ANNUAL REPORT

2017-18

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.

Contents

Our Care at a Glance

94,546 Service events provided by our Specialist Clinics

52,342 People who came to our Emergency Department for treatment

49,004 People who were admitted to our hospital

14,960 Operations performed

13,445 Ambulance arrivals handled by our Emergency Department

1,537 Admissions of children aged 16 and under to our Children's Ward

1,427 Babies delivered

3,504 Staff employed

724 Bed service

Chair's Report

It was an exciting finish for this year with the completion of Stage 2 of the Bendigo Hospital Project which included

delivering an additional 505 car parks for the hospital and the helipad. After more than a decade of lobbying, planning, design and construction it was amazing to join Jacinta Allan as we drove into the new car park to let the community know it was open for business.

The helipad will drive transformation of our health service and allow faster transport for very unwell patients both in and out of the hospital. It will also increase demand for our critical care services and we have been placing an emphasis on preparing for this by investing in this area.

Much of the focus of the project was on the impressive hospital building and we are proud that the project has already won a number of awards. A hidden hero is the landscaping, the creation of unified green spaces visually tied the precinct together and has created a number of restful places for patients, families and staff.

This year also saw us open the very first dual diagnosis mental health and substance abuse rehabilitation service in the state. As trailblazers in their field the staff worked with patients to create an effective program which provided a balance between the treatment needs of the patient who have multiple needs. The funding of this state-wide service in Bendigo acknowledges both the health needs of our region and the professional services provided by Bendigo Health and its staff.

Bendigo Health owns and runs five residential care facilities throughout Bendigo and we are proud to have been operating these high quality services for more than 160 years. This year we secured funding from the State Government which was topped up by a generous bequest and Bendigo Health funds to undertake a redevelopment of patient rooms at Carshalton House and the construction of a new multipurpose space at Golden Oaks. This space includes a café, fresh cook kitchen and a new dining room and links Carshalton and Golden Oaks and will lead to an improvement in the meal experience for residents.

A recent State Government announcement of $5 million to build a new 15 bed wing at Golden Oaks was very welcome and we are looking forward to completing this project next year. This will provide modern single rooms and secures the future of this facility.

A health service Board is charged with two very important tasks; the selection and oversight of the CEO and the creation of a Strategic Plan which guides the priorities of the organisation. 2017-18 saw us undertaking both these activities.

After a thorough recruitment process we were pleased to offer the role of CEO to an internal candidate, Peter Faulkner. Peter, who trained as a nurse, had demonstrated the depth and breadth of his skills in his various roles at Bendigo Health; most recently as Executive Director of the Bendigo Hospital Project. This project saw him build relationships with our Public Private Partnership (PPP) partners and assist in the delivery of one of the biggest health infrastructure projects ever undertaken in regional Victoria.

Peter had been Acting CEO in the first half of this year and was able to partner with the Board on the development of our new Strategic Plan which is due to launch on 1 July 2018. We are looking forward to working with our staff and community to deliver the new Vision that we developed following consultation with a number of stakeholders; **Excellent Care. Every Person. Every Time.**

Chair's Report

A key focus for the current board is around our people. As a service organisation who exist for the purpose of caring for others, we believe we need to begin by providing a culture where staff themselves feel cared for and supported so they can, in turn, provide excellent care to the community we serve. This year Bendigo Health undertook a staff survey known as Pulse using an expert external company who had been engaged on two previous occasions. In a year with a great deal of disruption, especially around settling into the new facility we were eager to see how our staff would rate their experience of working at Bendigo Health. It was great to see the trend of an increase in staff engagement from the 2010 to 2013 survey was maintained. The survey provided a raft of useful qualitative data which will be used to improve the workplace.

An initiative the Board are passionate about is playing a leadership role in our community around healthy lifestyles. This led to Bendigo Health removing all sugary drinks from sale in both retail outlets and vending machines. Our retail outlets also moved to a traffic light system to provide better information to consumers about the food they are purchasing.

At the end of this year we say goodbye to Margaret O'Rourke after nine years of service on the Bendigo Health board. I want to thank her for her significant contribution, she will be missed. We also farewelled Geoff Michell from the Board during the past year.

We will be welcoming two new members to the Board next year, Ms Ewa Piejko who is a local GP. She is also the medical advisor for the Central Victorian region of Murray PHN and Clinical Director for St Anthony's Family Medical Practice. Joining her will be Ms Sally-Anne Ross who holds a number of Board positions including Lifeline, Bendigo Kangan Institute and she is the current Chair at Girton Grammar.

This will result in the Board having more than 50 percent female Directors, a very proud achievement.

Bendigo Health continues to be supported by a number of dedicated and passionate volunteers who give the most precious gift of all – their time, to our health service. We cannot thank these people enough, they are a very big part of what makes our health service welcoming and caring for patients and their loved ones. Thank you to each and every one of you.

We also enjoy the support of a number of auxiliaries who work tirelessly to raise money to improve outcomes for our patients with the purchase of equipment and items that increase comfort for patients. Thank you for your continued dedication and support.

The culture of quality and safety improvements at Bendigo Health is largely driven by the relentless enthusiasm of our staff. They know every patient deserves to have a great care story and they strive to make this happen. Thank you to all our staff, we know this year had it challenges and we are very proud of your contribution to the communities we serve.

Bob Cameron.

Bob Cameron
Board Chair

Chief Executive Officer's Report

This has been a momentous year for Bendigo Health and for me personally, with my appointment as CEO of this great health care service.

It is an appointment I take very seriously.
I believe Bendigo Health has a responsibility to our community; to be the best health service we can be.

I know it is a belief the Board share and I look forward to working with all our people to continue improving the quality and safety of our services.

Recently there has been a great focus on the Bendigo Hospital Project and I am very proud of all that was achieved for our community with the delivery of a world-class facility. But in reality, it is just a building and Bendigo Health is more than its buildings.

My leadership priority is about our people. I will be investing in the skills of people in leadership roles to help them be their best selves and to be great managers of their staff. I am committed to doing the right thing and to leading a values driven organisation. There is a great foundation on which to build and I am looking forward to staff engagement continuing to grow and keeping an open line of communication with all our stakeholders.

Bendigo Health exists to provide great health care and caring is an intrinsic part of what we do. We have cared for our community in a myriad of ways during this past 12 months and we have celebrated a number of milestones along the way. I would like to share some of these with you.

This year we held the inaugural Health Research Symposium 2017: Translating Research into Practice Tomorrow. The event attracted fantastic keynote speakers including Professor Kelsey Hegarty who is the joint Chair in Family Violence Prevention at the University of Melbourne and the Royal Women's Hospital. The symposium was a joint collaboration between Bendigo Health, La Trobe University and Monash University and continued the strong ties between the health services and universities in the Loddon Mallee region. We look forward to this becoming a regular event.

Bendigo Health plays an important role in the delivery of health care for our region; both in direct care and in supporting our partners to provide high quality care to their patients. This can take a formal role, such as our stewardship of the Loddon Mallee Clinical Care Council and the provision of placements to medical, nursing and allied health students to name a few. It can also be less formal through events such as the Research Symposium and the Regional Critical Care Conference which was an initiative of our staff in our Intensive Care Unit who have run this event for four years now. It is a credit to the staff who organise it and speaks to our culture of staff-led innovation and quality improvements.

Other quality improvements that have been implemented this year included:

- A new model of care for the Emergency Department designed to reduce the time non urgent patients wait to be seen.
- Development of a new program to support and educate anaesthetic and recovery room nurses to move into the speciality of peri anaesthetic nursing
- The palliative care team's success in securing funding for the enhanced intensive community palliative care program.
- The growth of our geriatric telehealth program which continues to go from strength to strength.
- The team working on the Bendigo Hospital Project spent considerable time and effort cleaning up the old hospital and relocating equipment that still had use. Part of this included the sale of old equipment and office furniture to staff, this raised more than $50,000 for our Foundation.

The ultimate test of the quality of our service is during Accreditation. This year The Australian Council on Healthcare Standards (ACHS) surveyors completed their assessment of Bendigo Health against the National Safety and Quality Health Standards (NSQHS), National Standards for Mental Health Services (NSMHS) and the Human Services

Chief Executive Officer's Report

Standards (HSS). Bendigo Health were successful against all NSQHS, NSMHS and the HSS.

The surveyors spent a full week and visited every Department, some more than once and visited services across the region. They spoke with a number of staff, volunteers, clients and carers and saw firsthand our safety and quality culture in action.

A resounding theme from all the surveyors was our commitment to a continuous improvement safety and quality culture and they encouraged us to build on our achievements to go beyond compliance.

In October, we marked 160 years since the Anne Caudle Centre committee of management held its first meeting. A grant of land was made at this meeting for what was to become the Bendigo Benevolent Asylum which provided care to some of Bendigo's poorest citizens. The community fundraised a significant fund towards the establishment of a benevolent asylum in the community and we celebrated the spirit of generosity which has remained in Bendigo.

This is evident every year at the Bendigo Bank Fun Run which sees many local businesses throw their support behind our annual fundraiser in the form of sponsorship and in kind donations. Thank you to everyone who takes part or contributes to the success of the day; it is a highlight on the Bendigo calendar. This year more than 2,000 runners helped raise funds for our Capital Appeal which has a fundraising target of $4 million.

Our Capital Appeal was launched to raise funds for new equipment that would benefit many of our patients, most notably a robotic dispensing machine for our pharmacy and a second cardiac catheter laboratory to help us treat more people with cardiac issues closer to home. I am pleased to report we are on track to wind up the appeal next year and we thank everyone who has made a donation to this important appeal.

Another annual event that shows the generosity of our community is the Give Me 5 For Kids held by Triple M each year, this continues to raise significant funds for our children's service and injects some fun into the Bendigo winter with a number of events.

Fun appeared at the windows for our staff and patients when the 'superhero' window washers abseiled down the building fighting spots and grime. The window washers dressed as Batman and Spiderman to put a smile on the faces of our smallest patients and they managed to create quite a buzz around Bendigo.

Another social highlight was the visit from some of the Richmond Football Club premiership team players who popped by as part of their country camp. We were very grateful for their time with players visiting most wards, including our mental health inpatient units and popping out to visit a residential care facility and hanging out in the Internal Atrium having photos taken with both staff and visitors.

This year saw the completion of the patient move when the patients and staff from our Secure Extended Care Unit moved into the new building. Congratulations to the team who worked on the move, it is a big effort to move into a building that is already occupied and busy with patients and visitors.

We were delighted when the State Government announced the vacated building would become home to a dual diagnosis mental health and substance abuse drug residential rehabilitation centre; a first for the state.

I spent time getting to know our staff and what matters to them. I personally read each of the more than 1,000 personal messages that I received as part of our staff engagement survey, Pulse. We also heard from our staff during our Strategic Plan consultation process and I was pleased to hear that our Values are of great importance to our staff and volunteers.

The Executive team spent time speaking one on one to our staff in our 'open office', a concept which allows staff and volunteers the chance to speak with an Executive without making an appointment or having to come to their office. We have held open office times in numerous locations and they are a great way to hear directly what can be improved and what is working well.

Thank you to everyone who contributed to Bendigo Health this year. I especially want to thank our wonderful volunteers who give their time to improve the experience of our patients. It was wonderful to see this contribution recognised at this year's Minister for Health Volunteer Awards with our stroke Environment Enrichment Program winning the award. Congratulations, all our volunteers are winners in my eyes.

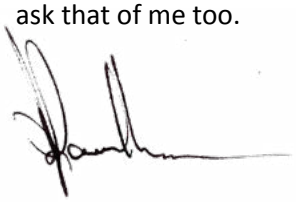
Chief Executive Officer's Report

Finally we saw out the year with the completion of Stage 2 of the Bendigo Hospital Project and I know it is a great relief to all of us that we now have 505 additional car parks on site.

The helipad became operational at the end of June and we saw a helicopter land on the very first day. We know this will increase demand on our critical care services and we go into next year preparing for this new challenge and all the opportunities it brings.

This year saw the completion of our 2013-18 Strategic Plan and I look forward to launching our new plan on July 1. We consulted widely and agreed we needed a new vision.

Our new vision; Excellent Care. Every Person. Every Time. provides a great blueprint for all of us at Bendigo Health to aim for. I know I will be constantly asking myself, was the care excellent. I expect you to ask that of me too.



Peter Faulkner
CEO

Board of Directors

The Hon Bob Cameron – Board Chair

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

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

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

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.

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

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

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

Mr Adam Woods

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 and Risk

Adam Woods (Chair)
Geoff Michell
Michael McCartney
Bob Cameron
Sue Clarke

Community Advisory

Margaret O'Rourke (Chair)
Marilyn Beaumont
Dr Umair Masood

Finance

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

Governance and Remuneration

Bob Cameron (Chair)
Margaret O'Rourke
Geoff Michell
Michael McCartney
Dianne Foggo

Medical Advisory

Dianne Foggo (Chair)
Dr Umair Masood
Bob Cameron

New Bendigo Hospital Steering

Bob Cameron

People and Culture

Dr Umair Masood (Chair)
Margaret O'Rourke
Marilyn Beaumont
Sue Clarke
Dianne Foggo

Quality Care Council

Sue Clarke (Chair)
Marilyn Beaumont
Dr Umair Masood
Michael McCartney

Strategic Planning

Adam Woods (Chair)
Sue Clarke
Marilyn Beaumont
Margaret O'Rourke
Dr Umair Masood
Geoff Michell

Visiting

All Board of Directors

Executive Directors

Peter Faulkner

Chief Executive Officer

Liz Hamilton

Executive Director Healthy Communities and Continuing Care

Robyn Lindsay

Executive Director Acute Health

Humsha Naidoo

Chief Medical Officer

Executive Director Clinical Support Services

Andrea Noonan

Executive Director People and Culture

David Rosaia

Acting Chief Nursing and Midwifery Officer

Philip Tune

Executive Director Psychiatry Services

Scott Cornelius

Acting Executive Director Corporate Services

Chief Financial Officer

Bruce Winzar

Executive Director Information Services

Chief Information Officer

Workforce Data

Hospitals Labour Category	JUNE Current Month FTE*		JUNE YTD FTE**	
	2017	2018	2017	2018
Nursing	1,199.84	1,273.02	1,136.93	1,226.40
Administration and Clerical	445.03	457.28	441.02	452.43
Medical Support	208.74	197.83	208.61	207.27
Hotel and Allied Services	90.48	95.04	150.50	95.26
Medical Officers	47.91	55.80	49.05	52.03
Hospital Medical Officers	175.59	173.45	162.87	173.45
Sessional Clinicians	23.69	29.10	20.07	25.38
Ancillary Staff (Allied Health)	260.51	265.64	247.86	253.66

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

Acute Health

Executive Director

Robyn Lindsay

INPATIENT and EMERGENCY SERVICES

> Inpatient and Sub Acute
  - Ward 4A (Medical)
  - Ward 4B (Ortho)
  - Ward 4C (Inpatient Rehab)
  - Ward 5A (Medical)
  - Ward 5B (Surgical)
  - Ward 5C (Ext Day Surg)
  - Ward 6C (Inpatient Rehab)
> General Medicine
> Critical Care & Patient Access
  - Emergency Department
  - Intensive Care Unit
  - Patient Access & Demand
> Women and Children
  - Women's Ward & Birthing Suite
  - Children's Ward
  - Special Care Nursery
  - Women's Health Clinics Including MAMTA
> Obstetrics & Gynaecology
> Paediatrics

INTERVENTIONAL and SPECIALTY SERVICES

> Cardiology & Respiratory
> Theatre
> Anaesthetics & Recovery
> DOSA & Endoscopy
> CSD
> Anaesthetics
> ENT
> General Surgery
> Plastic Surgery
> Ophthalmology
> Orthopaedics
> Paediatrics
> 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

COMMUNITY CARE UNITS

RESIDENTIAL REHABILITATION

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

Board of Directors

Chief Executive Officer
Peter Faulkner

Corporate Services
Executive Director/Chief Financial Officer
Scott Cornelius (Acting)

- BUILDINGS and INFRASTRUCTURE
- FINANCIAL SERVICES
- PERFORMANCE PLANNING and APPLICATIONS
- PAYROLL and SALARY PACKAGING
- SUPPLY
- PROCUREMENT
- CORPORATE SUPPORT

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
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
Vacant

Chief Nursing and Midwifery Officer
David Rosaia (Acting)

- PPP CONTRACT MANAGEMENT

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 2017 to 30 June 2018

This report is prepared for the Minister of Health, Jill Hennessy, 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 2018.

Bob Cameron.

Bob Cameron
Chair Board of Directors
Bendigo Health
6 July 2018

Financial Management Compliance

I, Bob Cameron, on behalf of the Responsible Body, certify that Bendigo Health Care Group has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

Bob Cameron.

Bob Cameron
Chair Board of Directors
Bendigo Health
6 July 2018

Conflict of Interest

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 the requirements of hospital circular 07/2017 Compliance reporting in health portfolio entities (Revised) and has implemented a 'Conflict of Interest' policy consistent with the minimum accountabilities required by the VPSC. Declaration of private interest forms have been completed by all executive staff within Bendigo Health Care Group and members of the board, and all declared conflicts have been addressed and are being managed. Conflict of interest is a standard agenda item for declaration and documenting at each executive board meeting.

Bob Cameron.

Bob Cameron
Chair Board of Directors
Bendigo Health
6 July 2018

Data Integrity

I, Bob Cameron certify that Bendigo Health Care Group has put it place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Bendigo Health Care Group has critically reviewed these controls and processes during the year.

Bob Cameron.

Bob Cameron
Chair Board of Directors
Bendigo Health
6 July 2018

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.

Bob Cameron
Chair Board of Directors
Bendigo Health
6 July 2018

Financial Management Compliance

I Bob Cameron on behalf of the Responsible Body, certify that Bendigo Health Care Group has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

Bob Cameron.

Bob Cameron
Chair Board of Directors
Bendigo Health
6 July 2018

Statutory Compliance

Manner of Establishment

Bendigo Health Care Group is a health service established in 1995 under the Health Services Act 1988.

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 (FOI) Act 1982 provides the public with a means of obtaining information held by the organisation. All FOI applications received by Bendigo Health were processed in accordance with the provisions of the FOI Act.

Requests received	2017-18
Total	454
Access granted in full	328
Access granted in part	89
Access denied in full	5
Application withdrawn	9
No information available	22
Not yet finalised	34

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.

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.

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

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.

Car Parking Fees

Bendigo Health Care Group 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

National Competition Policy

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

Statutory Compliance

Additional Information

The items listed below have been retained by the health service and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

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

Victorian Industry Participation Policy

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

Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2017-18 is $24.81 million (excluding GST) with the details shown below:

	BAU ($ Million)	Non-BAU ($ Million)	Total ($ Million)
Total ICT Expenditure	23.03	1.78	24.81

	Operating ($ Million)	Capital ($ Million)	Total ($ Million)
Total ICT Expenditure	11.57	13.24	24.81

*This only includes Bendigo Health contribution to EMR/DMR

Statutory Compliance

Details of consultancies (under $10,000)

In 2017-18, there were 24 consultancies where the total fees payable to the consultants were less than $10,000. The total expenditure incurred during 2017-18 in relation to these consultancies is $92,794 (excl. GST).

Details of consultancies (over $10,000)

Consultant	Purpose of Consultancy	Start date	End date	Expenditure 2017-18 (ex GST) $'000	Expenditure Future (ex GST) $'000
Arteria Studio Pty Ltd	Quality of Care Design	Sep-17	Oct-17	12	0
Aspex Consulting Pty Ltd	Clinical Services Plan	Aug-17	Nov-17	80	0
Best Practice Australia Pty Ltd	Pulse Survey	Aug-18	Dec-18	13	0
Cathy Balding Qualityworks Pty Ltd	Excellent Care Program Implenmentation	Apr-18	Jun-18	12	0
Converge International Incorporating Resolutionsrtk Pty Ltd	Employee Assistance Program	Jul-17	Jun-18	51	0
Jase Consulting	ICT Transitional Planning and Contractual Review Services	Jul-17	Jul-17	14	0
Loddon Mallee Rural Health Alliance	Telehealth Clinics Project	Apr-17	Jun-17	40	0
MA Norden Pty Ltd	Apgar KPI review	Mar-18	Apr-18	11	0
Mediasmiths Asia Pac Pty Ltd	ICT Services Operating Model Review	May-18	Jun-18	16	0
Mercer Consulting (Australia) Pty Ltd	Review of Executive Remuneration Compliance	Nov-17	Dec-17	23	0
Murray Phn Limited	Telehealth Clinics Review	Sep-17	Jan-18	84	0
Porter Novelli Australia Pty Ltd	Communication Strategy - Electronic Medical Record Project	Mar-18	Apr-18	11	0
Studer Group Australia Pty Ltd	Leadership Behavour program	Jul-17	Jun-18	73	0
The Trustee For Reos Partners Trust	Obesity Strategic Platform	Jul-17	Mar-18	150	0
Workplace Plus Pty Ltd	Workplace Investigations	Jul-17	Aug-18	17	0

Statutory Compliance

Occupational Violence

Since 2015-16, Victorian public health services have been required to monitor and publicly report incidents of occupational violence. This follows the Victorian Government's commitment to address occupational violence in healthcare and the Victorian Auditor-General's audit report Occupational violence against healthcare workers released in 2015 that identified better awareness of the prevalence and reporting of occupational violence incidents is required.

Occupational violence statistics required to be reported to the community in the health service annual report. To ensure consistency in annual reporting, Health Services are required, as a minimum, to report the following occupational violence statistics in their annual report in the following format, including the definitions listed underneath the table (refer to table 1 for a worked example).

Occupational violence statistics	2017-18
1. Workcover accepted claims with an occupational violence cause per 100 FTE	.03 per 100 FTE
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	2.25 claims per 1000000 hrs worked
3. Number of occupational violence incidents reported	290
4. Number of occupational violence incidents reported per 100 FTE	11
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	3.4%

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

Occupational violence – any incident where an employee is abused, threatened or assaulted in circumstances arising out of, or in the course of their employment.

Incident – an event or circumstance that could have resulted in, or did result in, harm to an employee. Incidents of all severity rating must be included. Code Grey reporting is not included, however, if an incident occurs during the course of a planned or unplanned Code Grey, the incident must be included.

Accepted Workcover claims – Accepted Workcover claims that were lodged in 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.

FTE figures required in the above table should be calculated consistent with the Workforce information FTE calculation (refer to page 16 of the Health Service Model Annual Report guidelines). These do not include contracted staff (e.g. Agency nurses, Fee-for-Service Visiting Medical Officers) who are not regarded as employees for this purpose. The above data should be consistent with the information provided in the Minimum Employee Data Set.

Workers Compensation

Workers Compensation statistics	2017-18
The number of reported hazards/incidents for the year per 100 full-time equivalent staff members	39 incidents per 100 FTE
The number of 'lost time' standard claims for the year per 100 full-time equivalent staff members	1.4 lost time claims per 100 FTE
The average cost per claim for the year (including payments to date and an estimate of outstanding claim costs as advised by WorkSafe);	$40,523.00
In the event of a fatality, a discussion of the circumstances that led to the fatality and the preventive measures that have been taken to prevent recurrence. If the fatality is under investigation or subject to an inquiry, a statement to that effect shall be included.	Nil

Statutory Compliance

Occupational Health and 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.

Environmental Performance

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

- Cogeneration and tri-generation 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

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

2017-2018 will be the new benchmark year for a number of consumption measures and includes a full 12 months data from the new hospital which is obviously the most significant user of energy of all the Bendigo Health properties (66.0% of electricity, 74.7% natural gas and 54.2% total water consumption).

Energy consumption increased slightly over the past 12 months as the new hospital ramped up services and opened another ward. Interestingly, carbon emissions decreased marginally for the previous year which could be partly due to the Trigeneration plant being out of order for four months – less gas use but increased power purchased. Recycled water consumption increased 44 percent due to the increased areas of gardens and also with use within the new hospital – the Coliban Water recycled water plant was out of action for a considerable time of some five months and remains off-line at present. As a result potable water was used in all areas designated for recycled water within both the Barnard and Lucan Street complex. The increase in potable water use of 26 percent was mainly due to this lack of recycled water being available. Total water use therefore increased by 27.8 percent.

All environmental data gathered by the sub-metering allows the information to be displayed on the environmental display screen within the hospital main entrance.

Statement of Priorities

Part A

Goals	Strategies	Health Service Deliverable	Outcome
Better Health A system geared to prevention as much as treatment Everyone understands their own health and risks Illness is detected and managed early Healthy neighbourhoods and communities encourage healthy lifestyles	**Better Health** Reduce statewide risks Build healthy neighbourhoods Help people to stay healthy Target health gaps	Undertake a gap analysis of the Framework for Preventing and Managing Occupational Violence and Aggression against current state at Bendigo Health and develop an action plan	**Deliverable Achieved** A gap analysis has been completed with respect to the organisations policies, processes and initiatives as they relate to occupational violence and aggression in the workplace against the recently released Department of Health and Human Services (DHHS) framework for preventing occupational violence and aggression on the Australian Nursing and Midwifery Federations 10 point plan. The gap analysis was tabled at the occupational violence and safety committee in December 2017. Work is progressing regarding the provision of an enhanced education program as that has been identified as an area of significant need.
		Deliver individual service role as well as regional leadership role as specified in Strengthening Hospitals Responses to Family Violence (SHRFV) 2017-18 deliverables	**Deliverable Achieved** Detailed work plans have been developed and updated for each role and progress is closely monitored by the implementation team at monthly meetings. Progress is reviewed by the SHRFV Implementation Committee monthly. The SHRFV team have conducted implementation workshops in Wangaratta, Colac, Traralgon, and Ararat. Planning is underway for Bendigo Health to continue the lead role in supporting all regional Victorian health services as well as supporting the five sub-cluster hospitals, and to continue to roll out the whole of hospital model across Bendigo Health. The SHRFV initiative has achieved the defined deliverables.

Statement of Priorities

Part A

Goals	Strategies	Health Service Deliverable	Outcome
		Implement the Achievement Program in Early Years and Schools - 80% of early years and 55% of schools engaged and progressing	**Deliverable Achieved** The group of four Jenny's Early Learning Centres have made terrific progress and have one service awarded full completion status during 2017 regarding the program. Eleven more Early Years centres have given their commitment to work as a network in the coming year to progress through the program. Each service is very different and each progresses at a different rate, with progress taking one-five years. Primary schools have been a lot slower to take up the program, with about five in the region having commitment to progressing this work. In February three new services have been awarded the coordinate stage of the program resulting in 17 of the 44 services now having reached this level. Ongoing work and support of early years and primary schools located in the City of Greater Bendigo has been undertaken, resulting in many services making progress through this program especially in the early years. In the next financial year primary schools will move under the support of Bendigo Community Health Services to enable better alignment between primary schools and secondary schools.
		Support the GREATER collective impact health promotion initiative to target elimination of childhood obesity outcomes	**Deliverable Achieved** GREATER will need a period of a further eight years through until 2025 to reach the target of 5% reduction in obesity. Agreed measures from the February 2018 governance meeting is the 5% increase in number of people reaching physical activity guidelines, 5% increase in people meeting healthy eating guidelines and 10% reduction in consumption of sugar sweetened beverages. GREATER is undergoing governance changes as a result of recommendation from Health Futures Australia Platform development process in 2017. Bendigo Health maintains a strong commitment and will provide ongoing support of GREATER at both a partnership level and at a Stewardship level. The work undertaken as the lead organisation in the implementation of GREATER has now been transferred as per recommendations.

Statement of Priorities

Part A

Goals	Strategies	Health Service Deliverable	Outcome
		Undertake evaluation of avoidable hospitalisations for patients with chronic obstructive pulmonary disease	**Deliverable Achieved** The project with Murray Primary Health Network (PHN) commenced and the initial report has been delivered, with the second stage of project being overseen by Research and Development, with input by Hospital Admission Risk Program (HARP). The project was funded until December 2017.
Better Access Care is always there when people need it More access to care in the home and community People are connected to the full range of care and support they need There is equal access to care	**Better Access** Plan and invest Unlock innovation Provide easier access Ensure fair access	Develop a sub-regional elective surgery initiative in collaboration with partner health services in the Loddon Mallee Region to increase access to service for persons in the Bendigo Health Elective Surgery Waiting List.	**Deliverable Achieved** Collaboration with sub-regional and rural sites continues to progress very well with services identifying their capability and also capacity to complete elective surgery activity in the 2017-2018 financial year. There has been excellent sharing of knowledge amongst services regarding the systems and processes by which the conduct contracted elective surgery work is completed and the Loddon Mallee DHHS has been briefed regarding progress. Bendigo Health elective surgery waiting list patients have had surgery completed for low acuity surgery in Kyneton and Castlemaine as part of this initiative. Ongoing scheduling of patients continue at the selected smaller regional hospitals with appropriate capability.
		Build capacity of Community Mental Health Teams with investment in staffing for youth program and crisis intervention	**Deliverable Achieved** Youth program implemented with dedicated staff. Short term treatment team has been implemented (Crisis team) with dedicated staff.
		Develop an education package on a person centred care model on iLearn to include diversity (including cultural, Lesbian, Gay, Bisexual, Transgender and Intersex, and disability).	**Deliverable Achieved** Discussions were held with key internal stakeholders regarding the development of a learning and development module that would incorporate all aspects of diversity. It should be noted that the module will not be available until after the implementation of the new Learning Management System as work on deploying this has taken precedent over this work. Once the Learning Management System is functional, Bendigo Health will be able to focus on the completion of content.

Statement of Priorities

Part A

Goals	Strategies	Health Service Deliverable	Outcome
		Signing of new Collaboration agreement with Bendigo District Aboriginal Cooperative (BDAC) by March 2018	**Deliverable Achieved** The redrafted Collaborative Agreement between BDAC and Bendigo Health was signed during reconciliation week in May 2018. Additional information related to this is BDAC and Bendigo Health have been able to arrange a secondment of an Aboriginal Health worker from BDAC to provide backfill to the Aboriginal Hospital Liaison Officer (AHLO) role for parental leave cover.
		Conduct 10 forums on navigating the Aged Care System throughout the Loddon Mallee Region	**Deliverable Achieved** In September 2017 the Community Services team, in collaboration with the City of Greater Bendigo, delivered the 'Navigating Aged Care' information sessions to consumers. The sessions provided information on My Aged Care, assessment, Commonwealth Home Support Services, Home Care Packages and Residential Care. One hundred and fifty consumers attended five sessions held in Bendigo, Long Gully, Kangaroo flat, Huntly and Strathfieldsaye. Further 'Navigating My Aged Care' sessions will be delivered in Castlemaine, Echuca and Mildura. In collaboration with the Shire of Campaspe, Echuca Regional Health and Kyabram District Health Services two sessions have been scheduled for late July 2018. There has been a request from Rochester and Elmore District Health Service for a Rochester based session. A session will be delivered in Mildura later this year.

Statement of Priorities

Part A

Goals	Strategies	Health Service Deliverable	Outcome
Better Care Target zero avoidable harm Healthcare that focusses on outcomes Patients and carers are active partners in care Care fits together around people's needs	Three mandatory actions against the 'Target zero avoidable harm' Goal: Develop and implement a plan to educate staff about obligations to report patient safety concerns In partnership with consumers, identify 3 priority improvement areas using Victorian Healthcare Experience Survey data and establish an improvement plan for each. These should be reviewed every six months to reflect new areas for improvement in patient experience. Better Care Put Quality First Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	Implement customer service training, bedside handover for all nursing shift changes and Patient Communication Boards to improve results in the following areas of the Victorian Health Experience Survey: • All Staff introduced themselves and their role • Always felt listened to and understood • The Transition Index aimed at improving processes related to Discharge planning	**Deliverable Onging** Use of the Patient Communication Boards is well embedded with audit results showing significant and sustained improvement since their introduction. Auditing of boards has shown consistent improvement with audit of completion of patient's name verified as correct as 97%. The Quality huddles continue to be undertaken in inpatient areas and allow for staff discussion and explanation of data. This has assisted with an increased awareness of understanding of patient experience and the VHES process for clinical staff. The information has focused on what core aspects of care influence and impact a patient's experience. Bedside handover is currently being undertaken across all three nursing to nursing change of shifts in 89% of inpatient departments within the acute subacute and psychiatric departments. Improvements have also occurred in patients introducing themselves with January to March VHES data 87%, increase from 76% last quarter. The real time survey shows similar results with 84% always and 14% sometimes. Transition index results have also shown improvement with January March VHES data 84%, increase from 74% last quarter.
		Achieve 100% audit compliance with shift to shift bedside handover	**Deliverable Onging** Clinical bedside handover continues to be rolled out throughout the organisation the most recent compliance report was > than 85%. Use of the communication boards has greatly assisted the process in ensuring the patient is informed.

Statement of Priorities

Part A

Goals	Strategies	Health Service Deliverable	Outcome
		Provide leadership in the development of the Loddon Mallee Regional Clinical Council (LMRCC) through participation and support provided by the executive and senior medical teams.	**Deliverable Achieved** The participation and support offered through the LMRCC include: • Rural Referral and Collaborative Management of Pregnancy guideline • Maternity Support two-year Program (including the 12-month Maternity and Newborn Regional Operating Model project, in partnership with Monash Health and DHHS • Model options for a LMR Director of Medical services to coordinate regional clinical governance and improvements in medical services across the region • Regional Consumer Engagement forum in late 2018 • LMR Surgical and Anaesthetic (S&A) Morbidity and Mortality Review • Surgical data and mapping reports to inform risk management and service planning strategies in LMR S&A services • Emergency working party input/co-design of Statewide Capability Framework for UCC/Emergency Levels 1 & 2 • LMRCC forum in June 2018, with a focus on Aboriginal Health, wellbeing and safety • Project to standardise equipment across LMR Urgent Care centres • E-credentialing program • LMR workforce strategies The LMRCC continues to be supported by a team including an Executive Officer and Admin Assistant.

Statement of Priorities

Part A

Goals	Strategies	Health Service Deliverable	Outcome
		Lead and participate in Loddon Mallee regional morbidity and mortality processes	**Deliverable Ongoing** Bendigo Health plays an active part in the maternity M&M regional process, including the Director of Obstetrics & Gynaecology chairing the regional meeting. The Loddon Mallee Regional Clinical Council (LMRCC) established a Surgical and Anaesthetic (S&A) Collaborative, which has met regularly since December 2017. In late February 2018, a draft document outlining the purpose, background, gaps and current opportunity to establish a Loddon Mallee S&A morbidity and mortality (M&M) committee was circulated to this group for consideration and discussion. To progress the establishment of a regional M&M, it was identified that we would need to engage with surgeons and anaesthetics across the region. The Director of Surgery at Bendigo Health was invited to join the LMRCC and the S&A Collaborative to provide expertise and guidance on this initiative, along with the Director of Anaesthetics. The S&A Collaborative discussed the draft document in March at the LMRCC forum and started defining the scope and criteria for regional review of S&A cases. The group has identified the need for administrative and financial resources to support the establishment and sustainability of a regional S&A M&M review process. In late June 2018 the LMRCC S&A Collaborative disseminated a survey to all of the Loddon Mallee Health Services (18) Directors of Medical Services (DMS) and Directors of Clinical Services (DCS) to gain a better understanding of the current M&M practices within each health services.

Statement of Priorities

Part A

Goals	Strategies	Health Service Deliverable	Outcome
		Work collaboratively with Loddon Mallee Regional Health Alliance in developing and delivering a single Digitising Health Strategy for the Loddon Mallee Region.	**Deliverable Achieved** Bendigo Health has been advising and assisting the Loddon Mallee Regional Health Alliance to develop a business case for the leverage of Bendigo Health's electronic medical record system to the regional health services. The final draft business case has gained approval-in-principle from regional health service Chief Executive Officers and the Bendigo Health Board of Directors. The final business case has been submitted to Department of Health and Human Services.
		Continue implementation and growth of 'Peer Workforce' education program to improve patient focus from a consumer "lived" experience by medical and nursing staff	**Deliverable Achieved** Employment of peer workforce has occurred with three workers who are co-located with Bendigo Adult Community Mental Health Team. Delivery of education programs includes the Peer workers.

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	15
FRD 22H	Purpose, functions, powers and duties	15
FRD 22H	Initiatives and key achievements	3-7
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	28
FRD 11A	Disclosure of ex gratia expenses	FR
FRD 21C	Responsible person and executive officer disclosures	92
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	17
FRD 22H	Details of consultancies under $10,000	17
FRD 22H	Employment and conduct principles	11
FRD 22H	Information and Communication Technology Expenditure	16
FRD 22H	Major changes or factors affecting performance	FR
FRD 22H	Occupational violence	18
FRD 22H	Operational and budgetary objectives and performance against objectives	FR
FRD 24C	Summary of the entity's environmental performance	19
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	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
FRD 29B	Workforce Data disclosures	11
FRD 103F	Non-Financial Physical Assets	FR
FRD 110A	Cash flow Statements	FR
FRD 112D	Defined Benefit Superannuation Obligations	60
SD 5.2.3	Declaration in report of operations	14
SD 5.1.2.2	Financial Management Compliance Attestation	14

Disclosure Index

Legislation	Requirement	Page Reference

Other requirements under Standing Directions 5.2

Legislation

Statement of Priorities

Part B – Performance Priorities

Quality and Safety

Key performance indicator	Target	Outcome
Accreditation		
Accreditation against the NQHS Standards	Full compliance	Full compliance
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Full compliance
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	82%
Percentage of healthcare workers immunised for influenza	75%	78%
Patient experience		
Victorian Healthcare Experience Survey - data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – positive patient experience – Quarter 1	95% positive experience	88.9 %
Victorian Healthcare Experience Survey – positive patient experience – Quarter 2	95% positive experience	81.8%
Victorian Healthcare Experience Survey – positive patient experience – Quarter 3	95% positive experience	96.6%
Victorian Healthcare Experience Survey – discharge care. Quarter 1	75% very positive experience	72%
Victorian Healthcare Experience Survey – discharge care. Quarter 2	75% very positive experience	78.4%
Victorian Healthcare Experience Survey – discharge care. Quarter 3	75% very positive experience	83.7%
Victorian Healthcare Experience Survey – patents perception of cleanliness – Quarter 1	70% very positive experience	85.3%
Victorian Healthcare Experience Survey – patents perception of cleanliness – Quarter 2	70% very positive experience	71.8%
Victorian Healthcare Experience Survey – patents perception of cleanliness – Quarter 3	70% very positive experience	89.7%
Healthcare associated infections		
Number of patients with surgical site infection	No outliers	No outliers
Number of patients with ICU central line associated blood stream infections (CLABSI)	0	0
SAB rate per occupied bed days	< 1 / 10,000	0.35
Adverse Events		
Number of sentinel events	Nil	3
Mortality - number of deaths in low mortality DRGs	Nil	N/A *
**This indicator was withdrawn during 2017-18 and is currently under review by the Victorian Agency for Health Information*		
Mental health		
Percentage of adult acute mental inpatients who are readmitted within 28 days of discharge	14%	17%
Rate of seclusion events relating to a mental health acute admission - all age groups	< 15 / 1,000	7

Statement of Priorities

Part B – Performance Priorities

Rate of seclusion events relating to a child and adolescent acute mental health admission	< 15 / 1,000	N/A
Rate of seclusion events relating to an adult acute mental health admission	< 15 / 1,000	7
Rate of seclusion events relating to an aged acute mental health admission	< 15 / 1,000	0
Percentage of child and adolescent patients with post-discharge follow-up within seven days	75%	90%
Percentage of adult acute mental health patients who have post-discharge follow-up within seven days	75%	82%
Percentage of aged acute mental health inpatients who have post-discharge follow-up within seven days	75%	85%
Maternity and newborn		
Rate of singleton term infants without birth anomalies with APGAR score <7 to 5 minutes	≤ 1.6%	1.4%
Rate of severe foetal growth restriction in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	25%
Continuing care		
Functional independence gain from an episode of GEM admission to discharge, relative to length of stay	≥ 0.39 (GEM)	0.47
Functional independence gain from an episode of rehabilitation admission to discharge, relative to length of stay	≥ 0.645 (rehab)	1.225

Key performance indicator	Target	Outcome
Accreditation		
People Matter Survey - Percentage of staff with an overall positive response to safety and culture questions	80%	85%
People Matter Survey - Percentage of staff with a positive response to the question, "I am encouraged by my colleagues to report any patient safety concerns I may have"	80%	91%
People Matter Survey - Percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	89%
People Matter Survey - Percentage of staff with a positive response to the question, "My suggestions about patient 83safety would be acted upon if I expressed them to my manager"	80%	87%
People Matter Survey - Percentage of staff with a positive response to the question, "The culture in my work area makes it wasy to learn from the errors of others"	80%	83%
People Matter Survey - Percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	86%
People Matter Survey - Percentage of staff with a positive response to the question, "This health service does a good job of training new and existing staff"	80%	75%

Statement of Priorities

Part B – Performance Priorities

Timely access to care

Key performance indicator	Target	Outcome
People Matter Survey - Percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	81%
People Matter Survey - Percentage of staff with a positive response to the question, "I would recommend a friend or relative to be treated as a patient here"	80%	88%
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes ambulance patients transferred within 40 minutes	90%	90%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	75%
Percentage of emergency patients with a length of stay less than four hours	81%	61%
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
Elective surgery		
Percentage of Urgency Category 1 elective patients admitted within 30 days	100%	100%
Percentage of urgency category 1, 2 and 3 elective patients admitted within clinically recommended time	94%	81%
Percentage of patients on the waiting list who have waited longer than clinically recommended time for their respective triage category	5% or 15% proportional improvement from prior year	24%
Number of patients on the elective surgery waiting list	1,180	1,076
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	< 8 / 100	8.3
Number of patients admitted from elective surgery waiting list - annual total	5,650	5,045
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	91%
Percentage of routine patients referred by a GP or external specialist who attended a first appointment within 365 days	90%	95%

Statement of Priorities

Part B – Performance Priorities

Effective financial management

Key performance indicator	Target	Outcome
Finance		
Operating result ($m)	0.0	2.066 (audited)
Average number of days to paying trade creditors	60 days	36 days
Average number of days to receiving patient fee debtors	60 days	41 days
Public & private WIES performance to target	100%	95%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.85
Number of days with available cash	14 days	24 days

Statement of Priorities

Part C – Activity and Funding

Funding type	Activity	2017-18 Activity Achievement
Acute Admitted		
WIES Public	27,308	26,994
WIES Private	4,742	4,079
WIES DVA	497	437
WIES TAC	185	262
Acute Non-Admitted		
Home Enteral Nutrition	273	334
Home Renal Dialysis	29	29
Specialist Clinics - Public	51,807	47,214
Subacute & Non-Acute Admitted		
Subacute WIES - Rehabilitation Public	746	784
Subacute WIES - Rehabilitation Private	251	185
Subacute WIES - GEM Public	632	591
Subacute WIES - GEM Private	214	136
Subacute WIES - Palliative Care Public	190	166
Subacute WIES - Palliative Care Private	66	72
Subacute WIES - DVA	93	91
Transition Care - Beddays	18,250	16,404
Transition Care - Homeday	12,775	11,682

Statement of Priorities

Part C – Activity and Funding

Funding type	Activity	2017-18 Activity Achievement
Subacute Non-Admitted		
Health Independence Program - Public	51,336	53,226
Aged care		
Aged Care Assessment Service		
Residential Aged Care	82,444	75,589
HACC	12,491	11,839
Aged Care Other		
Mental Health and Drug Services		
Mental Health Ambulatory	67,704	69,888
Mental Health Inpatient - Available bed days	21,915	21,900
Mental Health Inpatient - Secure Unit	7,305	3,768
Mental Health Residential	10,958	10,950
Mental Health Service System Capacity	1	
Mental Health Sub Acute	11,688	11,498
Primary Health		
Community Health/ Primary Care Programs	8,824	8,783
Communtiy Health Other		
Other		
Health Workforce	171	199

*The changes arising in the WIES funding model following the introduction of AR-DRG version 8 in 2016-17 have impacted Bendigo Health Care Group's ability to recognise WIES activity in 2017-18.

The department has acknowledged these issues at a system level and provided assurances around minimum funding levels throughout 2017-18.

FINANCIAL REPORT

2017-18

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.

	2017/18 $000	2016/17 $000	2015/16 $000	2014/15 $000	2013/14 $000
Total Expenses	511,061	440,726	367,159	357,294	340,528
Total Revenue	479,277	970,901	366,737	347,512	333,154
Other economic flows included in the net result	493	96	(184)	(242)	(285)
Net Result Before Capital & Specific Items	2,066	2,663	3,163	3,138	2,948
Net Result for the Year	(31,291)	530,271	(606)	(10,024)	(7,659)
Accumulated Surpluses/(Deficits)	458,390	490,385	(40,116)	(39,480)	(29,620)
Total Assets	1,064,928	1,059,320	264,278	253,870	264,812
Total Liabilities	391,474	358,058	94,287	83,273	84,191
Net Assets	673,454	701,262	169,991	170,597	180,621
Total Equity	673,454	701,262	169,991	170,597	180,621

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 2018 • 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 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 2018 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *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. I further describe my responsibilities under that Act and those standards 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 Victoria. 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, disclosing, as applicable, matters related to 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 my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the health service'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
16 August 2018

Ron Mak
as delegate for the Auditor-General of Victoria

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

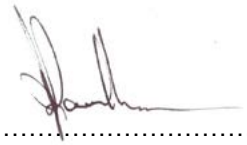
The attached financial statements for Bendigo Health Care Group have been prepared in accordance with Direction 5.2 of the Standing Directions of the Minister for Finance under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards including Interpretations, 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 2018 and the financial position of Bendigo Health Care Group at 30 June 2018.

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

We authorise the attached financial statements for issue on 10th August 2018.

R G Cameron
Chair



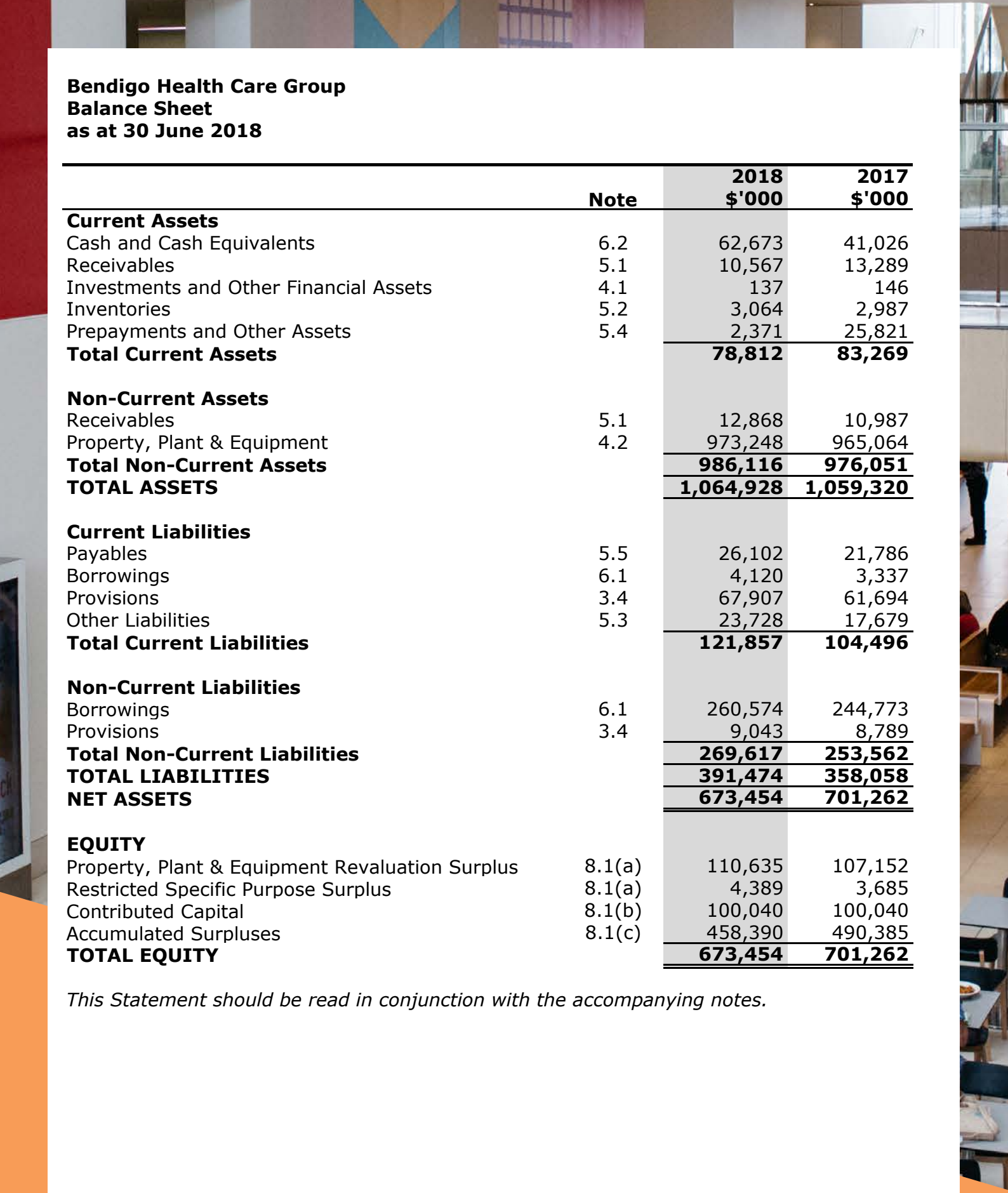
P A Faulkner
Chief Executive Officer

S M Cornelius
Acting Chief Financial Officer

Dated the 10th day of August 2018
at Bendigo

Bendigo Health Care Group
Comprehensive Operating Statement
For the Financial Year Ended 30 June 2018

	Note	2018 $'000	2017 $'000
Revenue from Operating Activities	2.1	430,334	384,311
Revenue from Non-operating Activities	2.1	11,148	10,858
Employee Expenses	3.1	(282,676)	(261,882)
Non Salary Labour Costs	3.1	(19,255)	(15,871)
Supplies & Consumables	3.1	(66,295)	(64,030)
Other Expenses	3.1	(71,190)	(50,723)
Net result before capital & specific items		**2,066**	**2,663**
Capital Purpose Income	2.1	37,741	575,714
Depreciation	4.3	(46,556)	(30,629)
Finance Costs	3.3	(22,720)	(9,905)
Expenditure for Capital Purpose	3.1	(2,369)	(7,686)
Assets Received Free of Charge	2.2	54	18
Net result after capital and specific items		**(31,784)**	**530,175**
Other economic flows included in the net result			
Net loss on Disposal of Non-Financial Assets		(147)	(967)
Revaluation of Long Service Leave		421	1,063
Fair Value Gain on Financial Instruments		219	0
Total other economic flows included in net result		**493**	**96**
NET RESULT FOR THE YEAR		**(31,291)**	**530,271**
Other Comprehensive Income			
Items that will not be reclassified to Net Result			
Changes in Property, Plant and Equipment Revaluation Surplus	8.1a	3,483	0
COMPREHENSIVE RESULT FOR THE YEAR		**(27,808)**	**530,271**



Bendigo Health Care Group
Balance Sheet
as at 30 June 2018

	Note	2018 $'000	2017 $'000
Current Assets			
Cash and Cash Equivalents	6.2	62,673	41,026
Receivables	5.1	10,567	13,289
Investments and Other Financial Assets	4.1	137	146
Inventories	5.2	3,064	2,987
Prepayments and Other Assets	5.4	2,371	25,821
Total Current Assets		**78,812**	**83,269**
Non-Current Assets			
Receivables	5.1	12,868	10,987
Property, Plant & Equipment	4.2	973,248	965,064
Total Non-Current Assets		**986,116**	**976,051**
TOTAL ASSETS		**1,064,928**	**1,059,320**
Current Liabilities			
Payables	5.5	26,102	21,786
Borrowings	6.1	4,120	3,337
Provisions	3.4	67,907	61,694
Other Liabilities	5.3	23,728	17,679
Total Current Liabilities		**121,857**	**104,496**
Non-Current Liabilities			
Borrowings	6.1	260,574	244,773
Provisions	3.4	9,043	8,789
Total Non-Current Liabilities		**269,617**	**253,562**
TOTAL LIABILITIES		**391,474**	**358,058**
NET ASSETS		**673,454**	**701,262**
EQUITY			
Property, Plant & Equipment Revaluation Surplus	8.1(a)	110,635	107,152
Restricted Specific Purpose Surplus	8.1(a)	4,389	3,685
Contributed Capital	8.1(b)	100,040	100,040
Accumulated Surpluses	8.1(c)	458,390	490,385
TOTAL EQUITY		**673,454**	**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 2018

	Note	2018 $'000	2017 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		357,462	335,210
Capital Grants from Government		4,998	22,808
Patient and Resident Fees Received		30,176	27,722
Private Practice Fees Received		2,289	1,955
Donations and Bequests Received		331	282
GST Received from/(paid to) ATO		9,974	9,681
Recoupment from Private Practice for Use of Hospital Facilities		7	4
Interest and Investment Income Received		1,082	812
Other Capital Receipts		1,702	2,330
Other Receipts		24,160	22,269
Total Receipts		**432,181**	**423,073**
Employee Expenses Paid		(285,688)	(269,970)
Non Salary Labour Costs		(19,255)	(15,872)
Payments for Suppliers & Consumables		(68,257)	(66,559)
Other Payments		(40,564)	(38,160)
Total Payments		**(413,764)**	**(390,561)**
NET CASH FLOW FROM OPERATING ACTIVITIES	8.2	**18,417**	**32,512**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Non-Financial Assets		(7,022)	(19,733)
Proceeds from Disposal of Non-Financial Assets		335	282
NET CASH FLOW USED IN INVESTING ACTIVITIES		**(6,687)**	**(19,451)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Contributed Capital from Government		0	1,000
Proceeds from Borrowings		4,000	0
NET CASH FLOW FROM FINANCING ACTIVITIES		**4,000**	**1,000**
NET INCREASE IN CASH AND CASH EQUIVALENTS HELD		**15,730**	**14,061**
CASH AND CASH EQUIVALENTS AT BEGINNING OF FINANCIAL YEAR		21,947	7,886
CASH AND CASH EQUIVALENTS AT END OF FINANCIAL YEAR	6.2	**37,677**	**21,947**

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 2018

	Note	Property, Plant & Equipment Revaluation Surplus $'000	Restricted Specific Purpose Surplus $'000	Contributions by Owners $'000	Accumulated Surpluses / (Deficits) $'000	Total $'000
Balance at 30 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/(from) accumulated surplus	8.1c	0	(230)	0	230	0
Balance at 30 June 2017		**107,152**	**3,685**	**100,040**	**490,385**	**701,262**
Net Result for the Year	8.1c	0	0	0	(31,291)	(31,291)
Other comprehensive income for the year	8.1a	3,483	0	0	0	3,483
Transfer to/(from) accumulated surplus	8.1c	0	704	0	(704)	0
Balance at 30 June 2018		**110,635**	**4,389**	**100,040**	**458,390**	**673,454**

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

Bendigo Health Care Group

Notes to the Financial Statements for the Year Ended 30 June 2018

Basis of presentation

The financial statements are prepared in accordance with Australian Accounting Standards and relevant FRDs.

These financial statements are 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.

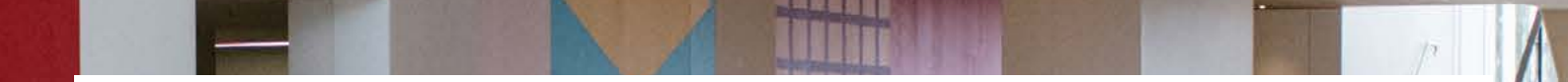
The accrual basis of accounting has been applied in preparing these financial statements, whereby assets, liabilities, equity, income and expenses are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

Consistent with the requirements of AASB 1004 Contributions, contributions by owners (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 Department.

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 contributions by owners. Transfers of net liabilities arising from administrative restructurings are treated as distributions to owners.

Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in applying AAS that have significant effects on the financial statements and estimates are disclosed within the notes.



Bendigo Health Care Group

Notes to the Financial Statements for the Year Ended 30 June 2018

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 2018. 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 AASBs, which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 Presentation of Financial Statements.

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

Bendigo Health is a not-for-profit entity and therefore applies the additional AUS paragraphs applicable to "not-for-profit" Health Services under the AASBs.

The annual financial statements were authorised for issue by the Board of Bendigo Health on 10 August 2018.

(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.

(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 have been applied in preparing the financial statements for the year ended 30 June 2018, and the comparative information presented in these financial statements for the year ended 30 June 2017.

The financial statements are prepared on a going concern basis.

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

All amounts shown in the financial statements have been rounded to the nearest thousand dollars, unless otherwise stated. Minor discrepancies in tables between totals and sum of components are due to rounding.

Bendigo Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds.

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.

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 underlying assumptions are reviewed on an ongoing basis. 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 in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates relate to:

- The fair value of land, buildings and plant and equipment (refer to Note 4.2 Property, Plant and Equipment);

- Superannuation expense (refer to Note 3.5 Superannuation); and
- Employee benefit provisions are based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 3.4 Employee Benefits in the Balance Sheet); and

Goods and Services Tax (GST)

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

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

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the ATO, are presented as operating cash flow. Commitments and contingent assets and liabilities are presented on a gross basis.

(d) Principles of consolidation

Intersegment Transactions

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

(e) Jointly Controlled Operation

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

In respect of any interest in joint operations, Bendigo Health 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.

Bendigo Health is a Member of the Loddon Mallee Rural Health Alliance and retains joint control over the arrangement, which it has classified as a joint operation (refer to Note 8.11 Jointly Controlled Operations).

Bendigo Health Care Group
Notes to the Financial Statements
For the Financial Year Ended 30 June 2018

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.

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

Structure

2.1 Analysis of Revenue by Source

2.2 Assets Received Free of Charge or for Nominal Consideration

Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2018

Note 2.1: Analysis of Revenue by Source

	Admitted Patients 2018 $'000	Non-Admitted 2018 $'000	EDS 2018 $'000	Mental Health 2018 $'000	RAC incl. Mental Health 2018 $'000	Aged Care 2018 $'000	Primary Health 2018 $'000	Other 2018 $'000	Total 2018 $'000
Government Grants	232,173	18,408	27,706	55,885	21,588	15,686	857	13,938	386,241
Indirect contributions by Department of Health and Human Services	130	12	16	30	15	9	1	12	225
Patient and Resident Fees	8,383	2,326	847	451	6,108	687	3	1,284	20,089
Business Units & Specific Purpose Funds	0	0	0	0	0	0	0	618	618
Interest & Dividends	615	58	74	143	74	42	2	61	1,069
Other Revenue from Operating Activities	7,588	2,792	1,123	1,117	372	369	127	8,604	22,092
Total Revenue from Operating Activities	**248,889**	**23,596**	**29,766**	**57,626**	**28,157**	**16,793**	**990**	**24,517**	**430,334**
Interest and Dividends	0	0	0	0	0	0	0	13	13
Other Revenue from Non-Operating Activities	0	0	0	0	0	0	0	11,135	11,135
Total Revenue from Non-Operating Activities (refer note 3.2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**11,148**	**11,148**
State Government Capital Grants	0	0	0	0	0	0	0	36,430	36,430
Assets Received Free of Charge (refer note 2.2)	0	0	0	0	0	0	0	54	54
Other Capital Purpose Income	0	0	0	0	0	0	0	1,311	1,311
Total Capital Purpose Income	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**37,795**	**37,795**
Total Revenue	**248,889**	**23,596**	**29,766**	**57,626**	**28,157**	**16,793**	**990**	**73,460**	**479,277**

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.

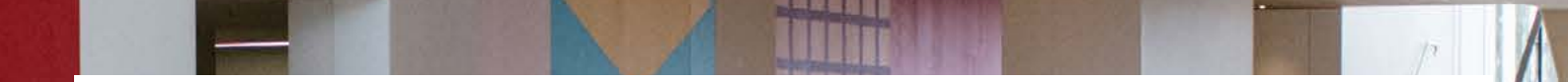
Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2017

Note 2.1: Analysis of Revenue by Source (continued)

	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**
Total Revenue	**212,031**	**23,392**	**27,239**	**51,529**	**28,706**	**16,660**	**938**	**610,406**	**970,901**

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.

i Prior year income previously included the net gain/(loss) on non-financial assets which now form part of Other Economic Flows Included in Net Result (refer to Note 8.1).



Note 2.1: Analysis of Revenue by Source (continued)

Revenue Recognition

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.

Patient and Resident Fees

Patient and Resident 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. Dividends represent the income arising from the Health Service's investments in financial assets.

Interest Revenue

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

Sale of investments

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

Other Income

Other income includes recoveries for salaries and wages and external services provided.

Note 2.1: Analysis of Revenue by Source (continued)

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.

Category groups

Bendigo Health 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.

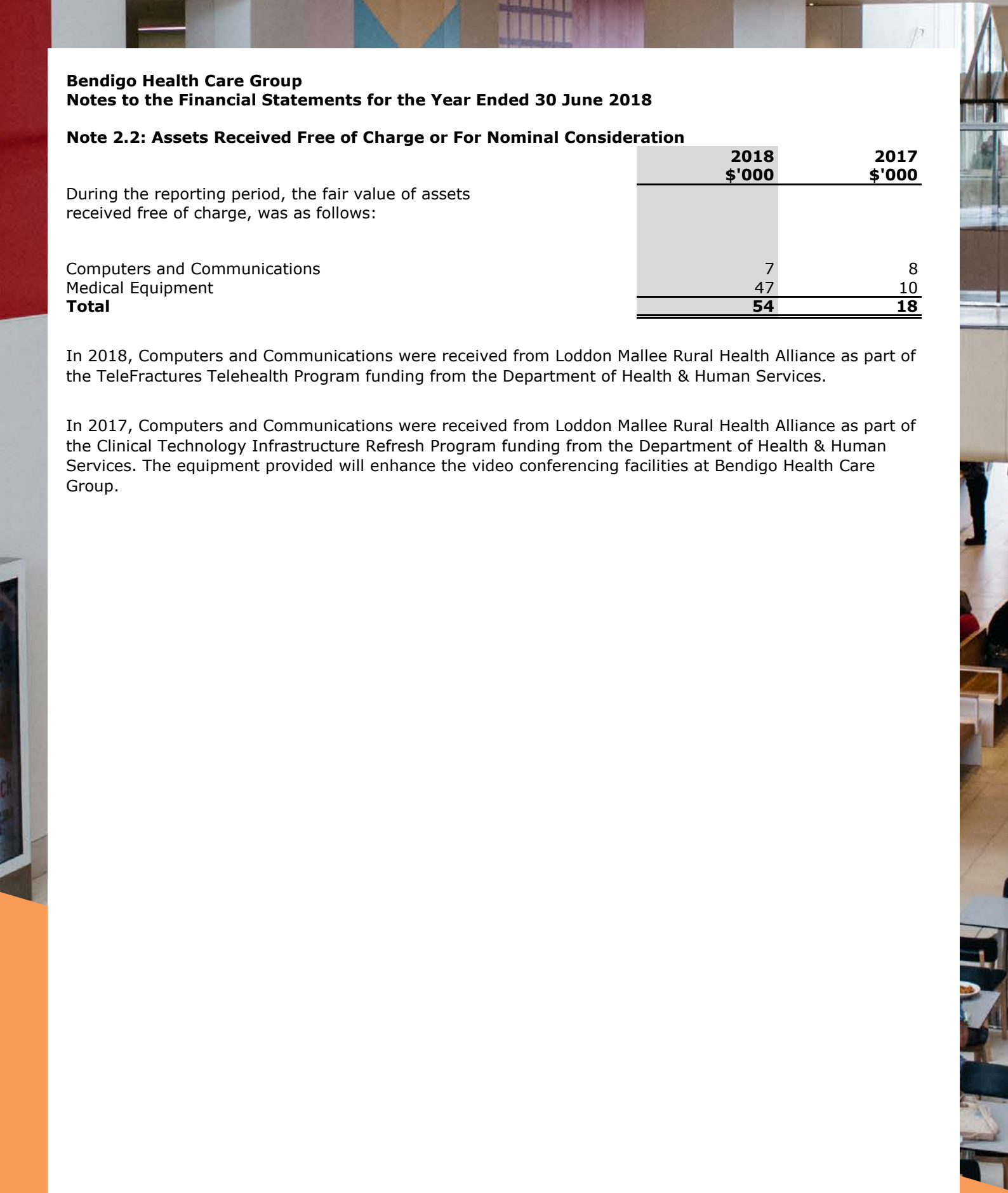
Emergency Department Services (EDS) comprises all emergency department services.

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 excluded from National Health Care Agreement (NHCA) (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.



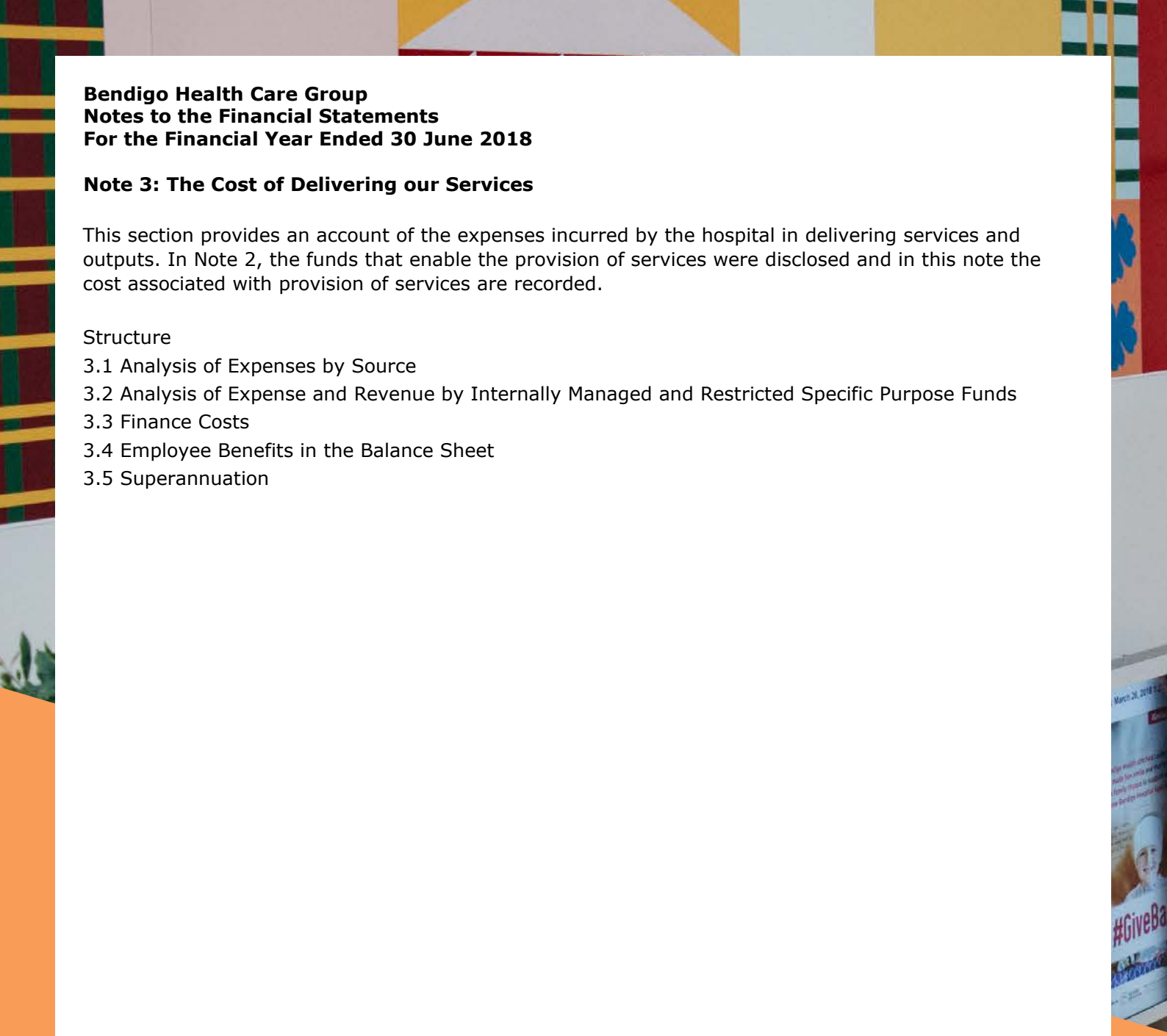
Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2018

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

	2018 $'000	2017 $'000
During the reporting period, the fair value of assets received free of charge, was as follows:		
Computers and Communications	7	8
Medical Equipment	47	10
Total	**54**	**18**

In 2018, Computers and Communications were received from Loddon Mallee Rural Health Alliance as part of the TeleFractures Telehealth Program funding from the Department of Health & Human Services.

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.



Bendigo Health Care Group
Notes to the Financial Statements
For the Financial Year Ended 30 June 2018

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

Structure

3.1 Analysis of Expenses by Source
3.2 Analysis of Expense and Revenue by Internally Managed and Restricted Specific Purpose Funds
3.3 Finance Costs
3.4 Employee Benefits in the Balance Sheet
3.5 Superannuation

Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2018

Note 3.1: Analysis of Expenses by Source

	Admitted Patients 2018 $'000	Non-Admitted 2018 $'000	EDS 2018 $'000	Mental Health 2018 $'000	RAC incl. Mental Health 2018 $'000	Aged Care 2018 $'000	Primary Health 2018 $'000	Other 2018 $'000	Total 2018 $'000
Employee Expenses	144,559	13,004	25,424	49,685	23,428	12,717	1,239	12,620	282,676
Other Operating Expenses									
Non Salary Labour Costs	13,175	913	516	3,629	490	226	21	285	19,255
Supplies & Consumables	39,538	4,299	3,536	6,972	2,705	2,280	115	6,850	66,295
Other Expenses	53,066	2,339	4,931	5,033	2,111	1,571	269	1,870	71,190
Total Expenditure from Operating Activities	**250,338**	**20,555**	**34,407**	**65,319**	**28,734**	**16,794**	**1,644**	**21,625**	**439,416**
Finance Costs (refer note 3.3)	0	0	0	0	0	0	0	22,720	22,720
Expenditure for Capital Purposes	0	0	0	0	0	0	0	2,369	2,369
Depreciation & Amortisation (refer note 4.3)	26,523	2,178	3,646	6,921	3,044	1,779	174	2,291	46,556
Total Other Expenses	**26,523**	**2,178**	**3,646**	**6,921**	**3,044**	**1,779**	**174**	**27,380**	**71,645**
Total Expenses	**276,861**	**22,733**	**38,053**	**72,240**	**31,778**	**18,573**	**1,819**	**49,005**	**511,061**

	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
Employee Expenses	135,257	11,371	22,452	43,031	23,142	12,789	1,214	12,626	261,882
Other Operating Expenses									
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**
Finance Costs (refer note 3.3)	0	0	0	0	0	0	0	9,905	9,905
Expenditure for Capital Purposes	0	0	0	0	0	0	0	7,686	7,686
Depreciation & Amortisation (refer note 4.3)	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**

Note 3.1: Analysis of Expenditure by Source (continued)

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

Employee expenses
Employee expenses include:
- Salaries and Wages;
- Fringe Benefits Tax;
- Leave entitlements;
- Termination payments;
- Workcover premiums; and
- Superannuation expenses.

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 5.1 Receivables

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.

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.

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 4.4 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.

Net gain/(loss) on financial instruments
Net gain/ (loss) on financial instruments includes:

- realised and unrealised gains and losses from revaluations of financial instruments at fair value;
- impairment and reversal of impairment for financial instruments at amortised cost refer to Note 4.1 Investments and other financial assets; and
- disposals of financial assets and derecognition of financial liabilities.

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	
	2018 $'000	**2017 $'000**	**2018 $'000**	**2017 $'000**
Catering	0	877	0	876
Private Radiology	10	12	8,478	7,488
Palliative Care	1,176	975	37	166
Fundraising Activities	454	423	629	639
Research Trials	248	193	300	183
Business Services	452	131	1,420	1,338
Other	244	85	284	168
Total	**2,584**	**2,696**	**11,148**	**10,858**

Note 3.3: Finance Costs

	2018 $'000	**2017 $'000**
Finance Charges on Finance Leases (i)	22,720	9,905
Total Finance Costs	**22,720**	**9,905**

(i) Of the balance in 'interest on finance lease', $22,720 ($9,905 in 2017) 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;* and
- Amortisation of discounts or premiums relating to borrowings

Note 3.4: Employee Benefits in the Balance Sheet

	2018 $'000	2017 $'000
Current Provisions		
Employee Benefits[i]		
Long Service Leave		
- Unconditional and expected to be settled within 12 months[ii]	4,732	4,366
- Unconditional and expected to be settled after 12 months[iii]	27,249	25,105
Annual Leave		
- Unconditional and expected to be settled within 12 months[ii]	19,458	18,108
- Unconditional and expected to be settled after 12 months[iii]	3,176	3,010
Accrued Days Off		
- Unconditional and expected to be settled within 12 months[ii]	603	556
- Unconditional and expected to be settled after 12 months[iii]	98	92
Accrued Wages and Salaries	6,231	4,809
Sub Leave	39	30
Other	336	74
	61,922	**56,150**
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months[ii]	2,671	2,483
- Unconditional and expected to be settled after 12 months[iii]	3,314	3,061
	5,985	5,544
Total Current Provisions	**67,907**	**61,694**
Non-Current Provisions		
Employee Benefits[i]		
Long Service Leave	8,156	7,928
Provisions related to Employee Benefit On-Costs	887	861
Total Non-Current Provisions	**9,043**	**8,789**
Total Provisions	**76,950**	**70,483**
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and Related On-Costs		
Unconditional Long Service Leave Entitlements	35,457	32,673
Annual Leave Entitlements	25,067	23,387
Accrued Wages and Salaries	6,231	4,809
Accrued Days Off	777	718
Sub Leave	39	33
Other	337	74
Non-Current Employee Benefits and Related On-Costs		
Conditional Long Service Leave Entitlements[iii]	9,043	8,789
Total Employee Benefits and Related On-Costs	**76,951**	**70,483**

i Employee benefits consist of amounts for accrued days off, annual leave and long service leave accrued by employees, not including on-costs.

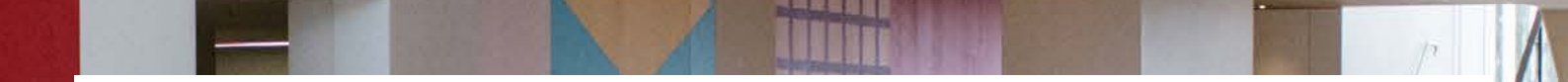
ii The amounts disclosed are nominal amounts.

iii The amounts disclosed are discounted to present values.

(b) Movements in Provisions	**2018**	**2017**
Movement in Long Service Leave:	**$'000**	**$'000**
Balance at start of year	**41,462**	**40,588**
Provision made during the year	7,475	4,598
Settlement made during the year	(4,437)	(3,724)
Balance at end of year	**44,500**	**41,462**

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.



Note 3.4: Employee Benefits in the Balance Sheet

Employee Benefits

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

Wages and Salaries, Annual Leave and Accrued Days Off

Liabilities for salaries and wages, annual leave and accrued days off are all recognised in the provision for employee benefits as 'current liabilities' because Bendigo Health does not have an unconditional right to defer settlements of these liabilities.

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

- Nominal 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:

- Nominal 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.

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

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 workers compensation and superannuation are recognised seperately with provisions for employee benefits.

Note 3.5: Superannuation

	Paid Contributions for the Year		Contribution Outstanding at Year End	
	2018	**2017**	**2018**	**2017**
	$'000	**$'000**	**$'000**	**$'000**
(i) Defined benefit plans:				
First State Super Pty Ltd	526	602	23	46
Government Superannuation Office	0	193	241	71
Defined contributions plans:				
First State Super Pty Ltd	11,876	10,867	478	900
HESTA Administration	5,676	4,834	243	431
Other	3,529	3,130	158	281
Total	**21,607**	**19,626**	**1,143**	**1,729**

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

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.

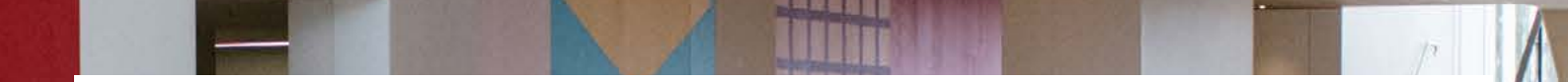
Defined contribution superannuation plans
In relation to defined contribution (i.e. accumulation) superannuation plans, the associated expense is simply the employer contributions that are paid or payable in respect of employees who are members of these plans during the reporting period. Contributions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

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

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

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



Bendigo Health Care Group
Notes to the Financial Statements
For the Financial Year Ended 30 June 2018

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 Property, Plant & Equipment

4.3 Depreciation

4.4 Depreciation Recognition

Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2018

Note 4.1: Investments and Other Financial Assets

	Operating Fund		Total	
	2018 $'000	2017 $'000	2018 $'000	2017 $'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	117	126	117	126
Total Current	**137**	**146**	**137**	**146**
Represented by:				
Shares	117	126	117	126
Heritage Council of Victoria	20	20	20	20
Total Investments and Other Financial Assets	**137**	**146**	**137**	**146**

(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.

Investment Recognition
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.

Bendigo Health classifies its financial assets between current and non-current assets based on the Board of Management's intention at balance date with respect to the timing of disposal of each asset. Bendigo Health assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Bendigo Health's investments must comply with Standing Direction 3.7.2 - Treasury and Investment Risk Management. The investment portfolio of the Health Service is managed by Victorian Funds Management Corporation through specialist fund managers and a Master Custodian. The Master Custodian holds the investments and conducts settlements pursuant to instructions from the specialist fund managers.

All financial assets, except for those measured at fair value through the Comprehensive Operating Statement 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 without material delay to a third party under a 'pass through' arrangement; or
- 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.

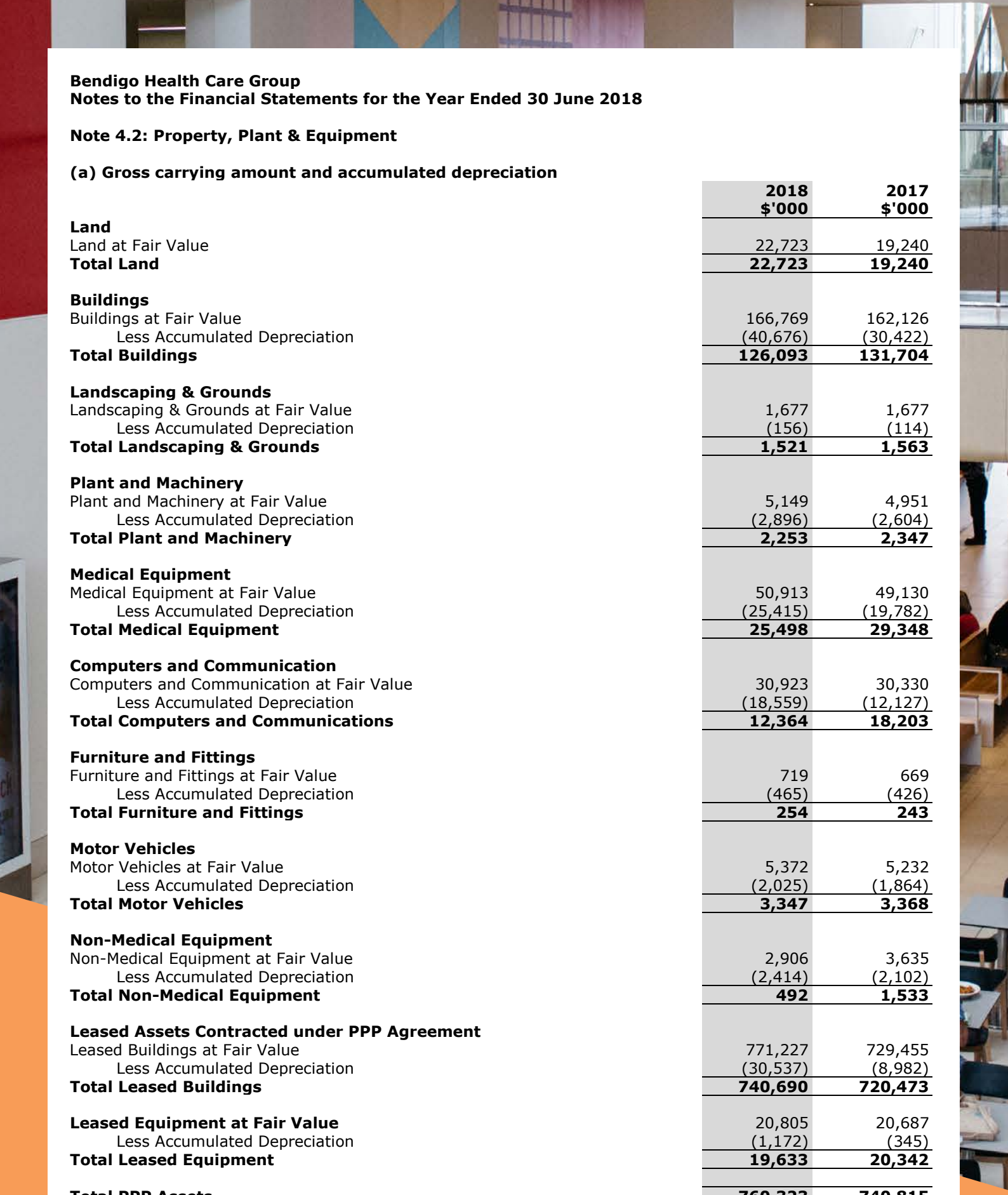
Where Bendigo Health Care Group has neither transferred nor retained substantially all the risks and rewards or transferred control, the asset is recognised to the extent of the Health Service's continuing involvement in the asset.

Impairment of financial assets
At the end of each reporting period, Bendigo Health assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through the Comprehensive Income Statement, are subject to annual review for impairment.

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 order to determine an appropriate fair value as at 30 June 2018 for its portfolio of financial assets, Bendigo Health used the market value of investments held.

The above valuation process was used to quantify the level of impairment (if any) on the portfolio of financial assets as at year end.



Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2018

Note 4.2: Property, Plant & Equipment

(a) Gross carrying amount and accumulated depreciation

	2018 $'000	2017 $'000
Land		
Land at Fair Value	22,723	19,240
Total Land	**22,723**	**19,240**
Buildings		
Buildings at Fair Value	166,769	162,126
Less Accumulated Depreciation	(40,676)	(30,422)
Total Buildings	**126,093**	**131,704**
Landscaping & Grounds		
Landscaping & Grounds at Fair Value	1,677	1,677
Less Accumulated Depreciation	(156)	(114)
Total Landscaping & Grounds	**1,521**	**1,563**
Plant and Machinery		
Plant and Machinery at Fair Value	5,149	4,951
Less Accumulated Depreciation	(2,896)	(2,604)
Total Plant and Machinery	**2,253**	**2,347**
Medical Equipment		
Medical Equipment at Fair Value	50,913	49,130
Less Accumulated Depreciation	(25,415)	(19,782)
Total Medical Equipment	**25,498**	**29,348**
Computers and Communication		
Computers and Communication at Fair Value	30,923	30,330
Less Accumulated Depreciation	(18,559)	(12,127)
Total Computers and Communications	**12,364**	**18,203**
Furniture and Fittings		
Furniture and Fittings at Fair Value	719	669
Less Accumulated Depreciation	(465)	(426)
Total Furniture and Fittings	**254**	**243**
Motor Vehicles		
Motor Vehicles at Fair Value	5,372	5,232
Less Accumulated Depreciation	(2,025)	(1,864)
Total Motor Vehicles	**3,347**	**3,368**
Non-Medical Equipment		
Non-Medical Equipment at Fair Value	2,906	3,635
Less Accumulated Depreciation	(2,414)	(2,102)
Total Non-Medical Equipment	**492**	**1,533**
Leased Assets Contracted under PPP Agreement		
Leased Buildings at Fair Value	771,227	729,455
Less Accumulated Depreciation	(30,537)	(8,982)
Total Leased Buildings	**740,690**	**720,473**
Leased Equipment at Fair Value	20,805	20,687
Less Accumulated Depreciation	(1,172)	(345)
Total Leased Equipment	**19,633**	**20,342**
Total PPP Assets	**760,323**	**740,815**
Work In Progress		
Work In Progress at Cost	18,380	16,700
Total Work In Progress	**18,380**	**16,700**
Total	**973,248**	**965,064**

Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2018

Note 4.2: 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	Leased Assets $'000	Work In Progress $'000	Total $'000
Balance at 1 July 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	0	(9)	0	(4)	(900)	(4)	(12)	(302)	(18)	0	0	(1,249)
Jointly controlled Non-Current Assets (refer Note 8.11)	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 4.3)	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**	**29,347**	**18,203**	**243**	**3,368**	**1,533**	**740,815**	**16,700**	**965,064**
Additions	0	760	0	138	1,115	1,216	50	819	14	41,891	6,081	52,085
Disposals	0	0	0	0	(86)	(5)	0	(391)	0	0	0	(482)
Revaluation Increments / (Decrements)	3,483	0	0	0	0	0	0	0	0	0	0	3,483
Jointly controlled Non-Current Assets (refer Note 8.11)	0	0	0	0	0	89	0	0	0	0	0	89
Assets Received Free of Charge (refer Note 2.2)	0	0	0	0	47	7	0	0	0	0	0	54
Net Transfers between Classes	0	3,882	0	97	834	(185)	0	0	(716)	0	(3,912)	0
Work in Progress Expensed	0	0	0	0	0	0	0	0	0	0	(489)	(489)
Depreciation (refer note 4.3)	0	(10,254)	(42)	(329)	(5,760)	(6,961)	(39)	(449)	(339)	(22,383)	0	(46,556)
Balance at 30 June 2018	**22,723**	**126,093**	**1,521**	**2,253**	**25,498**	**12,364**	**254**	**3,347**	**492**	**760,323**	**18,380**	**973,248**

The Valuer-General Victoria undertook to re-value all of Bendigo Health's owned and leased land and buildings to determine their fair value. 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 30 June 2014.

In compliance with FRD 103F, in the year ended 30 June 2018, Bendigo Health's management conducted an annual assessment of the fair value of land and buildings. To facilitate this, management obtained from the Department of Treasury and Finance the Valuer General Victoria indices for the financial year ended 30 June 2018.

The fair value of the Land has been adjusted by a managerial revaluation in 2018. The indexed value was then compared to individual assets written down book value as at 30 June 2018 to determine the change in their fair values. The Department of Health and Human Services approved a managerial revaluation of the land asset class of $3.5m.

Note 4.2: Property, Plant & Equipment (Continued)

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

Balance at 30 June 2018	Carrying amount $'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	8,457	0	8,457	0
Specialised land	14,266	0	0	14,266
Total of Land at fair value	**22,723**	0	**8,457**	**14,266**
Buildings at fair value				
Non-specialised buildings	4,185	0	4,185	0
Specialised buildings	121,908	0	0	121,908
Total of Buildings at fair value	**126,093**	**0**	**4,185**	**121,908**
Landscaping & Grounds at fair value				
Specialised Landscaping & Grounds	1,521	**0**	**0**	1,521
Total of Landscaping & Grounds at fair value	**1,521**	0	**0**	**1,521**
Plant and Machinery at fair value				
Plant and Machinery	2,253	0	0	2,253
Total of Plant and Machinery at fair value	**2,253**	0	**0**	**2,253**
Medical Equipment at fair value				
Medical Equipment	25,498	0	0	25,498
Total Medical Equipment at fair value	**25,498**	0	**0**	**25,498**
Computers & Communication at fair value				
Computers & Communication	12,364	0	0	12,364
Total Computers & Communication at fair value	**12,364**	0	**0**	**12,364**
Furniture & Fittings at fair value				
Furniture & Fittings	254	0	0	254
Total Furniture & Fittings at fair value	**254**	0	**0**	**254**
Motor Vehicles at fair value				
Motor Vehicles	3,347	0	0	3,347
Total Motor Vehicles at fair value	**3,347**	0	**0**	**3,347**
Non-Medical Equipment at fair value				
Non-Medical Equipment	492	0	0	492
Total Non-Medical Equipment at fair value	**492**	0	**0**	**492**
PPP Assets				
PPP Assets	760,323	0	0	760,323
Total PPP Assets at fair value	**760,323**	0	**0**	**760,323**
	954,868	**0**	**12,642**	**942,226**

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

Note 4.2: Property, Plant & Equipment (Continued)

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

Balance at 30 June 2017	Carrying amount $'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**
Landscaping & Grounds at fair value				
Specialised Landscaping & Grounds	1,563	**0**	**0**	1,563
Total of Landscaping & Grounds 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.

Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2018

Note 4.2: Property, Plant & Equipment (Continued)

(d) Reconciliation of Level 3 fair value

	Land $ '000	Buildings $ '000	Landscaping & Grounds $ '000	Plant and Machinery $ '000	Medical Equipment $ '000	Computers & Communication $ '000	Furniture & Fittings $ '000	Motor Vehicles $ '000	Non Medical Equipment $ '000	PPP Assets $ '000
Balance at 1 July 2016	12,418	130,209	1,619	2,571	11,046	2,624	298	3,502	690	0
Additions/(Disposals)	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**	**29,347**	**18,203**	**243**	**3,368**	**1,533**	**740,815**
Additions/(Disposals)	0	4,643	0	235	1,911	1,122	50	428	(702)	41,891
Gains or losses recognised in net result - Depreciation	0	(10,254)	(42)	(329)	(5,760)	(6,961)	(39)	(449)	(339)	(22,383)
Items recognised in Other Comprehensive Income - Revaluation	1,848	0	0	0	0	0	0	0	0	0
Balance at 30 June 2018	**14,266**	**121,908**	**1,521**	**2,253**	**25,498**	**12,364**	**254**	**3,347**	**492**	**760,323**

There have been no transfers between levels during the period.

Note 4.2: Property, Plant & Equipment (Continued)

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

Asset Class	Valuation Technique	Significant Unobservable Inputs
Specialised Land	*Market Approach*	Community Service Obligation (CSO) Adjustment (b)
Specialised Buildings	*Depreciated Replacement Cost*	Direct Cost per Square Metre Useful Life of Specialised Buildings
Non-Specialised Land & Non-Speccialised Buildings	*Market Approach*	Not Applicable
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 Motor Vehicles
Medical Equipment	*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	*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*	Useful Life of PPP Assets

a) AASB 13 Fair Value Measurement provides an exemption for not for profit public sector entities from disclosing the sensitivity analysis relating to 'unrealised gains/(losses) on non-financial assets' if the assets are held primarily for their current service potential rather than to generate net cash inflows.

b) CSO adjustment of 20% was applied to reduce the market approach value for Bendigo Health Care Group's specialised land.

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

Note 4.2: Property, Plant & Equipment (Continued)

Initial Recognition

Items of property, plant and equipment are measured initially at cost and subsequently revalued at fair value less accumulated depreciation and impairment loss. 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/machinery of government change are transferred at their carrying amounts.

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.

The initial cost for non-financial physical assets under finance lease (refer to Note 6.1) is measured at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, each determined at the inception of the lease.

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.

Subsequent Measurement

Consistent with AASB 13 Fair Value Measurement, Bendigo Health determines the policies and procedures for recurring property, plant and equipment fair value measurements, in accordance with the requirements of AASB 13 and the relevant FRDs.

All property, plant and equipment for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

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

In addition, Bendigo Health determines whether transfers have occurred between levels in the hierarchy by reassessing 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.

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

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis

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.

Note 4.2: Property, Plant & Equipment (Continued)

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 accordance with paragraph AASB 13.29, 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.

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.

Valuation hierarchy

Health Services need to use valuation techniques that are appropriate for the circumstances and where there is sufficient data available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

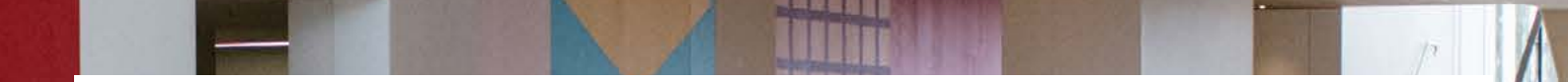
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy.

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.



Note 4.2: Property, Plant & Equipment (Continued)

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 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.

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

Specialised Land and Specialised Buildings

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

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

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

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

For Bendigo Health, the depreciated replacement cost method is used for the majority of specialised buildings, adjusting for the associated depreciation. As depreciation adjustments are considered as significant and unobservable inputs in nature, specialised buildings are classified as Level 3 for fair value measurements.

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

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

Note 4.2: Property, Plant & Equipment (Continued)

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 amount (depreciated cost).

Plant and Equipment

Plant and equipment (including medical equipment, computers and communication equipment and furniture and fittings are held at carrying amount (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. 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 amount.

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

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

Revaluations of Non-Current Physical Assets

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

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

Revaluation decrements are recognised 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 transferred to accumulated funds on de-recognition of the relevant asset, except where an asset is transferred via contributed capital.

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

Note 4.3: Depreciation

	2018 $'000	2017 $'000
Depreciation		
Buildings	10,254	12,777
Landscaping & Grounds	42	56
Plant & Machinery	329	344
Non-Medical Equipment	5,760	244
Medical Equipment	6,961	4,149
Computers and Communication	39	3,253
Furniture and Fittings	449	52
Motor Vehicles	339	427
PPP Assets	22,383	9,327
Total Depreciation	**46,556**	**30,629**

Note 4.4 Depreciation Recognition

Depreciation

All infrastructure assets, buildings, plant and equipment and other non-financial physical assets (excluding items under operating leases, assets held for sale, land and investment properties) that have finite useful lives are depreciated. Depreciation is generally calculated on a straight-line basis at rates that allocate the asset's value, less any estimated residual value over its estimated useful life (refer AASB 116 Property, Plant, and Equipment).

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	2018	2017
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	2018	2017
Buildings	25 years	25 years
Equipment	5 to 20 years	5 to 20 years

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

	2018 $'000	2017 $'000
CURRENT		
Contractual		
Trade Debtors	315	257
Patient Fees	2,959	3,426
Accrued Investment Income	77	60
Accrued Revenue - Other	6,137	8,465
Less Allowance for Doubtful Debts		
Trade Debtors	(48)	(27)
Patient Fees	(232)	(164)
	9,208	**12,017**
Statutory		
GST Receivable	1,359	1,272
	1,359	**1,272**
Total Current Receivables	**10,567**	**13,289**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health and Human Services	12,868	10,987
	12,868	**10,987**
Total Non-Current Receivables	**12,868**	**10,987**
Total Receivables	**23,435**	**24,276**

(a) Movement in allowance for doubtful debts

	2018 $'000	2017 $'000
Balance at beginning of year	191	180
Increase in allowance recognised in net result	89	11
Balance at end of year	**280**	**191**

(b) Ageing analysis of receivables
Please refer to Note 7.1 for the ageing analysis of contractual receivables.

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

Receivables consist of:

- contractual receivables, which consists of debtors in relation to goods and services and accrued investment income; and
- statutory receivables, which predominantly includes 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 less any accumulated impairment. Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of

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

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.

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 included in net result.

Note 5.2: Inventories

	2018 $'000	2017 $'000
CURRENT		
Pharmaceuticals - at cost	800	791
Medical and Surgical Lines - at cost	1,792	1,624
Other - at cost	472	572
Total Inventories	**3,064**	**2,987**

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.

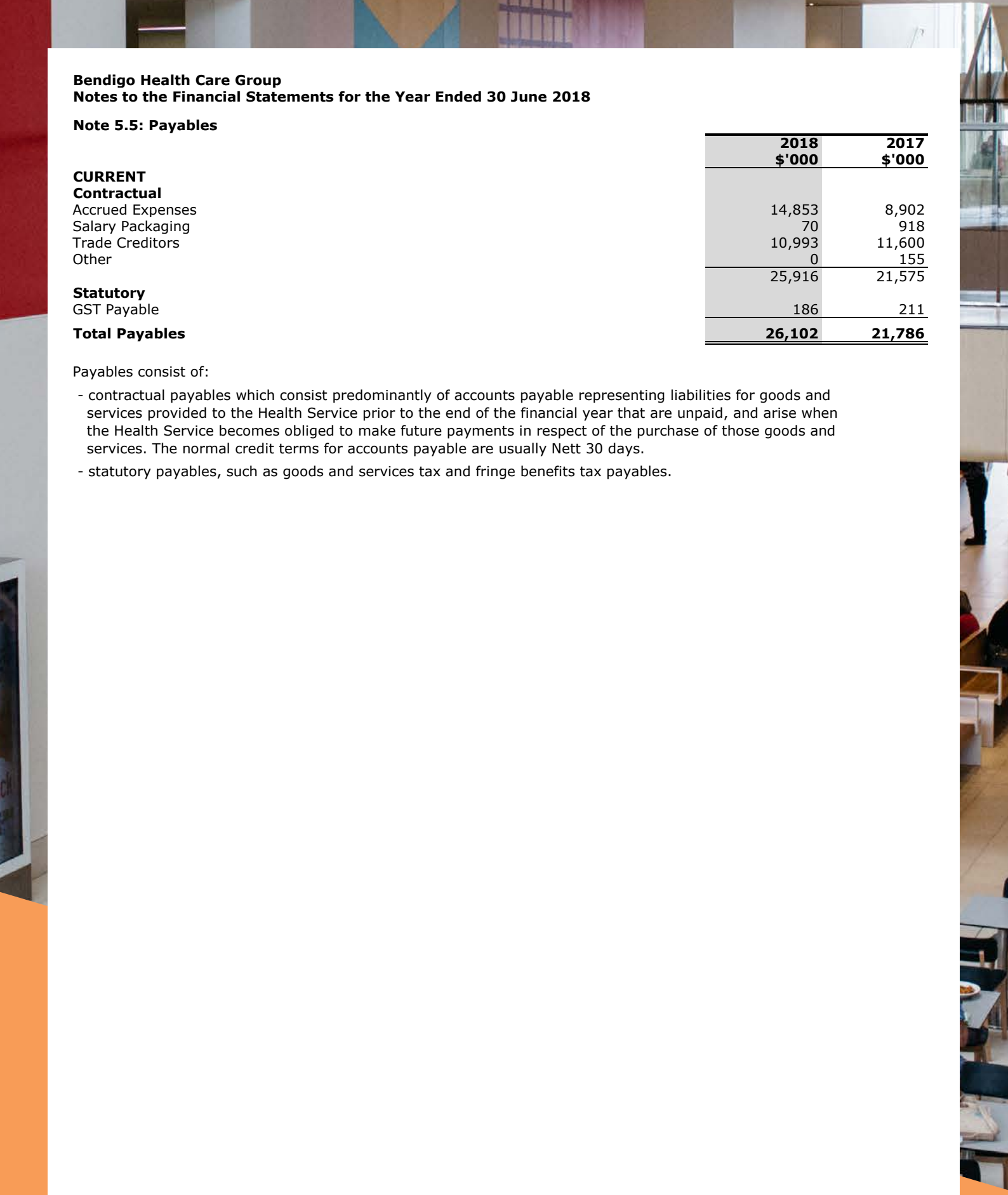
Note 5.3: Other Liabilities

	2018 $'000	2017 $'000
CURRENT		
Monies Held in Trust*		
- Accommodation Bonds (Refundable Entrance Fees)	19,191	13,222
- Community Packages	2,064	2,074
- Delirium Collaboration	113	0
- HWA Clinical Training Fund Program	0	465
- Loddon Mallee Clinical Placement Network	0	4
- Loddon Mallee Leadership Group	34	0
- Loddon Mallee Regional Pallative Care Consortium	858	369
- Loddon Mallee Regional Pallative Care Consultancy	17	95
- Patient Monies Held in Trust	465	517
- Payroll Trust	0	13
- Regional Integrated Cancer Service	825	765
Other	161	154
Total Other Liabilities	**23,728**	**17,679**
*** Total Monies Held in Trust**		
Represented by the following assets:		
Cash Assets (refer to note 6.2)	23,567	17,524
Total	**23,567**	**17,524**

Note 5.4: Prepayments and other assets

	2018 $'000	2017 $'000
Prepayments	860	917
Prepayments - Leased Assets PPP	1,511	24,904
Total Prepayments and other assets	**2,371**	**25,821**

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

	2018 $'000	2017 $'000
CURRENT		
Contractual		
Accrued Expenses	14,853	8,902
Salary Packaging	70	918
Trade Creditors	10,993	11,600
Other	0	155
	25,916	21,575
Statutory		
GST Payable	186	211
Total Payables	**26,102**	**21,786**

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.

Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2018

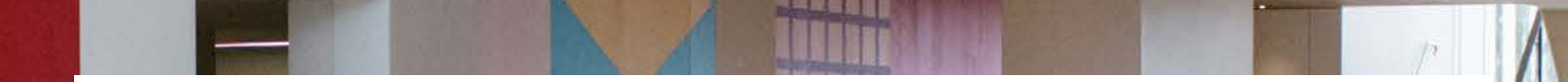
Note 5.5 (a): Maturity Analysis of Financial Liabilities as at 30 June

The following table discloses the contractual maturity analysis for Bendigo Health'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

			Maturity Dates			
2018	**Carrying Amount $'000**	**Nominal Amount $'000**	**Less than 1 Month $'000**	**1-3 Months $'000**	**3 months - 1 Year $'000**	**1-5 Years $'000**
Financial Liabilities						
At amortised cost						
Payables	25,916	25,916	25,788	101	27	0
Borrowings	264,694	264,694	0	754	3,366	260,574
Other Financial Liabilities (i)						
- Accommodation Bonds	19,191	19,191	0	0	19,191	0
- Other	4,537	4,537	4,537	0	0	0
Total Financial Liabilities	**314,338**	**314,338**	**30,325**	**855**	**22,584**	**260,574**
2017						
Financial Liabilities						
At amortised cost						
Payables	21,575	21,575	21,125	407	43	0
Borrowings	248,110	248,110	0	689	2,648	244,773
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	**287,364**	**287,364**	**25,582**	**1,096**	**15,913**	**244,773**

(i) Ageing analysis of financial liabilities excludes the types of statutory financial liabilities (i.e GST payable)



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

6.3 Commitments for Expenditure

Note 6.1: Borrowings

	2018 $'000	2017 $'000
Current		
Australian Dollar Borrowings		
- DHHS Loan[1]	800	0
- Finance Lease Liability[2]	3,320	3,337
Total Australian Dollars Borrowings	**4,120**	**3,337**
Total Current Borrowings	**4,120**	**3,337**
Non-Current		
Australian Dollar Borrowings		
- DHHS Loan[1]	2,981	0
- Finance Lease Liability[2]	257,593	244,773
Total Australian Dollars Borrowings	**260,574**	**244,773**
Total Non-Current Borrowings	**260,574**	**244,773**
Total Borrowings	**264,694**	**248,110**

(1) DHHS unsecured loan which bears no interest.

(2) 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 5.5(a) for the ageing analysis of borrowings.

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

(c) Finance lease liabilities

PPP Finance Lease Liabilities	Minimum future lease payments		Present value of minimum future lease payments	
	2018 $'000	2017 $'000	2018 $'000	2017 $'000
Commissioned PPP related finance lease liabilities payable				
Not longer than one year	27,186	25,555	3,320	3,337
Longer than 1 year and not later than 5 years	108,743	108,743	16,668	15,220
Longer than 5 years	504,675	531,861	240,925	229,553
Less: Prepaid Lease Liability Payment	0	(15,654)	0	0
Minimum future lease payments	640,604	650,505	260,913	248,110
- Less future finance charges	(315,869)	(348,094)	0	0
- Floating Rate Component (FRC) adjustment (i)	(63,822)	(54,301)	0	0
Total	**260,913**	**248,110**	**260,913**	**248,110**
Included in the financial statements as				
Current borrowing finance lease liabilities	0	0	3,320	3,337
Non-Current borrowing finance lease liabilities	0	0	257,593	244,773
Total	0	0	**260,913**	**248,110**

(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 2018 provided by TCV.

Lease Classification
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. All other leases are classified as operating leases, in the manner described in Note 6.3 Commitments.

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.

Borrowing Recognition
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.

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.

	2018 $'000	2017 $'000
Cash on hand	19	23
Cash at bank	51,858	30,212
Deposits at call	10,796	10,791
Total Cash and Cash Equivalents	**62,673**	**41,026**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	37,677	21,947
Cash for Monies Held in Trust		
- Cash on Hand	9	10
- Cash at Bank	23,107	17,084
- Deposits at Call	430	430
	23,546	17,524
Cash for Joint Operation	1,450	1,555
Total Cash and Cash Equivalents	**62,673**	**41,026**

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.

Note 6.3: Commitments for Expenditure

(a) Commitments other than public private partnerships

	2018	2017
Other Expenditure Commitments	**$'000**	**$'000**
Payable:		
Contracts for the supply of services	52,778	53,936
Total Other Expenditure Commitments	**52,778**	**53,936**
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases - cancellable	77	81
Total Lease Commitments	**77**	**81**
Total Commitments (inclusive of GST) other than public private partnerships	**52,855**	**54,017**

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

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

Service concession arrangements

Health Services sometimes enters into certain arrangement with private sector participants to design and construct or upgrade assets used to provide public services. These arrangements are typically complex and usually include the provision of operational and maintenance services for a specified period of time. These arrangements are often referred to as either public private partnerships (PPP) or service concession arrangements (SCAs).

The State of Victoria is obliged to fund Quarterly Service Payments due under the Project Agreement for the life of that Agreement, a period of up to 25 years. Bendigo Health expects that it will continue to operate and control the hospital at the expiry of the lease. The building has been componentised into 4 major asset classes, of which their estimated useful lives are between 25 to 60 years.

These PPPs usually take one of two main forms. In the more common form, the Health Service pays the operator over the period of the arrangement, subject to specified performance criteria being met. At the date of commitment to the principal provisions of the arrangement, these estimated periodic payments are allocated between a component related to the design and construction or upgrading of the asset and components related to the ongoing operation and maintenance of the asset. The former component is accounted for as a lease payment in accordance with the lease policy. The remaining components are accounted for as commitments for operating costs which are expensed in the comprehensive operating statement as they are incurred.

The other, less common form of PPP, is one in which the Health Service grants to an operator for a specified period of time, the right to collect fees from users of the PPP asset, in return for which the operator constructs the asset and has the obligation to supply agreed upon services, including maintenance of the asset for the period of the concession. These private sector entities typically lease land, and sometimes state works, from the Health Service and construct infrastructure. At the end of the concession period, the land and state works, together with the constructed facilities, will be returned to the grantor Health Service.

Bendigo Health has a PPP arrangement with Exemplar Health. The PPP arrangement is for a period of 25 years, which commenced in January 2017.

(b) Public private partnerships [i, ii]

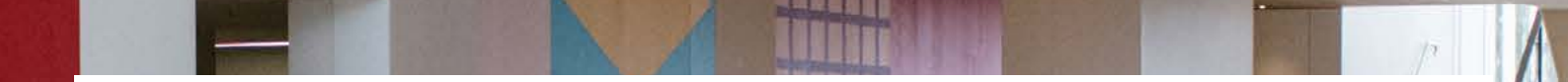
	2018		2017 [iii]	
	Present Value	Nominal Value	Present Value	Nominal Value
Commissioned public private partnerships - other commitments	**$'000**	**$'000**	**$'000**	**$'000**
Facilities Management *				
Payable:				
Not later than one year	31,381	32,788	31,381	32,788
Later than 1 year and not later than 5 years	115,101	143,120	115,101	143,120
Later than 5 years	394,888	1,048,452	394,887	1,048,452
Total Facilities Management	**541,370**	**1,224,360**	541,369	1,224,360
Asset Replacement *				
Payable:				
Not later than one year	26,035	27,186	18,775	19,448
Later than 1 year and not later than 5 years	87,813	108,743	87,818	108,743
Later than 5 years	198,799	504,675	203,885	531,861
Total Asset Replacement	**312,647**	**640,604**	310,478	660,052
Total commitments for public private partnerships	**854,017**	**1,864,964**	**851,847**	**1,884,412**

* Amounts shown are exempt from GST
(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.
(iii) The prior year amounts have been updated to reflect the Department of Treasury and Finance commitments and are now comparable to the current year disclosure.

Source information provided by the Department of Health and Human Services.

(c) Commitments payable

	2018	2017
Nominal values	**$'000**	**$'000** [i]
Other Expenditure Commitments		
Not later than one year	2,322	2,275
Later than 1 year and not later than 5 years	8,947	9,082
Later than 5 years	41,509	42,579
Total Other Expenditure Commitments	**52,778**	**53,936**
Lease Commitments		
Not later than one year	77	81
Total Lease Commitments	**77**	**81**
Public private partnership commitments (commissioned)		
Not later than one year	59,974	52,236
Later than 1 year and not later than 5 years	251,863	251,863
Later than 5 years	1,553,127	1,580,313
Total public private partnership commitments	**1,864,964**	**1,884,412**



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 Contingent Assets and Contingent Liabilities

Note 7.1: 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'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.*

(a) Financial Instruments : Categorisation

2018	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	62,673	0	0	62,673
Receivables				
- Trade Debtors	315	0	0	315
- Other Receivables	8,893	0	0	8,893
Other Financial Assets				
- Term Deposit	20	0	0	20
- Shares in Other Entities	0	117	0	117
Total Financial Assets [(i)]	**71,901**	**117**	**0**	**72,018**
Financial Liabilities				
Payables	0	0	25,916	25,916
Borrowings	0	0	264,694	264,694
Other Financial Liabilities				
- Accomodation bonds	0	0	19,191	19,191
- Other	0	0	4,537	4,537
Total Financial Liabilities [(i)]	**0**	**0**	**314,338**	**314,338**

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 [(i)]	**0**	**0**	**287,364**	**287,364**

(i) The total amount of financial assets disclosed excludes statutory receivables and statutory payable

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

2018	Net Holding Gain/(Loss) $'000	Total interest income / (expense) $'000	Total $'000
Financial Assets			
Cash and Cash Equivalents[i]	0	1,082	1,082
Total Financial Assets	**0**	**1,082**	**1,082**
Financial Liabilities			
Borrowings[ii]	219	(22,720)	(22,501)
Total Financial Liabilities	**219**	**(22,720)**	**(22,501)**
2017			
Financial Assets			
Cash and Cash Equivalents	0	809	809
Total Financial Assets	**0**	**809**	**809**
Financial Liabilities			
Borrowings	0	(9,905)	(9,905)
Total Financial Liabilities	**0**	**(9,905)**	**(9,905)**

(i) For cash and cash equivalents and loans or receivables, the net gain or loss is calculated by taking the movement in the fair value of the asset, the interest revenue, plus or minus foreign exchange gains or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense measured at amortised cost.

Note 7.1: Financial Instruments

(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.

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

	Carrying Amount	Not Past Due and Not	Past Due But Not Impaired				Impaired Financial Assets
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	
2018	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets							
Cash and Cash Equivalents	62,673	62,673	0	0	0	0	0
Loans and Receivables							0
- Trade Debtors	315	282	20	9	4	0	48
- Other Receivables	8,893	7,960	565	244	96	28	232
- Term Deposit	20	0	20	0	0	0	0
Fair Value through the Profit and Loss							
- Shares in Other Entities	117	0	0	0	117	0	0
Total Financial Assets	**72,018**	**70,915**	**605**	**253**	**217**	**28**	**280**
2017							
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
Fair Value through the Profit and Loss							
- Shares in Other Entities	126	0	0	0	126	0	0
Total Financial Assets	**53,189**	**50,023**	**673**	**2,294**	**162**	**37**	**191**

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.

Note 7.1: Financial Instruments (continued)

Categories of financial instruments

Loans, receivables, and cash are financial instrument assets with fixed and determinable payments that are not quoted on an active market. These assets and liabilities 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 (and for assets, less any impairment). Bendigo Health recognises the following assets in this category:

- cash and deposits
- receivables (excluding statutory receivables); and
- term deposits.

Financial assets and liabilities at fair value through net result are categorised as such at trade date, or 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 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 net result are initially measured at fair value; attributable transaction costs are expensed as incurred. Subsequently, any changes in fair value are recognised in the net result as other economic flows. Bendigo Health recognises certain debt securities in this category.

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured
- payables (excluding statutory payables); and
- borrowings (including finance lease liabilities).

Offsetting financial instruments: Financial instrument assets and liabilities are offset and the net amount presented in the consolidated balance sheet when, and only when, the Health Service concerned has a legal right to offset the amounts and intend either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Some master netting arrangements do not result in an offset of balance sheet assets and liabilities. Where Bendigo Health does not have a legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as default, insolvency or bankruptcy, they are reported on a gross basis.

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:

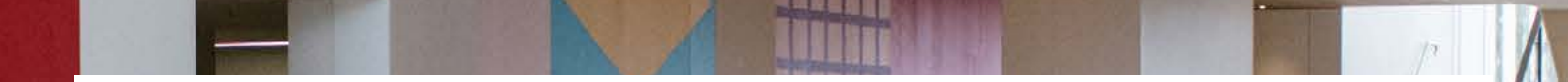
- the rights to receive cash flows from the asset have expired; or
- Bendigo Health retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full
- Bendigo Health has transferred its rights to receive cash flows from the asset and either:
  - has transferred substantially all the risks and rewards of the asset; or
  - has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where Bendigo Health 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 assesses whether there is objective evidence that a financial asset or group of financial assets is impaired. All financial instrument assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

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. 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* .

Reclassification of financial instruments: Subsequent to initial recognition and under rare circumstances, non-derivative financial instruments assets that have not been designated at fair value through profit or loss upon recognition, may be reclassified out of the fair value through profit or loss category, if they are no longer held for the purpose of selling or repurchasing in the near term.



Note 7.1: Financial Instruments (continued)
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.

Derecognition of financial liabilities: A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised as an 'other economic flow' in the comprehensive operating statement.

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.

(d) Market Risk
Bendigo Health is not exposured to market risks (currency, interest rate or other price risk), therefore no disclosures are required.

Note 7.2: 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, 2018.

Contingent Liabilities
Bendigo Health Care Group does not have any known contingent liabilities at 30th June, 2018.

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.

Note 8: Other Disclosures

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

Structure

Bendigo Health Care Group
Notes to the Financial Statements
For the Year Ended 30 June 2018

Note 8.1: Equity

	2018 $'000	2017 $'000
(a) Surpluses		
Property, Plant and Equipment Revaluation Surplus[i]		
Balance at the beginning of the reporting period	107,152	107,152
Revaluation Increment (refer Note 4.2b)	3,483	0
Balance at the end of the reporting period*	**110,635**	**107,152**
* Represented by:		
- Land	12,923	9,440
- Buildings	97,179	97,179
- Landscaping & Grounds	533	533
TOTAL	**110,635**	**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
Transfer to / (from) Restricted Special Purpose Surpluses	(575)	0
Balance at the end of the reporting period	**1,562**	**2,137**
Fundraising Fund		
(Funds donated for specific purposes)		
Balance at the beginning of the reporting period	589	819
Transfer to / (from) Restricted Special Purpose Surpluses	1,279	(230)
Balance at the end of the reporting period	**1,868**	**589**
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 Restricted Specific Purpose Surplus	**4,389**	**3,685**
Total Surpluses	**115,024**	**110,837**
(b) Contributed Capital		
Balance at the beginning of the reporting period	100,040	99,040
Capital contribution received from Victorian Government	0	1,000
Balance at the end of the reporting period	**100,040**	**100,040**
(c) Accumulated Deficits		
Balance at the beginning of the reporting period	490,385	(40,116)
Net Result for the Year	(31,291)	530,271
Transfers from/(to) Restricted Specific Purpose Surplus	(704)	230
Balance at the end of the reporting period	**458,390**	**490,385**
(d) Total Equity at End of Year	**673,454**	**701,262**

[i] Represents the revaluation of Property, Plant and Equipment in accordance with FRD 103F.

Note 8.1: Equity (cont.)

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 or distributions or that have been designated as contributed capital are also treated as contributed capital.

Transfers of net assets arising from administrative restructurings are treated as contributions by owners. Transfers of net liabilities arising from administrative restructures are to go through the Comprehensive Operating Statement.

Property, Plant and Equipment Revaluation Surplus

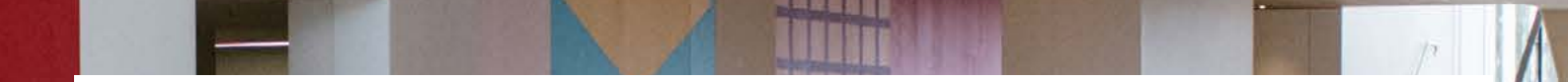
The asset revaluation surplus is used to record increments and decrements on the revaluation of non-current physical assets.

Financial Assets 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

The Specific Restricted Purpose Surplus is established where Bendigo Health has possession or title to the funds but has no discretion to amend or vary the restriction and/or condition underlying the funds received.



Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2018

Note 8.2: Reconciliation of Net Result for the Year to Net Cash from Operating Activities

	2018 $'000	2017 $'000
Net Result for the Year	(31,291)	530,271
Non-cash movements:		
Depreciation & Amortisation	46,556	30,629
Share of Joint Operations Assets & Liabilities	29	(89)
Assets Received Free of Charge	(54)	(18)
Capital Expenditure transferred from WIP	489	30,268
PPP - Net Non-cash Payments Paid by DHHS	(3,369)	0
PPP - Leased Asset	(41,891)	(750,142)
PPP - Equipment	0	(40,396)
Movement in Value of Shares	9	(4)
Movements included in investing and financing activities:		
Net (Gain)/Loss from Sale of Plant and Equipment	147	967
Movements in assets and liabilities:		
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Receivables	551	(2,012)
(Increase)/Decrease in Other Current Assets	23,842	(25,320)
Increase/(Decrease) in Payables	4,131	4,737
Increase/(Decrease) in Employee Benefits	6,467	5,512
Increase/(Decrease) in Borrowings	12,801	248,109
Net Cash Inflow/(Outflow) From Operating Activities	**18,417**	**32,512**

Note 8.3: Responsible Persons Disclosures

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

		Period
Responsible Ministers:		
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services		01/07/2017 - 30/06/2018
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health		01/07/2017 - 30/06/2018
Governing Boards		
Mr B Cameron	Chair	01/07/2017 - 30/06/2018
Mr A Woods	Director	01/07/2017 - 30/06/2018
Ms M O'Rourke	Director	01/07/2017 - 30/06/2018
Mr G Michell	Director	01/07/2017 - 09/02/2018
Ms S Clarke	Director	01/07/2017 - 30/06/2018
Ms M Beaumont	Director	01/07/2017 - 30/06/2018
Ms D Foggo	Director	01/07/2017 - 30/06/2018
Mr M McCartney	Director	01/07/2017 - 30/06/2018
Dr U Masood	Director	01/07/2017 - 30/06/2018
Accountable Officers		
Mr P Faulkner	Chief Executive	01/07/2017 - 30/06/2018

Remuneration of Responsible Persons

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

Remuneration	**2018 ($'000)**	**2017 ($'000)**
$10,000-$19,999	1	0
$20,000-$29,999	7	8
$50,000-$59,999	1	1
$130,000-$139,999	0	1
$360,000-$369,999	1	0
$440,000-$449,999	0	1
Total Numbers	10	11
Total Remuneration	**$599,125**	**$827,484**

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 8.4: Remuneration of executives

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

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.

Total remuneration payable to executives during the year included additional executive officers and a number of executives who received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

Several factors affected total remuneration payable to executives over the year. A number of employment contracts were completed during the year and negotiated and a number of executives received bonus payments during the year. These bonus payments depend on the terms of individual employment contracts.

One executive officer was retrenched in the past year. This has had a significant impact on total remuneration figures for the termination benefits category.

Remuneration of Executive Officers	**2018 ($'000)**	**2017 ($'000)**
Short term employee benefits	2,347	2,369
Post-employment benefits	212	211
Other long-term benefits	59	59
Termination benefits	93	0
Total Remuneration	**$2,711**	**$2,639**
Total number of executives	**9**	**8**
Total Annualised Employee Equivalent [i]	**8**	**8**

[i] Annualised employee equivalent is based on working 38 ordinary hours per week over the reporting period.

Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2018

Note 8.5: Related parties

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

- All key management personnel (KMP) and their close family members;
- Cabinet ministers (where applicable) 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.

KMPs are those people with the authority and responsibility for planning, directing and controlling the activities of Bendigo Health and its controlled entities, directly or indirectly.

The Board of Directors and the Chief Executive Officer of Bendigo Health are deemed to be KMPs.

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

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 - KMPs	**2018 ($'000)**	**2017 ($'000)**
Short-term Employee Benefits [i]	606	742
Post-employment benefits	57	68
Other long-term benefits	9	17
Termination benefits	28	0
Share based payments	0	0
Total	**$672**	**$827**

[i] Total remuneration paid to KMPs employed as a contractor during the reporting period through accounts payable has been reported under short-term employee benefits.

Significant Transactions with Government Related Entities
Bendigo Health received funding from the Department of Health and Human Services of $423m (2017: $892m) and indirect contributions of $0.2m (2017: $0.2m).

Expenses incurred by the Bendigo Health in delivering services and outputs are in accordance with Health Purchasing Victoria requirements. Goods and services including procurement, diagnostics, patient meals and multi-site operational support are provided by other Victorian Health Service Providers on commercial terms.

Professional medical indemnity insurance and other insurance products are obtained from a Victorian Public Financial Corporation.

Treasury Risk Management Directions require the Bendigo Health to hold cash (in excess of working capital) and investments, and source all borrowings from Victorian Public Financial Corporations.

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 of Health and Human Services, all other related party transactions that involved KMPs and their close family members have been entered into on an arm's length basis. Transactions are disclosed when they are considered material to the users of the financial report in making and evaluation decisions about the allocation of scare resources.

There were no related party transactions with Cabinet Ministers required to be disclosed in 2018.

There were no related party transactions required to be disclosed for the Bendigo Health Board of Directors and the Chief Executive Officer in 2018.

Transactions with related parties which were at arms length basis included (ex GST):

Related Party Entity	**$'000**	**Detail**	**General Nature of Transactions**
Ambulance Victoria	1,388	1 Board Member is a Director	Patient Transport Services
Bendigo Kangan Institute	10	2 Board Members are Directors	Staff & Student Training
City of Greater Bendigo	298	1 Board Member is a Councillor/Mayor	General Rates & Charges
Coliban Region Water Corporation	750	1 Board Member is a Director	General Rates & Usage Charges
Loddon Mallee Housing Services Ltd	33	1 Board Member is a Director	Program Delivery
Murray PHN Ltd.	81	1 Board Member is a Director	Consulting Services & Program Delivery
Neal Street Medical Clinic	3	1 Board Member is a Partner	Outpatient Clinics - remote service

Note 8.6: Remuneration of auditors

	2018 $'000	2017 $'000
Victorian Auditor-General's Office		
Audit of financial statements	60	55
	60	**55**

Note 8.7: Ex-gratia Payments

There were no ex-gratia payments made by Bendigo Health during the 2017/18 financial year.

Note 8.8: AASBs issued that are not yet effective

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

Appendix 1 lists all the standards and interpretations that have been issued by the AASB but were not yet effective at 30 June 2018. 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 has not and does not intend to adopt these standards early.

Note 8.9: Events occurring after the Balance Sheet date

Assets, liabilities, income or expenses arise from past transactions or other past events. Where the transactions result from an agreement between Bendigo Health and other parties, the transactions are only recognised when the agreement is irrevocable at or before the end of the reporting period.

Adjustments are made to amounts recognised in the financial statements for events which occur between the end of the reporting period and the date when the financial statements are authorised for issue, where those events provide information about conditions which existed at the reporting date. Note disclosure is made about events between the end of the reporting period and the date the financial statements are authorised for issue where the events relate to conditions which arose after the end of the reporting period that are considered to be of material interest.

There are no events occurring after the Balance Sheet Date.

Note 8.10: Economic dependency

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

Note 8.11: Jointly Controlled Operations

Name of entity	Principal Activity	Ownership Interest 2018	Ownership Interest 2017
Loddon Mallee Rural Health Alliance	Information Technology	21.48%	20.96%

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:

	2018 $'000	2017 $'000
CURRENT ASSETS		
Cash and Cash Equivalents	1,450	1,555
Receivables	126	66
Other	137	144
Total Current Assets	**1,713**	**1,765**
NON CURRENT ASSETS		
Property, Plant and Equipment	121	32
Total Non Current Assets	**121**	**32**
Total Assets	**1,834**	**1,797**
CURRENT LIABILITIES		
Payables	330	263
Total Current Liabilities	**330**	**263**
Total Liabilities	**330**	**263**
Net Assets	**1,504**	**1,534**

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

	2018 $'000	2017 $'000
REVENUES		
Operating Activities	1,498	1,498
Total Revenue	**1,498**	**1,498**
EXPENSES		
Other Expenses from Continuing Operations	1,526	1,340
Expenditure using Capital Purpose Income	65	60
Total Expenses	**1,591**	**1,400**
Net Result	**(93)**	**98**

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS
The joint venture does not have any known contingent assets or contingent liabilities as at 30 June 2018 (2017: 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.

Bendigo Health Care Group
Notes to the Financial Statements for the Year Ended 30 June 2018
Note 8.12 - Alternative presentation of Comprehensive Operating Statement

	2018 $'000	2017 $'000
Interest and Dividends	1,082	813
Fair Value of assets and services received free of charge	54	18
Sales of goods and services	20,707	20,951
Grants		
Operating	386,466	341,888
Capital	36,430	573,537
Other income	34,538	33,694
Total Revenue	**479,277**	**970,901**
Employee Expenses	282,676	261,882
Depreciation	46,556	30,629
Interest Expense	22,720	9,905
Other Operating Expenses		
Supplies and consumables	66,295	64,030
Non salary labour costs	19,255	15,871
Other	73,559	58,409
Total Expenses	**511,061**	**440,726**
Net Operating Balance	**(31,784)**	**530,175**
Other economic flows included in net result		
Net gain/(loss) on Sale of non-financial assets	(147)	(967)
Revaluation of Long Service Leave	421	1,063
Fair Value Gain on Financial Instruments	219	0
Total other economic flows included in net result	**493**	**96**
Items that Will Not Be Reclassified to Net Result		
Changes in Land & Buildings Revaluation Surplus	3,483	0
NET RESULT FOR THE YEAR	**(27,808)**	**530,271**

This alternative presentation reflects the format required for reporting to the Department of Treasury and Finance, which differs to the disclosures of certain transactions, in particular revenue and expenses, in the hospital's annual report.

Appendix 1

Issued but not yet effective Australian accounting and reporting pronouncements

The table below is provided to assist entities in updating their disclosure in relation to the Australian accounting standards that are issued but not yet effective for 2017-18 in accordance with paragraph 30 of AASB 108. This disclosure should be included in the *Summary of Significant Accounting Policies* note of entities' financial reports. Entities are expected to review the relevance of the proposed disclosure based on their own circumstances.

Standard/Interpretation [1]	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 hedge accounting model and a revised impairment loss model to recognise expected impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. The initial application of AASB 9 is not expected to significantly impact the financial positon however there will be a change to the way financial instruments are classified and new disclosure requirements.
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, and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 2014-7 *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 2018	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. Note that amending standard AASB 2015-8 *Amendments to Australian Accounting Standards – Effective Date of AASB 15* has deferred the effective date of AASB 15 to annual reporting periods beginning on or after 1 January 2018, instead of 1 January 2017.	1 Jan 2018	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.

Appendix 1 (Continued)

Standard/Interpretation [1]	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 as follows: • 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: o the entity's right to receive payment of the dividend is established; o it is probable that the economic benefits associated with the dividend will flow to the entity; and o the amount can be measured reliably.	1 Jan 2018, 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 2018	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 2018	The assessment has indicated that there will be no significant impact for the public sector, other than the impact identified for AASB 15 above.

Appendix 1 (Continued)

Standard/Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
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 2019	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*	AASB 2016-8 inserts Australian requirements and authoritative implementation guidance for not-for-profit-entities into AASB 9 and AASB 15. This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events.	1 Jan 2019	This standard clarifies the application of AASB 15 and AASB 9 in a not-for-profit context. The areas within these standards that are amended for not-for-profit application include: *AASB 9* • Statutory receivables are recognised and measured similarly to financial assets *AASB 15* • The "customer" does not need to be the recipient of goods and/or services; • The "contract" could include an arrangement entered into under the direction of another party; • Contracts are enforceable if they are enforceable by legal or "equivalent means"; • Contracts do not have to have commercial substance, only economic substance; and • Performance obligations need to be "sufficiently specific" to be able to apply AASB 15 to these transactions.

Appendix 1 (Continued)

Standard/Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 16 *Leases*	The key changes introduced by AASB 16 include the recognition of operating leases (which are currently not recognised) on balance sheet.	1 Jan 2019	The assessment has indicated that most operating leases, with the exception of short term and low value leases will come on to the balance sheet and will be recognised as right of use assets with a corresponding lease liability. In the operating statement, the operating lease expense will be replaced by depreciation expense of the asset and an interest charge. There will be no change for lessors as the classification of operating and finance leases remains unchanged.

Appendix 1 (Continued)

Standard/Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1058 *Income of Not-for-Profit Entities*	AASB 1058 standard will replace the majority of income recognition in relation to government grants and other types of contributions requirements relating to public sector not-for-profit entities, previously in AASB 1004 *Contributions*. The restructure of administrative arrangement will remain under AASB 1004 and will be restricted to government entities and contributions by owners in a public sector context, AASB 1058 establishes principles for transactions that are not within the scope of AASB 15, where the consideration to acquire an asset is significantly less than fair value to enable not-for-profit entities to further their objective. ..	1 Jan 2019	The current revenue recognition for grants is to recognise revenue up front upon receipt of the funds. This may change under AASB 1058, as capital grants for the construction of assets will need to be deferred. Income will be recognised over time, upon completion and satisfaction of performance obligations for assets being constructed, or income will be recognised at a point in time for acquisition of assets. The revenue recognition for operating grants will need to be analysed to establish whether the requirements under other applicable standards need to be considered for recognition of liabilities (which will have the effect of deferring the income associated with these grants). Only after that analysis would it be possible to conclude whether there are any changes to operating grants. The impact on current revenue recognition of the changes is the phasing and timing of revenue recorded in the profit and loss statement.

Appendix 1 (Continued)

Standard/Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 1059 *Service Concession Arrangements: Grantor*	This standard applies to arrangements that involve an operator providing a public service on behalf of a public sector grantor. It involves the use of a service concession asset and where the operator manages at least some of the public service at its own direction. An arrangement within the scope of this standard typically involves an operator constructing the asset used to provide the public service or upgrading the assets and operating and maintaining the assets for a specified period of time. The State has 2 types of PPPs: 1. Social Infrastructure: A PPP that requires the government to make payments to the operator upon commencement of services: • Operator finances and constructs the infrastructure; and • State pays unitary service payments over the term. 2. Economic Infrastructure: A PPP that is based on user pays model: • Operator finances and constructs the infrastructure; • State does not pay for the cost of the construction; and • Operator charges asset users and recovers the cost of construction and operation for the term of the contract.	1 January 2019	For an arrangement to be in scope of AASB 1059 all of the following requirements are to be satisfied: • Operator is providing public services using a service concession asset; • Operator manages at 'least some' of public services under its own discretion; • The State controls / regulates: ○ What services are to be provided; ○ To whom; and ○ At what price • State controls any significant residual interest in the asset. If the arrangement does not satisfy all the above requirements the recognition will fall under the requirements of another applicable accounting standard. Currently the social infrastructure PPPs are only recognised on the balance sheet at commercial acceptance. The arrangement will need to be progressively recognised as and when the asset is being constructed. This will have the impact of progressively recognising the financial liability and corresponding asset as the asset is being constructed. For economic infrastructure PPP arrangements, that were previously not on balance sheet, the standard will require recognition of these arrangements on balance sheet. There will be no impact to net debt, as a deferred revenue liability will be recognised and amortised over the concession term.

Appendix 1 (Continued)

Standard/Interpretation [1]	Summary	Applicable for annual reporting periods beginning on	Impact on public sector entity financial statements
AASB 17 *Insurance Contracts*	The new Australian standard eliminates inconsistencies and weaknesses in existing practices by providing a single principle-based framework to account for all types of insurance contracts, including reissuance contract that an insurer holds. It also provides requirements for presentation and disclosure to enhance comparability between entities. This standard does not apply to the not-for-profit public sector entities. The AASB is undertaking further outreach to consider the application of this standard to the not-for-profit public sector.	1 January 2021	The assessment has indicated that there will be no significant impact for the public sector.

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 2017-18 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 2016-5 *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 2017-3 *Amendments to Australian Accounting Standards – Clarifications to AASB 4*
- AASB 2017-4 Amendments to Australian Accounting Standards – Uncertainty over Income Tax Treatments
- AASB 2017-5 Amendments to Australian Accounting Standards – Effective Date of Amendments to AASB 10 and AASB 128 and Editorial Corrections
- AASB 2017-6 Amendments to Australian Accounting Standards – Prepayment Features with Negative Compensation
- AASB 2017-7 Amendments to Australian Accounting Standards – Long-term Interests in Associates and Joint Ventures
- AASB 2018-1 Amendments to Australian Accounting Standards – Annual Improvements 2015 – 2017 Cycle
- AASB 2018-2 Amendments to Australian Accounting Standards – Plan Amendments, Curtailment or Settlement

Notes:

1. For the current year, given the number of consequential amendments to AASB 9 *Financial Instruments* AASB 15 *Revenue from Contracts with Customers*, and AASB 16 *Leases the* standards/interpretations have been grouped together to provide a more relevant view of the upcoming changes.

PO BOX 126 Bendigo 3552
03 5454 6000
www.bendigohealth.org.au
info@bendigohealth.org.au