers and Communication		
Computers and Communication at Fair Value	30,330	17,130
Less Accumulated Depreciation	(12,127)	(14,506)
Total Computers and Communications	**18,203**	**2,624**
Furniture and Fittings		
Furniture and Fittings at Fair Value	669	730
Less Accumulated Depreciation	(426)	(432)
Total Furniture and Fittings	**243**	**298**
Motor Vehicles		
Motor Vehicles at Fair Value	5,232	5,238
Less Accumulated Depreciation	(1,864)	(1,736)
Total Motor Vehicles	**3,368**	**3,502**
Non-Medical Equipment		
Non-Medical Equipment at Fair Value	3,635	2,898
Less Accumulated Depreciation	(2,102)	(2,208)
Total Non-Medical Equipment	**1,533**	**690**
Public Private Partnership (PPP) assets		
Leased Buildings	729,455	0
Less Accumulated Depreciation	(8,982)	0
Total Leased Buildings	**720,473**	**0**
Leased Equipment	20,687	0
Less Accumulated Depreciation	(345)	0
Total Leased Equipment	**20,342**	**0**
Total PPP Assets	**740,815**	**0**
Work In Progress		
Work In Progress at Cost	16,700	40,840
Total Work In Progress	**16,700**	**40,840**
Total	**965,064**	**216,931**

Note 4.3: Property, Plant & Equipment (Continued)

(c) Fair value measurement hierarchy for assets as at 30 June 2017

	Carrying amount as at 30 June 2017 $'000	Fair value measurement at end of reporting period using: Level 1 [(i)] $'000	Level 2 [(i)] $'000	Level 3 [(i)] $'000
Land at fair value				
Non-specialised land	6,822	0	6,822	0
Specialised land	12,418	0	0	12,418
Total of Land at fair value	**19,240**	0	**6,822**	**12,418**
Buildings at fair value				
Non-specialised buildings	4,185	0	4,185	0
Specialised buildings	127,519	0	0	127,519
Total of Buildings at fair value	**131,704**	**0**	**4,185**	**127,519**
Land Improvements at fair value				
Specialised land improvements	1,563	**0**	**0**	1,563
Total of Land Improvements at fair value	**1,563**	0	**0**	**1,563**
Plant and Machinery at fair value				
Plant and Machinery	2,347	0	0	2,347
Total of Plant and Machinery at fair value	**2,347**	0	**0**	**2,347**
Medical Equipment at fair value				
Medical Equipment	29,348	0	0	29,348
Total Medical Equipment at fair value	**29,348**	0	**0**	**29,348**
Computers & Communication at fair value				
Computers & Communication	18,203	0	0	18,203
Total Computers & Communication at fair value	**18,203**	0	**0**	**18,203**
Furniture & Fittings at fair value				
Furniture & Fittings	243	0	0	243
Total Furniture & Fittings at fair value	**243**	0	**0**	**243**
Motor Vehicles at fair value				
Motor Vehicles	3,368	0	0	3,368
Total Motor Vehicles at fair value	**3,368**	0	**0**	**3,368**
Non-Medical Equipment at fair value				
Non-Medical Equipment	1,533	0	0	1,533
Total Non-Medical Equipment at fair value	**1,533**	0	**0**	**1,533**
PPP Assets				
PPP Assets	740,815	0	0	740,815
Total PPP Assets at fair value	**740,815**	0	**0**	**740,815**
	948,364	**0**	**11,007**	**937,357**

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

Note 4.3: Property, Plant & Equipment (Continued)

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

	Land $'000	Buildings $'000	Landscaping & Grounds $'000	Plant & Machinery $'000	Medical Equipment $'000	Computers & Communications $'000	Furniture & Fittings $'000	Motor Vehicles $'000	Non-Medical Equipment $'000	PPP Assets $'000	Work In Progress $'000	Total $'000
Balance at 1 July 2015	**19,240**	**146,593**	**1,391**	**2,552**	**11,545**	**2,680**	**313**	**3,612**	**819**	**0**	**29,797**	**218,542**
Additions	0	7	0	35	1,879	303	34	737	32	0	12,973	16,000
Disposals (refer note 7.2)	0	0	0	(3)	(49)	(1)	0	(419)	(2)	0	0	(474)
Jointly controlled Non-Current Assets (refer note 4.2)	0	0	0	0	0	(58)	0	0	0	0	0	(58)
Assets Received Free of Charge (refer Note 2.2)	0	0	0	0	10	138	0	0	0	0	0	148
Net Transfers between Classes	0	507	269	297	11	377	(5)	0	0	0	(1,456)	0
Work in Progress Expensed	0	0	0	0	0	0	0	0	0	0	(474)	(474)
Depreciation (refer note 4.4)	0	(12,606)	(41)	(310)	(2,350)	(815)	(44)	(428)	(159)	0	0	(16,753)
Balance at 30 June 2016	**19,240**	**134,501**	**1,619**	**2,571**	**11,046**	**2,624**	**298**	**3,502**	**690**	**0**	**40,840**	**216,931**
Additions	0	226	0	62	23,096	18,615	18	595	1,105	750,142	16,414	810,273
Disposals (refer note 7.2)	0	(9)	0	(4)	(900)	(4)	(12)	(302)	(18)	0	0	(1,249)
Jointly controlled Non-Current Assets (refer note 4.2)	0	0	0	0	0	(13)	0	0	0	0	0	(13)
Assets Received Free of Charge (refer Note 2.2)	0	0	0	0	10	8	0	0	0	0	0	18
Net Transfers between Classes	0	9,762	0	62	245	226	(9)	0	0	0	(10,286)	0
Work in Progress Expensed	0	0	0	0	0	0	0	0	0	0	(30,268)	(30,268)
Depreciation (refer note 4.4)	0	(12,777)	(56)	(344)	(4,149)	(3,253)	(52)	(427)	(244)	(9,327)	0	(30,629)
Balance at 30 June 2017	**19,240**	**131,704**	**1,563**	**2,347**	**29,348**	**18,203**	**243**	**3,368**	**1,533**	**740,815**	**16,700**	**965,064**

An independent valuation of the Health Service's land and buildings was performed by the *Valuer-General Victoria* to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation is 30th June 2014.

Note 4.3: Property, Plant & Equipment (Continued)

(c) Fair value measurement hierarchy for assets as at 30 June 2016

	Carrying amount as at 30 June 2016 $'000	Fair value measurement at end of reporting period using: Level 1 [i] $'000	Level 2 [i] $'000	Level 3 [i] $'000
Land at fair value				
Non-specialised land	6,822	0	6,822	0
Specialised land	12,418	0	0	12,418
Total of Land at fair value	**19,240**	0	**6,822**	**12,418**
Buildings at fair value				
Non-specialised buildings	4,292	0	4,292	0
Specialised buildings	130,209	0	0	130,209
Total of Buildings at fair value	**134,501**	**0**	**4,292**	**130,209**
Land Improvements at fair value				
Specialised land improvements	1,619	**0**	**0**	1,619
Total of Land Improvements at fair value	**1,619**	0	**0**	**1,619**
Plant and Machinery at fair value				
Plant and Machinery	2,571	0	0	2,571
Total of Plant and Machinery at fair value	**2,571**	0	**0**	**2,571**
Medical Equipment at fair value				
Medical Equipment	11,046	0	0	11,046
Total Medical Equipment at fair value	**11,046**	0	**0**	**11,046**
Computers & Communication at fair value				
Computers & Communication	2,624	0	0	2,624
Total Computers & Communication at fair value	**2,624**	0	**0**	**2,624**
Furniture & Fittings at fair value				
Furniture & Fittings	298	0	0	298
Total Furniture & Fittings at fair value	**298**	0	**0**	**298**
Motor Vehicles at fair value				
Motor Vehicles	3,502	0	0	3,502
Total Motor Vehicles at fair value	**3,502**	0	**0**	**3,502**
Non-Medical Equipment at fair value				
Non-Medical Equipment	690	0	0	690
Total Non-Medical Equipment at fair value	**690**	0	**0**	**690**
	176,091	**0**	**11,114**	**164,977**

[i] Classified in accordance with the fair value hierarchy.
There have been no transfers between levels during the period.

Note 4.3: Property, Plant & Equipment (Continued)

Consistent with AASB 13 Fair Value Measurement, Bendigo Health Care Group 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, Bendigo Health Care Group 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, Bendigo Health Care Group 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 Bendigo Health Care Group's independent valuation agency.

Bendigo Health Care Group, 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.

Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement is based on the following assumptions:

- that the transaction to sell the asset or transfer the liability takes place either in the principal market (or the most advantageous market, in the absence of the principal market), either of which must be accessible to the Health Service at the measurement date;
- that the Health Service uses the same valuation assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

Consideration of highest and best use (HBU) for non-financial physical assets

Judgements about highest and best use must take into account the characteristics of the assets concerned, including restrictions on the use and disposal of assets arising from the asset's physical nature and any applicable legislative/contractual arrangements.

In considering the HBU for non-financial physical assets, valuers are probably best placed to determine highest and best use (HBU) in consultation with Health Services. Health Services and their valuers therefore need to have a shared understanding of the circumstances of the assets. A Health Service has to form its own view about a valuer's determination, as it is ultimately responsible for what is presented in its audited financial statements.

In accordance with AASB 13, paragraph 29, Health Services can assume the current use of a non-financial physical asset is its HBU unless market or other factors suggest that a different use by market participants would maximise the value of the asset.

Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2017

Note 4.3: Property, Plant & Equipment (Continued)

(d) Reconciliation of Level 3 fair value

	Land $ '000	Buildings $ '000	Land Improvements $ '000	Plant and Machinery $ '000	Medical Equipment $ '000	Computers & Communication $ '000	Furniture & Fittings $ '000	Motor Vehicles $ '000	Non Medical Equipment $ '000	PPP Assets $ '000
Opening Balance	12,418	142,188	1,391	2,552	11,545	2,680	313	3,612	819	0
Purchases (sales)	0	0	269	329	1,851	759	29	318	30	0
Gains or losses recognised in net result - Depreciation	0	(11,979)	(41)	(310)	(2,350)	(815)	(44)	(428)	(159)	0
Balance at 30 June 2016	**12,418**	**130,209**	**1,619**	**2,571**	**11,046**	**2,624**	**298**	**3,502**	**690**	**0**
Purchases (sales)	0	9,980	0	120	22,451	18,832	(3)	293	1,087	750,142
Gains or losses recognised in net result - Depreciation	0	(12,670)	(56)	(344)	(4,149)	(3,253)	(52)	(427)	(244)	(9,327)
Balance at 30 June 2017	**12,418**	**127,519**	**1,563**	**2,347**	**29,348**	**18,203**	**243**	**3,368**	**1,533**	**740,815**

There have been no transfers between levels during the period.

Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2017

Note 4.3: Property, Plant & Equipment (Continued)

Therefore, an assessment of the HBU will be required when the indicators are triggered within a reporting period, which suggest the market participants would have perceived an alternative use of an asset that can generate maximum value. Once identified, Health Services are required to engage with VGV or other independent valuers for formal HBU assessment.

These indicators, as a minimum, include:
External factors:
• Changed acts, regulations, local law or such instrument which affects or may affect the use or development of the asset;
• Changes in planning scheme, including zones, reservations, overlays that would affect or remove the restrictions imposed on the asset's use from its past use;
• Evidence that suggest the current use of an asset is no longer core to requirements to deliver a Health Service's service obligation;

• Evidence that suggests that the asset might be sold or demolished at reaching the late stage of an asset's life cycle.

In addition, Health Services need to assess the HBU as part of the 5-year review of fair value of non-financial physical assets. This is consistent with the current requirements on FRD 103F Non-financial physical assets and FRD 107B Investment properties.

Note 4.3: Property, Plant & Equipment (Continued)

Identifying unobservable inputs (level 3) fair value measurements

Level 3 fair value inputs are unobservable valuation inputs for an asset or liability. These inputs require significant judgement and assumptions in deriving fair value for both financial and non-financial assets.

Unobservable inputs shall be used to measure fair value to the extent that relevant observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. However, the fair value measurement objective remains the same, i.e., an exit price at the measurement date from the perspective of a market participant that holds the asset or owes the liability. Therefore, unobservable inputs shall reflect the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk.

Assumptions about risk include the inherent risk in a particular valuation technique used to measure fair value (such as a pricing risk model) and the risk inherent in the inputs to the valuation technique. A measurement that does not include an adjustment for risk would not represent a fair value measurement if market participants would include one when pricing the asset or liability i.e., it might be necessary to include a risk adjustment when there is significant measurement uncertainty. For example, when there has been a significant decrease in the volume or level of activity when compared with normal market activity for the asset or liability or similar assets or liabilities, and the Health Service has determined that the transaction price or quoted price does not represent fair value.

A Health Service shall develop unobservable inputs using the best information available in the circumstances, which might include the Health Service's own data. In developing unobservable inputs, a Health Service may begin with its own data, but it shall adjust this data if reasonably available information indicates that other market participants would use different data or there is something particular to the Health Service that is not available to other market participants. A Health Service need not undertake exhaustive efforts to obtain information about other market participant assumptions. However, a Health Service shall take into account all information about market participant assumptions that is reasonably available. Unobservable inputs developed in the manner described above are considered market participant assumptions and meet the object of a fair value measurement.

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 *Countrywide Valuers* on behalf of the *Valuer-General Victoria* to determine the fair value using the market approach. Valuation of the assets was determined by analysing comparable sales and allowing for share, size, topography, location and other relevant factors specific to the asset being valued. An appropriate rate per square metre has been applied to the subject asset. The effective date of the valuation is 30 June 2014.

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

Specialised land, specialised buildings, and specialised land improvements

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

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

Note 4.3: Property, Plant & Equipment (Continued)

For the health services, 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 the Health Service's specialised land, specialised buildings, and land improvements was performed by independent valuers *Countrywide Valuers* on behalf of the *Valuer-General Victoria* . The valuation was performed using the market approach adjusted for CSO. The effective date of the valuation is 30 June 2014.

Motor Vehicles

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

Other Non-Financial Assets - Plant & Machinery, Medical Equipment, Furniture & Fitting, Computers & Communication, and Non-Medical Equipment

Other non-financial assets are held at carrying value (depreciated cost). When other non-financial assets are 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. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying value.

There were no changes in valuation techniques throughout the period to 30 June 2017.

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

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

	Valuation technique	Significant unobservable inputs
Specialised land	*Market approach*	Community Service Obligation (CSO) adjustment
Specialised buildings	*Depreciated replacement cost*	Direct cost per square metre Useful life of specialised buildings
Landscaping & Grounds	*Depreciated replacement cost*	Direct replacement cost Useful life of Landscaping & Grounds
Plant & Machinery	*Depreciated replacement cost*	Cost per unit Useful life of PPE
Motor Vehicles	*Depreciated replacement cost*	Cost per unit Useful life of vehicles
Medical equipment at fair value	*Depreciated replacement cost*	Cost per unit Useful life of medical equipment
Computers and Communication	*Depreciated replacement cost*	Cost per unit Useful life of computers & communication assets
Furniture & Fittings at fair value	*Depreciated replacement cost*	Cost per unit Useful life of furniture & fittings
Non-Medical Equipment	*Depreciated replacement cost*	Cost per unit Useful life of non-medical equipment
PPP Assets	*Depreciated replacement cost*	Cost per unit Useful life of PPP Assets

Note 4.3: Property, Plant & Equipment (Continued)

Property, plant and equipment

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

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed below:

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 physical restrictions imposed on the asset, public announcements or commitments made in relation to the intended use of the asset. Theoretical opportunities that may be available in relation to the asset(s) are not taken into account until it is virtually certain that any restrictions will no longer apply. Therefore, unless otherwise disclosed, the current use of these non-financial physical assets will be their highest and best uses.

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

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

Leasehold improvements
The cost of a leasehold improvement is capitalised as an asset and depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvements.

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

Revaluation decrements are recognised in 'other comprehensive income' to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of property, plant and equipment.

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

Revaluation surplus is not normally transferred to accumulated funds on derecognition of the relevant asset.

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

Note 4.4: Depreciation and Amortisation

	2017 $'000	2016 $'000
Depreciation		
Buildings	12,777	12,606
Landscaping & Grounds	56	41
Plant & Machinery	344	310
Non-Medical Equipment	244	159
Medical Equipment	4,149	2,350
Computers and Communication	3,253	815
Furniture and Fittings	52	44
Motor Vehicles	427	428
PPP Assets	9,327	0
Total Depreciation	**30,629**	**16,753**

All buildings, plant and equipment and other non-financial physical assets that have finite useful lives are depreciated (i.e. excludes land assets held for sale, and investment properties). Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

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, residual value and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health & Human Services. Assets with a cost in excess of $1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

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

Non-public private partnership (PPP) assets	2017	2016
Buildings		
- Structure Shell Building Fabric	25 to 60 years	25 to 60 years
- Site Engineering Services and Central Plant	22 to 40 years	22 to 40 years
Central Plant		
- Fit Out	25 years	25 years
- Trunk Reticulated Building Systems	30 years	30 years
Landscaping & Grounds	22 to 40 years	22 to 40 years
Plant & Machinery	4 to 20 years	4 to 20 years
Medical Equipment	5 to 20 years	5 to 20 years
Computers and Communication	3 to 20 years	3 to 20 years
Furniture and Fitting	5 to 20 years	5 to 20 years
Non Medical Equipment	3 to 20 years	3 to 20 years
Motor Vehicles	2 to 8 years	2 to 8 years

Public private partnership (PPP) assets	2017	2016
Buildings	25 years	-
Equipment	5 to 20 years	-

As part of the buildings valuation, building values were separated into components and each component assessed for its useful life which is represented above.

Note 5: Other assets and liabilities

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

Structure
5.1 Receivables
5.2 Inventories
5.3 Other liabilities
5.4 Prepayments and other assets
5.5 Payables

Note 5.1: Receivables

	2017 $'000	2016 $'000
CURRENT		
Contractual		
Trade Debtors	257	329
Patient Fees	3,426	2,268
Accrued Investment Income	60	27
Accrued Revenue - Other	8,465	8,050
Less Allowance for Doubtful Debts		
Trade Debtors	(27)	(30)
Patient Fees	(164)	(150)
	12,017	**10,494**
Statutory		
GST Receivable	1,272	1,290
	1,272	**1,290**
Total Current Receivables	**13,289**	**11,784**
NON CURRENT		
Statutory		
Department of Health & Human Services – Long Service Leave	10,987	10,481
	10,987	**10,481**
Total Non-Current Receivables	**10,987**	**10,481**
Total Receivables	**24,276**	**22,265**

(a) Movement in allowance for doubtful debts

	2017 $'000	2016 $'000
Balance at beginning of year	180	208
Amounts written off during the year	(144)	(142)
Increase/(decrease) in allowance recognised in net result	155	114
Balance at end of year	**191**	**180**

(b) Ageing analysis of receivables
Please refer to note 7.1(c) for the ageing analysis of contractual receivables

(c) Nature and extent of risk arising from receivables
Please refer to note 7.1(c) for the nature and extent of credit risk arising from receivables

Receivables consist of:
- contractual receivables, which includes mainly debtors in relation to goods and services, loans to third parties, accrued investment income, and finance lease receivables; and

- statutory receivables, which includes predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable.

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

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

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Note 5.2: Inventories

	2017 $'000	2016 $'000
CURRENT		
Pharmaceuticals - at cost	791	692
Catering Supplies - at cost	0	38
Medical and Surgical Lines - at cost	1,624	1,414
Gift Shop Stores - at cost	0	15
Other - at cost	572	326
Total Inventories	**2,987**	**2,485**

Inventories include goods and other property held either for sale, consumption or for distribution at no or nominal cost in the ordinary course of business operations. It excludes depreciable assets.

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories, including land held for sale, are measured at the lower of cost and net realisable value.

Inventories acquired for no cost or nominal considerations are measured at current replacement cost at the date of acquisition.

The bases used in assessing loss of service potential for inventories held for distribution include current replacement cost and technical or functional obsolescence. Technical obsolescence occurs when an item still functions for some or all of the tasks it was originally acquired to do, but no longer matches existing technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Note 5.3: Other Liabilities

	2017 $'000	2016 $'000
CURRENT		
Monies Held in Trust*		
- Patient Monies Held in Trust	517	592
- Accommodation Bonds (Refundable Entrance Fees)	13,222	8,679
- Loddon Mallee Regional Pallative Care Consortium	369	367
- Loddon Mallee Regional Pallative Care Consultancy	95	83
- Regional Integrated Cancer Service	765	654
- Loddon Mallee Clinical Placement Network	4	4
- HWA Clinical Training Fund Program	465	466
- Community Packages	2,074	1,254
- Payroll Trust	13	13
Other	154	231
Total Other Liabilities	**17,679**	**12,343**
*** Total Monies Held in Trust**		
Represented by the following assets:		
Cash Assets (refer to note 6.2)	17,524	12,112
Total	**17,524**	**12,112**

Note 5.4: Prepayments and other assets

	2017 $'000	2016 $'000
Prepayments	917	1,004
Prepayments - Leased Assets PPP	24,904	0
Total Prepayments and other assets	**25,821**	**1,004**

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

Note 5.5: Payables

	2017 $'000	2016 $'000
CURRENT		
Contractual		
Trade Creditors	11,600	12,578
Accrued Expenses	8,902	3,663
Salary Packaging	918	513
Other	155	77
	21,575	16,831
Statutory		
GST Payable	211	142
Total Payables	**21,786**	**16,973**

(a) Maturity analysis of payables
Please refer to note 7.1(c) for the ageing analysis of contractual payables

(b) Nature and extent of risk arising from payables
Please refer to note 7.1(c) for the nature and extent of credit risk arising from payables

Payables consist of:

- contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and arise when the Health Service becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms for accounts payable are usually Nett 30 days.

- statutory payables, such as goods and services tax and fringe benefits tax payables.

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

Note 6: How we finance our operations

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

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 Borrowings
6.2 Cash and cash equivalents
6.4 Commitments for expenditure

Note 6.1: Borrowings

	2017 $'000	2016 $'000
Current		
Australian Dollar Borrowings		
- Finance Lease Liability	3,337	-
Total Australian Dollars Borrowings	**3,337**	**-**
Total Current Borrowings	**3,337**	**-**
Non-Current		
Australian Dollar Borrowings		
- Finance Lease Liability	244,773	-
Total Australian Dollars Borrowings	**244,773**	**-**
Total Non-Current Borrowings	**244,773**	**-**
Total Borrowings	**248,110**	**-**

Finance Lease secured by assets leased. Finance leases are effectively secured as the rights to the leased assets revert to the lessor in the event of default. Note that the obligation of fulfilling PPP interest and principal payments over the PPP term rests with the Department of Health and Human Services. Bendigo Health Care Group records on behalf of the Department of Health and Human Services according to the information provided.

(a) Maturity analysis of borrowings
Please refer to note 7.1(c) for the ageing analysis of borrowings.

(b) Nature and extent of risk arising from borrowings
Please refer to note 7.1(c) for the nature and extent of credit risk arising from borrowings.

(c) Defaults and breaches
During the current and prior year, there were no defaults and breaches of any of the borrowings.

Finance lease liabilities

PPP Finance Lease Liabilities

	Minimum future lease payments		Present value of minimum future lease payments	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000
Commissioned PPP related finance lease liabilities payable				
Not longer than one year	25,555	0	2,850	0
Longer than 1 year and not later than 5 years	108,743	0	15,220	0
Longer than 5 years	531,861	0	230,040	0
Less: Prepaid Lease Liability Payment	(15,654)	0	-	0
Minimum future lease payments				
- Less future finance charges	(348,094)	0	-	0
- Floating Rate Component (FRC) adjustment (i)	(54,301)		-	
- Less future finance charges	**248,110**	**0**	**248,110**	**0**
Present value of minimum lease payments				
Included in the financial statements as	3,337	0	3,337	0
Current borrowing finance lease liabilities	244,773	0	244,773	0
Non-Current borrowing finance lease liabilities	**248,110**	**0**	**248,110**	**0**

A lease is a right to use an asset for an agreed period of time in exchange for payment. Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

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

For service concession arrangements, the commencement of the lease term is deemed to be the date the asset is commissioned.

All other leases are classified as operating leases.

(i) Contingent lease payments/receipts adjust the minimum finance lease payments made for differences between the prevailing Bank Bill Rate and a fixed interest rate of 5.098% for the period May 2019 to April 2040 multiplied by the principal loan amount outstanding over that period. The forecast contingent lease receipts above have been calculated based on forward interest rates as at 30 June 2017 provided by TCV.

Note 6.1: Borrowings (continued)

Finance leases

The New Bendigo Hospital facility was built through a Public Private Partnership arrangement between of State of Victoria and Exemplar Health. The Bendigo Health Care Group occupies the facility through a sublease agreement with Exemplar Health. The Bendigo Health Care Group, on behalf of the State of Victoria, agreed to record and report the State's obligations and associated accounting transactions as provided by the Department of Health and Human Services.

In relation to the PPP arrangement, although the hospital has assumed the financial assets and liabilities in its accounts, the payments to the private provider are being made directly by the Department of Health and Human Services on a monthly basis, hence there is no cash flow impact on the Bendigo Health Care Group. The Bendigo Health Care Group will record the non-cash entries in its accounts in accordance with a financial model that has been developed by the Department of Health and Human Services.

The finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, present value of the minimum lease payment, each determined at the inception of the lease. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the comprehensive operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

Borrowings

All borrowings are initially recognised at fair value of the consideration received, less directly attributable transaction costs. The measurement basis subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value is recognised in net result over the period of the borrowings using the effective interest method.

The classification depends on the nature and purpose of the borrowing. The Health Service determines the classification of its borrowing at initial recognition.

Operating leases

Entity as lessor

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

Entity as lessee

Operating lease payments, including any contingent rentals, are recognised as an expense in the comprehensive operating statement on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern of the benefits derived from the use of the leased asset. Leased asset are not recognised in the balance sheet.

Lease Incentives

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 received by the lessee to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset is diminished.

Leasehold Improvements

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

Note 6.2: Cash and Cash Equivalents

For the purposes of the Cash Flow Statement, cash assets includes cash on hand and in banks, and short-term deposits which are readily convertible to cash on hand, and are subject to an insignificant risk of change in value, net of outstanding bank overdrafts.

	2017 $'000	2016 $'000
Cash on hand	23	26
Cash at bank	30,212	13,399
Deposits at call	10,791	8,026
Total Cash and Cash Equivalents	**41,026**	**21,451**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	21,947	7,886
Cash for Monies Held in Trust		
- Cash on Hand	10	10
- Cash at Bank	17,084	11,672
- Deposits at Call	430	430
	17,524	12,112
Cash for Joint Operation	1,555	1,453
Total Cash and Cash Equivalents	**41,026**	**21,451**

Cash and cash equivalents recognised on the Balance Sheet comprise cash on hand and cash at bank, deposits at call and highly liquid investments (with an original maturity of three months or less), which are held for the purpose of meeting short term cash commitments rather than for investment purposes, which are readily convertible to known amounts of cash with an insignificant risk of changes in value.

For cash flow statement presentation purposes, cash and cash equivalents include bank overdrafts, which are included as liabilities on the Balance Sheet.

Note 6.3: Commitments for Expenditure

(a) Commitments other than public private partnerships

	2017 $'000	2016 $'000
Other Expenditure Commitments		
Payable:		
Contracts for the supply of services	53,936	56,109
Total Other Expenditure Commitments	**53,936**	**56,109**
Lease Commitments		
Cancellable:		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	81	256
Total Lease Commitments	**81**	**256**
Total Commitments (inclusive of GST) other than public private partnerships	**54,017**	**56,365**

All amounts shown in the commitments note are nominal amounts inclusive of GST.

(b) Public private partnerships

	2017		2016	
	Present Value	Nominal Value	Present Value	Nominal Value
Commissioned public private partnerships - other commitments	$'000	$'000	$'000	$'000
Exemplar Health Partnership	537,335	1,261,364	0	0
Total commitments for public private partnerships	**537,335**	**1,261,364**	**0**	**0**

(i) The present values of the minimum lease payments for commissioned public private partnerships (PPPs) are recognised on the balance sheet and are not disclosed as commitments.
(ii) The year on year reduction in the present values of the other commitments reflects the payments made, offset by the impact of the discounting period of the commissioning.
Source information provided by the Department of Health and Human Services.

(c) Commitments payable

	2017 $'000	2016 $'000
Nominal values		
Other Expenditure Commitments		
Not later than one year	2,275	4,510
Later than 1 year and not later than 5 years	9,082	7,716
Later than 5 years	42,579	43,883
Total Other Expenditure Commitments	**53,936**	**56,109**
Lease Commitments		
Not later than one year	81	176
Later than 1 year and not later than 5 years	0	80
Total Lease Commitments	**81**	**256**
Public private partnership commitments (commissioned)		
Not later than one year	31,098	0
Later than 1 year and not later than 5 years	138,425	0
Later than 5 years	1,091,841	0
Total Other Expenditure Commitments	**1,261,364**	**0**
Total public private partnership commitments		
Total commitments (inclusive of GST)	**1,315,381**	**56,365**
Less GST recoverable from the Australian Tax Office	**(4,911)**	**(5,123)**
Total commitments (exclusive of GST)	**1,310,470**	**51,242**

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.

The PPP expenditure commitments for Food Volume Adjustments are not included in expenditure commitments calculation as they are contingent on future food volumes supplied to the Hospital.

Note 7: Risks, contingencies & valuation uncertainties

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

Structure
7.1 Financial instruments
7.2 Net gain/ (loss) on disposal of non-financial assets
7.3 Contingent assets and contingent liabilities

(a) Financial Risk Management Objectives and Policies
Bendigo Health Care Group's principal financial instruments comprise of:
- Cash Assets
- Term Deposits
- Shares in Other Entities
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)
- Finance Lease Payables
- Accommodation Bonds

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

Bendigo Health's main financial risks include credit risk, liquidity risk and interest rate risks. Bendigo Health manages these financial risks in accordance with its financial risk management policy.

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

The main purpose in holding financial instruments is to prudentially manage Bendigo Health Care Group financial risks within the government policy parameters.

(a) Categorisation of financial instruments

2017	Contractual financial assets - loans and receivables $'000	Contractual financial assets/liabilities designated at fair value through profit/loss $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Contractual Financial Assets				
Cash and cash equivalents	41,026	0	0	41,026
Receivables				
- Trade Debtors	257	0	0	257
- Other Receivables	11,760	0	0	11,760
Other Financial Assets				
- Term Deposit	20	0	0	20
- Shares in Other Entities	0	126	0	126
Total Financial Assets (i)	**53,063**	**126**	**0**	**53,189**
Financial Liabilities				
Payables	0	0	21,575	21,575
Borrowings	0	0	248,110	248,110
Other Financial Liabilities				
- Accomodation bonds	0	0	13,222	13,222
- Other	0	0	4,457	4,457
Total Financial Liabilities (ii)	**0**	**0**	**287,364**	**287,364**

2016	Contractual financial assets - loans and receivables $'000	Contractual financial assets/liabilities designated at fair value through profit/loss $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Contractual Financial Assets				
Cash and cash equivalents	21,451	0	0	21,451
Receivables				
- Trade Debtors	329	0	0	329
- Other Receivables	10,165	0	0	10,165
Other Financial Assets				
- Term Deposit	20	0	0	20
- Shares in Other Entities	0	122	0	122
Total Financial Assets (i)	**31,965**	**122**	**0**	**32,087**
Financial Liabilities				
Payables	0	0	16,831	16,831
Other Financial Liabilities				
- Accomodation bonds	0	0	8,679	8,679
- Other	0	0	3,664	3,664
Total Financial Liabilities (ii)	**0**	**0**	**29,174**	**29,174**

(i) The total amount of financial assets disclosed here excludes statutory receivables
(ii) The total amount of financial liabilities disclosed here excludes statutory payables

Note 7.1: Financial Instruments (continued)

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

2017	Total interest income / (expense) $'000	Total $'000
Financial Assets		
Cash and Cash Equivalents	809	809
Total Financial Assets	**809**	**809**
Financial Liabilities		
Borrowings	(9,905)	(9,905)
Total Financial Liabilities	**(9,905)**	**(9,905)**
2016		
Financial Assets		
Cash and Cash Equivalents	653	653
Total Financial Assets	**653**	**653**

(c) Credit risk

Credit risk arises from the contractual financial assets of the Health Service, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. The Health Service's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to the Health Service. Credit risk is measured at fair value and is monitored on a regular basis.

Credit risk associated with the Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Health Service's obligation to provide services, and private patient fees are recoverable from the patient or their health fund. These are unsecured debts.

In addition, the Health Service does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash assets, which are mainly cash at bank. The Health Service's policy is to only deal with banks with high credit ratings.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represents Bendigo Health Care Group's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

2017	Financial institutions (credit rating) * $'000	Government agencies (AAA credit rating) $'000	Other (Non Rated) $'000	Total $'000
Financial Assets				
Cash and Cash Equivalents	14,026	27,000	0	41,026
Loans and Receivables				
- Trade Debtors	0	27	230	257
- Other Receivables	0	0	11,760	11,760
- Term Deposit	20	0	0	20
Available for sale				
- Shares in Other Entities	0	0	126	126
Total Financial Assets	**14,046**	**27,027**	**12,116**	**53,189**
2016				
Financial Assets				
Cash and Cash Equivalents	12,451	9,000	0	21,451
Loans and Receivables				
- Trade Debtors	0	164	165	329
- Other Receivables	0	0	10,165	10,165
- Term Deposit	20	0	0	20
Available for sale				
- Shares in Other Entities	0	0	122	122
Total Financial Assets	**12,471**	**9,164**	**10,452**	**32,087**

* Financial Institutions credit rating represented by:

Credit Rating	2017 $'000	2016 $'000
A1+	0	0
A2	10,046	7,471
BBB+	4,000	5,000

Note 7.1: Financial Instruments (continued)

(c) Credit Risk (continued)

The Bendigo Health Care Group's exposure to credit risk and effective weighted average interest rate by ageing periods is set out in the following table.

Ageing analysis of Financial Assets as at 30 June

2017	Carrying Amount $'000	Not Past Due and Not Impaired $'000	Past Due But Not Impaired: Less than 1 Month $'000	1-3 Months $'000	3 months - 1 Year $'000	1-5 Years $'000	Impaired Financial Assets $'000
Financial Assets							
Cash and Cash Equivalents	41,026	41,026	0	0	0	0	0
Loans and Receivables							
- Trade Debtors	257	147	55	36	17	2	26
- Other Receivables	11,760	8,850	598	2,258	19	35	165
- Term Deposit	20	0	20	0	0	0	0
Available for sale							
- Shares in Other Entities	126	0	0	0	126	0	0
Total Financial Assets	**53,189**	**50,023**	**673**	**2,294**	**162**	**37**	**191**
2016							
Financial Assets							
Cash and Cash Equivalents	21,451	21,451	0	0	0	0	0
Loans and Receivables							
- Trade Debtors	329	229	41	34	24	1	29
- Other Receivables	10,165	8,248	1,781	94	40	2	151
- Term Deposit	20	0	20	0	0	0	0
Available for sale							
- Shares in Other Entities	122	0	0	0	122	0	0
Total Financial Assets	**32,087**	**29,928**	**1,842**	**128**	**186**	**3**	**180**

Contractual financial assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently the Health Service does not hold any collateral as security nor credit enhancements relating to its financial assets.
There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at their carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired.

(d) Liquidity risk

Liquidity risk is the risk that the Health Service would be unable to meet its financial obligations as and when they fall due. The Health Services operates under the Government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution.

The Health Service's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the Balance Sheet.

Liquidity risk is managed through regular monthly cash grants from the Department of Health & Human Services. Trade payables contracts are entered into in accordance with Bendigo Health Care Group's policies for authorisation and suppliers are periodically reviewed. Bendigo Health Care Group aims to settle all short term payables within 60 days.

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

Maturity analysis of Financial Liabilities as at 30 June

2017	Carrying Amount $'000	Nominal Amount $'000	Maturity Dates: Less than 1 Month $'000	1-3 Months $'000	3 months - 1 Year $'000	1-5 Years $'000
Financial Liabilities						
At amortised cost						
Payables	21,575	21,575	21,125	407	43	0
Other Financial Liabilities (i)						
- Accommodation Bonds	13,222	13,222	0	0	13,222	0
- Other	4,457	4,457	4,457	0	0	0
Total Financial Liabilities	**39,254**	**39,254**	**25,582**	**407**	**13,265**	**0**
2016						
Financial Liabilities						
At amortised cost						
Payables	16,831	16,831	16,831	0	0	0
Other Financial Liabilities						
- Accommodation Bonds	8,679	8,679	0	0	8,679	0
- Other	3,664	3,664	3,664	0	0	0
Total Financial Liabilities	**29,174**	**29,174**	**20,495**	**0**	**8,679**	**0**

(i) Ageing analysis of financial liabilities excludes PPP finance lease liability and statutory liabilities. Maturity analysis of PPP finance lease liability is disclosed under Note 6.1 Finance Lease Liabilities.

(e) Market risk

The Health Service's exposures to market risk are primarily through interest rate risk with only insignificant exposure to foreign currency and other price risks. Objectives, policies and processes used to manage each of these risks are disclosed in the paragraph below.

Currency risk

The Health Service is exposed to insignificant foreign currency risk through its payables relating to purchases of supplies and consumables from overseas. This is because of a limited amount of purchases denominated in foreign currencies and a short timeframe between commitment and settlement.

Interest rate risk

Exposure to interest rate risk might arise primarily through the Health Service's interest bearing liabilities. Minimisation of risk is achieved by mainly undertaking fixed rate or non-interest bearing financial instruments. For financial liabilities, the health service mainly undertake financial liabilities with relatively even maturity profiles.

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Health Service has minimal exposure to cash flow interest rate risks through its cash and deposits, term deposits and bank overdrafts that are at floating rate.

The Health Service manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded for cash at bank and bank overdraft, as financial assets that can be left at floating rate without necessarily exposing the Health Service to significant bad risk, management monitors movement in interest rates on a daily basis.

Other Price Risk

The Health Service is exposed to normal price fluctuations from time to time through market forces. Where adequate notice is provided by suppliers, additional purchases are made for long term goods. Supplier contracts are also in place for major product lines purchased by the Health Service on a monthly basis. These contracts have set price arrangements and are reviewed on a regular basis.

Interest rate exposure of financial assets and liabilities as at 30 June

	Weighted Average Effective Interest	Carrying Amount	Interest Rate Exposure		
			Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing
2017	**Rate (%)**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets					
Cash and Cash Equivalents	1.95	41,026	10,000	31,000	26
Loans and Receivables					
- Trade Debtors		257	0	0	257
- Other Receivables		11,760	0	0	11,760
- Term Deposit	2.40	20	20	0	0
Available for sale					
- Shares in Other Entities		126	0	0	126
		53,189	**10,020**	**31,000**	**12,169**
Financial Liabilities					
At amortised cost					
Payables		21,575	0	0	21,575
Borrowings	5.58	248,110	248,110	0	0
Other Financial Liabilities					
- Accommodation Bonds		13,222	0	0	13,222
- Other		4,457	0	0	4,457
		287,364	**248,110**	**0**	**39,254**
2016					
Financial Assets					
Cash and Cash Equivalents	2.02	21,451	7,033	14,392	26
Loans and Receivables					
- Trade Debtors		329	0	0	329
- Other Receivables		10,165	0	0	10,165
- Term Deposit	1.55	20	20	0	0
Available for sale					
- Shares in Other Entities		122	0	0	122
		32,087	**7,053**	**14,392**	**10,642**
Financial Liabilities					
At amortised cost					
Payables		16,831	0	0	16,831
Other Financial Liabilities					
- Accommodation Bonds		8,679	0	0	8,679
- Other		3,664	0	0	3,664
		29,174	**0**	**0**	**29,174**

(e) Market risk (continued)

Sensitivity disclosure analysis

Taking into account past performance, future expectations, economic forecasts, and management's knowledge and experience of the financial markets, the Bendigo Health Care Group believes the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of Australia)

- A shift of 100 basis points up and down in market interest rates (AUD) from year-end rates of 3%;
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 3%

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

	Carrying Amount	Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
2017	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets									
Cash and Cash Equivalents	41,026	(410)	(410)	410	410	0	0	0	0
Loans and Receivables									
- Trade Debtors	257	0	0	0	0	0	0	0	0
- Other Receivables	11,760	0	0	0	0	0	0	0	0
- Term Deposit	20	0	0	0	0	0	0	0	0
Available for sale									
- Shares in Other Entities	126	0	0	0	0	(1)	(1)	1	1
Financial Liabilities									
At amortised cost									
Payables	21,575	0	0	0	0	0	0	0	0
Borrowings	248,110	0	0	0	0	0	0	0	0
Other Financial Liabilities									
- Accommodation Bonds	13,222	0	0	0	0	0	0	0	0
- Other	4,457	0	0	0	0	0	0	0	0
		(410)	**(410)**	**410**	**410**	**(1)**	**(1)**	**1**	**1**
2016									
Financial Assets									
Cash and Cash Equivalents	21,451	(215)	(215)	215	215	0	0	0	0
Loans and Receivables									
- Trade Debtors	329	0	0	0	0	0	0	0	0
- Other Receivables	10,165	0	0	0	0	0	0	0	0
- Term Deposit	20	0	0	0	0	0	0	0	0
Available for sale									
- Shares in Other Entities	122	0	0	0	0	(1)	(1)	1	1
Financial Liabilities									
At amortised cost									
Payables	16,831	0	0	0	0	0	0	0	0
Other Financial Liabilities									
- Accommodation Bonds	8,679	0	0	0	0	0	0	0	0
- Other	3,664	0	0	0	0	0	0	0	0
		(215)	**(215)**	**215**	**215**	**(1)**	**(1)**	**1**	**1**

(f) Fair value

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

The financial assets include holdings in listed shares on the NSX. Fair value of these is determined by reference to quoted prices on the NSX.

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

(f) Fair value (continued)

The following table shows that the fair values of most of the contractual financial assets and liabilities are the same as the carrying amounts.

Comparison between carrying amount and fair value

	Carrying Amount 2017 $'000	Fair value 2017 $'000	Carrying Amount 2016 $'000	Fair value 2016 $'000
Financial Assets				
Cash and Cash Equivalents	41,026	41,026	21,451	21,451
Loans and Receivables				
- Trade Debtors	257	257	329	329
- Other Receivables	11,760	11,760	10,165	10,165
- Term Deposit	20	20	20	20
Available for sale				
- Shares in Other Entities	126	126	122	122
Total Financial Assets	**53,189**	**53,189**	**32,087**	**32,087**
Financial Liabilities				
At amortised cost				
Payables	21,575	21,575	16,831	16,831
Borrowings	248,110	248,110	-	-
Other Financial Liabilities				
- Accommodation Bonds	13,222	13,222	8,679	8,679
- Other	4,457	4,457	3,664	3,664
Total Financial Liabilities	**287,364**	**287,364**	**29,174**	**29,174**

Financial assets measured at fair value

2017	Carrying Amount as at 30 June $'000	Fair value measurement at end of reporting period using: Level 1* $'000	Level 2* $'000	Level 3 $'000
Financial assets at fair value through profit & loss				
Available for sale securities				
- Equities and managed funds	126	126	0	0
Total Financial Assets	**126**	**126**	**0**	**0**
2016				
Financial assets at fair value through profit & loss				
Available for sale securities				
- Equities and managed funds	122	122	0	0
Total Financial Assets	**122**	**122**	**0**	**0**

*There is no significant transfer between level 1 and level 2

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate fair value:

Managed Investment Schemes
The listed share assets are valued at fair value with reference to a quoted (unadjusted) market price from an active market. The Health Service categorises these instruments as level 1.

Note 7.1: Financial Instruments (continued)

Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of Bendigo Health Care Group's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

Where relevant, for note disclosure purposes, a distinction is made between those financial assets and financial liabilities that meet the definition of financial instruments in accordance with AASB 132 and those that do not.

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Financial assets and liabilities at fair value through profit or loss
Financial assets are categorised as fair value through profit or loss at trade date if they are classified as held for trading or designated as such upon initial recognition. Financial instrument assets are designated at fair value through profit or loss on the basis that the financial assets form part of a group of financial assets that are managed by the Health Service concerned based on their fair values, and have their performance evaluated in accordance with documented risk management and investment strategies.

Financial instruments at fair value through profit or loss are initially measured at fair value and attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other comprehensive income. Any dividend or interest on a financial asset is recognised in the net result for the year.

Reclassification of financial instruments at fair value through profit or loss

Financial instrument assets that meet the definition of loans and receivables may be reclassified out of the fair value through profit and loss category into the loans and receivables category, where they would have met the definition of loans and receivables had they not been required to be classified as fair value through profit and loss. In these cases, the financial instrument assets may be reclassified out of the fair value through profit and loss category, if there is the intention and ability to hold them for the foreseeable future or until maturity.

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

Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, gains and losses arising from changes in fair value are recognised 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 net result for the period. Fair value is determined in the manner described in Note 7.1(f).

Financial liabilities at amortised cost

Financial instrument liabilities are initially recognised on the date they are originated. 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 and 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 Bendigo Health Care Group's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

Note 7.1: Financial Instruments (continued)

Net gain/(loss) on financial instruments

Net gain/(loss) on financial instruments includes:
- realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through profit or loss or held-for-trading;
- impairment and reversal of impairment for financial instruments at amortised cost; and
- disposals of financial assets and derecognition of financial liabilities.

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.

Note 7.2: Net Gain/(Loss) on Disposal of Non-Current Assets

	2017 $'000	2016 $'000
Proceeds from Disposals of Non-Current Assets		
Motor Vehicles	264	290
Plant & Machinery	18	0
Total Proceeds from Disposal of Non-Current Assets	**282**	**290**
Less: Written Down Value of Non-Current Assets Sold		
Buildings	(9)	0
Plant & Machinery	(4)	(3)
Medical Equipment	(900)	(49)
Non Medical Equipment	(18)	(2)
Motor Vehicles	(302)	(419)
Computers and Communications	(4)	(1)
Furniture & Fittings	(12)	0
Total Written Down Value of Non-Current Assets Sold	**(1,249)**	**(474)**
Net gain/(loss) on Disposal of Non-Current Assets	**(967)**	**(184)**

Disposal of non-financial assets

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement.

Impairment of non-financial assets

All non-financial assets are assessed annually for indications of impairment, except for inventories.

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

If there is an indication that there has been a reversal in the estimate of an asset's recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount. This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made. The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs of disposal.

Note 7.3: Contingent Assets & Contingent Liabilities

Details and estimates of maximum amounts of contingent assets or contingent liabilities are as follows:

Contingent Assets
Bendigo Health Care Group does not have any known contingent assets at 30th June, 2017.

Contingent Liabilities
Bendigo Health Care Group does not have any known contingent liabilities at 30th June, 2017.

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

Note 8: Other disclosures

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

Structure

Note 8.1: Equity

	2017 $'000	2016 $'000
(a) Surpluses		
Land and Buildings Asset Revaluation Surplus		
Balance at the beginning of the reporting period	106,619	106,619
Balance at the end of the reporting period	106,619	106,619
Landscaping & Grounds Asset Revaluation Surplus		
Balance at the beginning of the reporting period	533	533
Balance at the end of the reporting period	533	533
Balance at the end of the reporting period*	**107,152**	**107,152**
* Represented by:		
- Land	9,440	9,440
- Buildings	97,179	97,179
- Landscaping & Grounds	533	533
TOTAL	**107,152**	**107,152**
Restricted Special Purpose Surpluses		
Cockroft Memorial Fund		
(Bequest funds for ongoing training and equipment upgrades)		
Balance at the beginning of the reporting period	61	61
Balance at the end of the reporting period	**61**	**61**
Emery Estate		
(Bequest funds for future equipment upgrades)		
Balance at the beginning of the reporting period	349	349
Balance at the end of the reporting period	**349**	**349**
Endowment Fund		
(Bequest funds for future upgrades to Bendigo Health Care Group)		
Balance at the beginning of the reporting period	40	40
Balance at the end of the reporting period	**40**	**40**
Radiology Fund		
(For future equipment upgrades for medical imaging area)		
Balance at the beginning of the reporting period	2,137	2,137
Balance at the end of the reporting period	**2,137**	**2,137**
Fundraising Fund		
(Funds donated for specific purposes)		
Balance at the beginning of the reporting period	819	789
Transfer to / (from) Restricted Special Purpose Surpluses	(230)	30
Balance at the end of the reporting period	**589**	**819**
Technology Fund		
(For future IT equipment upgrade)		
Balance at the beginning of the reporting period	509	509
Balance at the end of the reporting period	**509**	**509**
TOTAL	**3,685**	**3,915**
Total Surpluses	**110,837**	**111,067**

Note 8.3: Segment Reporting

	RACS		Acute		Mental Health		Aged Care		Others		Eliminations		Total	
	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000	2017 $'000	2016 $'000
REVENUE														
External Segment Revenue	26,578	25,279	216,969	173,381	51,422	45,876	16,625	16,173	658,587	105,188	0	0	970,181	365,897
Total Revenue	**26,578**	**25,279**	**216,969**	**173,381**	**51,422**	**45,876**	**16,625**	**16,173**	**658,587**	**105,188**	**0**	**0**	**970,181**	**365,897**
EXPENSES														
Unallocated Expense	26,330	25,092	251,988	206,007	61,613	54,704	18,829	18,009	87,737	68,989	(5,771)	(5,642)	440,726	367,159
Total Expenses	**26,330**	**25,092**	**251,988**	**206,007**	**61,613**	**54,704**	**18,829**	**18,009**	**87,737**	**68,989**	**(5,771)**	**(5,642)**	**440,726**	**367,159**
Net Result from ordinary activities	**248**	**187**	**(35,019)**	**(32,626)**	**(10,191)**	**(8,828)**	**(2,204)**	**(1,836)**	**570,850**	**36,199**	**5,771**	**5,642**	**529,455**	**(1,262)**
Interest Income	6	6	549	429	107	88	35	31	119	102	0	0	816	656
Net Result for Year	**254**	**193**	**(34,470)**	**(32,197)**	**(10,084)**	**(8,740)**	**(2,169)**	**(1,805)**	**570,969**	**36,301**	**5,771**	**5,642**	**530,271**	**(606)**
OTHER INFORMATION														
Segment Assets	76,817	72,274	44,363	44,090	12,197	12,198	4,857	4,913	921,086	130,803	0	0	1,059,320	264,278
Unallocated Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	**76,817**	**72,274**	**44,363**	**44,090**	**12,197**	**12,198**	**4,857**	**4,913**	**921,086**	**130,803**	**0**	**0**	**1,059,320**	**264,278**
Segment Liabilities	17,968	13,184	32,225	27,838	9,363	8,482	3,815	3,440	294,687	41,343	0	0	358,058	94,287
Unallocated Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Liabilities	**17,968**	**13,184**	**32,225**	**27,838**	**9,363**	**8,482**	**3,815**	**3,440**	**294,687**	**41,343**	**0**	**0**	**358,058**	**94,287**
Acquisition of Property, Plant and Equipment	63	97	1,703	916	41	179	15	96	808,451	14,712	0	0	810,273	16,000
Depreciation Expense from continuing operations	2,048	1,334	19,208	10,960	4,140	2,517	1,265	829	3,968	1,113	0	0	30,629	16,753

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

Business Segments

Residential Aged Care Services (RACS)
Acute
Mental Health
Aged Care
Others

Services

Nursing home services
Inpatient/Outpatient health services as per Department of Health Guidelines
Inpatient and community psychiatric services as per Department of Health and Human Services and Commonwealth Guidelines
Outpatient and community based aged care services
Ambulatory and community outpatient and community health provision

Geographical Segment

Bendigo Health operates predominately in Bendigo, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in Bendigo, Victoria.

Note 8.1: Equity (continued)

	2017 $'000	2016 $'000
(b) Contributed Capital		
Balance at the beginning of the reporting period	99,040	99,040
Capital Contribution received from Victorian Government	1,000	0
Balance at the end of the reporting period	**100,040**	**99,040**
(c) Accumulated Surpluses/(Deficits)		
Balance at the beginning of the reporting period	(40,116)	(39,480)
Net Result for the Year	530,271	(606)
Transfers to and from Restricted Special Purpose Surpluses	230	(30)
Balance at the end of the reporting period	**490,385**	**(40,116)**

Contributed capital

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

Property, plant & equipment revaluation surplus

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

Financial asset available-for-sale revaluation surplus

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

Specific restricted purpose surplus

A specific restricted purpose surplus is established where Bendigo Health Care Group has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.

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

	2017 $'000	2016 $'000
Net Result for the Year	530,271	(606)
Non-cash movements:		
Depreciation & Amortisation	30,629	16,753
Share of Joint Operations Assets & Liabilities	(89)	206
Assets Received Free of Charge	(18)	(148)
Capital Expenditure transferred from WIP	30,268	474
PPP - Leased Asset	(750,142)	0
PPP - Equipment	(40,396)	0
Movements included in investing and financing activities:		
Net (Gain)/Loss from Sale of Plant and Equipment	967	184
Movements in assets and liabilities:		
Change in Operating Assets & Liabilities		
Increase/(Decrease) in Payables	4,737	5,132
Increase/(Decrease) in Employee Benefits	5,512	2,276
Increase/(Decrease) in Borrowings	248,109	0
(Increase)/Decrease in Other Current Assets	(25,320)	(123)
(Increase)/Decrease in Shares	(4)	(4)
(Increase)/Decrease in Receivables	(2,012)	(660)
Net Cash Inflow/(Outflow) From Operating Activities	**32,512**	**23,484**

Note 8.4: Responsible Persons Disclosures
In accordance with the Ministerial Directions issued by the Minister for Finance under the Financial Management Act 1994, the following disclosures are made regarding responsible persons for the reporting period.

		Period
Responsible Ministers:		
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance		01/07/2016 - 30/06/2017
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health		01/07/2016 - 30/06/2017
Governing Boards		
Mr B Cameron	Chair	01/07/2016 - 30/06/2017
Mr A Woods	Director	01/07/2016 - 30/06/2017
Ms M O'Rourke	Director	01/07/2016 - 30/06/2017
Mr G Michell	Director	01/07/2016 - 30/06/2017
Ms S Clarke	Director	01/07/2016 - 30/06/2017
Ms M Beaumont	Director	01/07/2016 - 30/06/2017
Ms D Foggo	Director	01/07/2016 - 30/06/2017
Mr M McCartney	Director	01/07/2016 - 30/06/2017
Dr U Masood	Director	01/07/2016 - 30/06/2017
Accountable Officers		
Mr J Mulder	Chief Executive	01/07/2016 - 30/06/2017
Mr P Faulkner	Acting Chief Executive	08/02/2017 - 30/06/2017

Remuneration of Responsible Persons
Remuneration received or receivable by responsible persons is noted below:

Remuneration	2017 ($'000)
Short term employee benefits	742
Post-employment benefits	68
Other long-term benefits	17
Termination benefits	0
Share based payments	0
Total Remuneration	**$827**

Other transactions
Other related transactions and loan requiring disclosure under the Directions of the Minister for Finance have been considered and there are no matters to report.

Note 8.5: Executive Officer Disclosures

Remuneration of executives
The number of executive officers, other than Ministers and Accountable Officers, and their total remuneration during the reporting period are shown in the table below. Total annualised employee equivalent provides a measure of full time equivalent executive officers over the reporting period.

Remuneration comprises employee benefits in all forms of consideration paid, payable or provided in exchange for services rendered, and is disclosed in the following categories.

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

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

Other long-term benefits include long service leave, other long-service benefit or deferred compensation.

Termination benefits include termination of employment payments, such as severance packages.

Share-based payments are cash or other assets paid or payable as agreed between the health service and the employee, provided specific vesting conditions, if any, are met.

Compensation	2017 ($'000)
Short term employee benefits	1,863
Post-employment benefits	164
Other long-term benefits	47
Termination benefits	0
Share based payments	0
Total	**$2,027**
Total number of executives	**7**
Total annualised employee equivalent (AEE)	**7**

Note 8.6: Related parties
The hospital is a wholly owned and controlled entity of the State of Victoria. Related parties of the

- all key management personnel and their close family members;
- all cabinet ministers and their close family members; and
- all hospitals 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.

Key management personnel (KMP) of the hospital include the Portfolio Ministers and KMP's as determined by the hospital. The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the Parliamentary Salaries and Superannuation Act 1968, and is reported within the Department of Parliamentary Services' Financial Report.

Compensation	2017 ($'000)
Short term employee benefits	742
Post-employment benefits	68
Other long-term benefits	17
Termination benefits	0
Share based payments	0
Total	**$827**

Transactions 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. Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Significant transactions with government-related entities
The Bendigo Health Care Group received funding from the Department of Health and Human Services of $892m (2016:$274m).

Note 8.7. Payments to other personnel (i.e. contractors with significant management responsibilities)

There were no payments to contractors with significant management responsibilities as at 30th June 2017 (2016: Nil)

Note 8.8. Remuneration of auditors

	2017 $'000	2016 $'000
Victorian Auditor-General's Office		
Audit or review of financial statement	55	57
	55	**57**

Note 8.9: Ex-gratia Payments

There were no ex-gratia payments made by Bendigo Health during the 2016/17 financial year.

Note 8.10: AASBs issued that are not yet effective

Certain new Australian accounting standards have been published that are not mandatory for the 30 June 2017 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

As at 30 June 2017, 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. Bendigo Health Care Group has not and does not intend to adopt these standards early.

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 9 *Financial Instruments*	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. While there will be no significant impact arising from AASB 9, there will be a change to the way financial instruments are disclosed.
AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010)	The requirements for classifying and measuring financial liabilities were added to AASB 9. The existing requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities the change in fair value is accounted for as follows: • The change in fair value attributable to changes in credit risk is presented in other comprehensive income (OCI); and • Other fair value changes are presented in profit and loss. If this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.	1-Jan-18	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. Changes in own credit risk in respect of liabilities designated at fair value through profit and loss will now be presented within other comprehensive income (OCI). Hedge accounting will be more closely aligned with common risk management practices making it easier to have an effective hedge. For entities with significant lending activities, an overhaul of related systems and processes may be needed.
AASB 2014-1 *Amendments to Australian Accounting Standards [Part E Financial Instruments]*	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting, and to amend reduced disclosure requirements.	1-Jan-18	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 *Amendments to Australian Accounting Standards arising from AASB 9*	Amends various AASs to incorporate the consequential amendments arising from the issuance of AASB 9.	1-Jan-18	The assessment has indicated that there will be no significant impact for the public sector.
AASB 15 *Revenue from Contracts with Customers*	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1-Jan-18	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications.

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

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 2014-5 *Amendments to Australian Accounting Standards arising from AASB 15*	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: • the entity's right to receive payment of the dividend is established; • it is probable that the economic benefits associated with the dividend will flow to the entity; and • the amount can be measured reliably.	1 Jan 2017, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1 Jan 2018	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15*	This Standard defers the mandatory effective date of AASB 15 from 1 January 2017 to 1 January 2018.	1-Jan-18	This amending standard will defer the application period of AASB 15 for for-profit entities to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2016-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 15*	This Standard amends AASB 15 to clarify the requirements on identifying performance obligations, principal versus agent considerations and the timing of recognising revenue from granting a licence. The amendments require: • A promise to transfer to a customer a good or service that is 'distinct' to be recognised as a separate performance obligation; • For items purchased online, the entity is a principal if it obtains control of the good or service prior to transferring to the customer; and • For licences identified as being distinct from other goods or services in a contract, entities need to determine whether the licence transfers to the customer over time (right to use) or at a point in time (right to access).	1-Jan-18	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.
AASB 2016-7 *Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities*	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1-Jan-19	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-8 *Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities*	This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: • require non-contractual receivables 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.	1-Jan-19	The assessment has indicated that there will be no significant impact for the public sector, other than the impacts identified for AASB 9 and AASB 15 above.
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1-Jan-19	The assessment has indicated that as most operating leases will come on balance sheet, recognition of the right-of-use assets and lease liabilities will cause net debt to increase. Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the income statement with marginal impact on the operating surplus. No change for lessors.
AASB 2016-4 *Amendments to Australian Accounting Standards – Recoverable Amount of Non-Cash-Generating Specialised Assets of Not-for-Profit Entities*	The standard amends AASB 136 *Impairment of Assets* to remove references to using depreciated replacement cost (DRC) as a measure of value in use for not-for-profit entities.	1 Jan 2017	The assessment has indicated that there is minimal impact. Given the specialised nature and restrictions of public sector assets, the existing use is presumed to be the highest and best use (HBU), hence current replacement cost under AASB 13 *Fair Value Measurement* is the same as the depreciated replacement cost concept under AASB 136.
AASB 1058 *Income of Not-for-Profit Entities*	This standard replaces AASB 1004 *Contributions* and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable to not-for-profit entity to further its objectives.	1-Jan-19	The assessment has indicated that revenue from capital grants that are provided under an enforceable agreement that have sufficiently specific obligations, will now be deferred and recognised as performance obligations are satisfied. As a result, the timing recognition of revenue will change.

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

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2016-17 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2016-1 Amendments to Australian Accounting Standards – Recognition of Deferred Tax Assets for Unrealised Losses [AASB 112]
- AASB 2016-2 Amendments to Australian Accounting Standards – Disclosure Initiative: Amendments to AASB 107
- AASB 2016-5 Amendments to Australian Accounting Standards – Classification and Measurements of Share-based Payment Transactions
- AASB 2016-6 Amendments to Australian Accounting Standards – Applying AASB 9 Financial Instruments with AASB 4 Insurance Contracts
- AASB 2017-1 Amendments to Australian Accounting Standards – Transfers of Investment Property, Annual Improvements 2014-16 Cycle and Other Amendments
- AASB 2017-2 Amendments to Australian Accounting Standards – Further Annual Improvements 2014-16 Cycle

Note 8.11: Events occuring after the Balance Sheet date

No matters or circumstances have arisen since the end of the reporting period which significantly affected or may significantly affect the operations of the Bendigo Health Care Group, the results of those operations, or the state of affairs of Bendigo Health Care Group in future financial years.

Note 8.12: Economic dependency

Bendigo Health is wholly dependent on the continued financial support of the State Government and in particular, the Department of Health & Human Services. The Department of Health & Human Services has provided confirmation that it will continue to provide Bendigo Health adequate cash flow support to meet its current and future obligations as and when they fall due for a period up to October 2018. On that basis, the financial statements have been prepared on a going concern basis.

Note 8.13 - Alternative presentation of Comprehensive Operating Statement

	2017 $'000	2016 $'000
Grants		
Operating	341,888	298,816
Capital	573,537	15,826
Interest and Dividends	813	656
Fair Value of assets and services received free of charge	18	148
Sales of goods and services	20,951	19,826
Other income	33,694	31,465
Revenue from Transactions	**970,901**	**366,737**
Employee Expenses	261,882	242,986
Operating Expenses		
Supplies and consumables	64,030	54,821
Non salary labour costs	15,871	12,576
Other	50,723	36,932
Non-Operating Expenses		
Finance Costs	9,905	-
Expenditure for Capital Purpose	7,686	3,091
Depreciation	30,629	16,753
Expenses from Transactions	**440,726**	**367,159**
Net result from Transactions	**530,175**	**(422)**
Other economic flows included in net result		
Net gain/(loss) on non-financial assets	(967)	(184)
Revaluation of Long Servce Leave	1,063	-
Total other economic flows included in net result	**96**	**(184)**
NET RESULT FOR THE YEAR	**530,271**	**(606)**

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