Ballarat Health Services

Annual Report 2017-18

Ballarat Health Services

Our Services

Aboriginal Health Services
Allied Health Services
- Dietetics
- Exercise Therapy
- Occupational Therapy
- Physiotherapy
- Podiatry
- Prosthetics and Orthotics
- Psychology
- Social Work
- Speech Therapy

Acquired Brain Injury
Ballarat Regional Integrated Cancer Centre
- Chemotherapy Day Unit
- Oncology Clinics
- Radiation Oncology (BAROC)
- Wellness Centre

Cardiology
Central Sterile Supply Department (CSSD)
Centre Against Sexual Assualt (CASA)
Cognitive Impairment and Dementia Management

Community Programs
- Ambulatory Care Services
- Carer Respite and Support Services
- Community Rehabilitation (home & centre based)
- Continence Resource Centre
- Domiciliary Services
- Gem in the Home
- Grampians Aged Care Assessment Service
- Grampians Regional Continence Service
- Grampians Regional Palliative Care Team
- Hospital Admission Risk Program
- Home Care Packages (Linkages)
- Planned Activity Groups
- Post-Acute Care
- Restorative Care
- Safety Link
- Transition Care Program
- Victorian Paediatric Rehabilitation Service

Critical Care Unit
- Intensive Care
- Coronary Care
- Medical Emergency Response Team

Corporate Services
- Catering
- Finance and Business Units
- Fundraising and Communication
- Governance and Planning
- Hotel and Patient Services
- Information Technology
- Infrastructure
- Linen and Supply Services
- People and Culture
- Security
- Volunteers

Dental Services
Diabetes Management and Education

Diagnostic and Radiology (X-ray) Services
- BreastScreen
- CT Scan
- ECG
- EEG
- MRI
- Nuclear Medicine
- Ultrasound

Emergency Medicine
Endocrinology
Falls and Balance
Family Violence
Gastroenterology
General Medicine
General Practice Liaison
Geriatric Evaluation and Management
Gynaecology
Infection Control
Lymphoedema Management
Maternity Services
Medical Oncology

Mental Health Community Care Teams
- Infant and Child
- Youth
- Adult
- Aged

Mental Health Inpatient Care Units
- Adult Acute Unit
- Secure and Extended Care Unit
- Aged Acute
- Aged Residential

Neonatology
Nephrology and Renal Dialysis
Neurology
Operating Suite
Ophthalmology
Organ and Tissue Donation Service
Otolaryngology
Outpatient Services
Paediatric Medicine
Pain Management
Palliative Care
Perioperative Day Procedure Unit
Pharmacy
Rehabilitation (in-patient and out-patient)
Residential Aged Care
Spiritual Care
Stroke Management
Stomal Therapy
Statewide Aids and Equipment Program (SWEP)
Surgical Services
Thoracic Medicine
Urology
Wound Management

Overview

Ballarat Health Services is Victoria's second largest regional health service, providing a comprehensive range of general and specialist care across key medical and healthcare disciplines including acute care, sub-acute care, residential aged care services, community care, mental health, dental and rehabilitation services.

Ballarat Health Services is the principal referral hospital for the Grampians Region, which extends from Bacchus Marsh to the South Australian border. The region, covering some 48,000 square kilometres, is home to nearly 250,000 people.

With a staff in excess of 4,000 employees, Ballarat Health Services is one of the major employers in the Grampians Region.

Ballarat Health Services was established under the Health Services Act 1988. The incorporation came into effect on 1 January 1997 following the voluntary amalgamation of the Ballarat Base Hospital, the Queen Elizabeth Centre and Grampians Psychiatric Services.

For the period 1 July 2017 to 30 June 2018 Ballarat Health Services (BHS) was accountable, through its Board of Directors, to The Honourable Jill Hennessy MLA, Minister for Health and Minister for Ambulance Services and The Honourable Martin Foley MLA, Minister for Mental Health and Minister for Housing, Disability and Ageing.

Copies of this Annual Report, the BHS Clinical Services Plan and the BHS Strategic Plan 2017-2022 are available online at www.bhs.org.au

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Ballarat Health Services

Our Vision

Excellence in Care
Our Patients / Our Staff / Our Community

Our Mission

To deliver quality care to the communities we serve by providing safe, accessible and integrated health services resulting in positive experiences and outcomes.

Our Values

Teamwork

We commit to common goals based on open and honest communication while showing concern and support for all.

We are dedicated to working together for common interests and responsibilities.

Respect

We acknowledge everyone's unique strengths and value diversity.

We operate in a spirit of co-operation and honour human dignity.

Accountability

We personally commit to delivering our best, taking responsibility for all of our decisions and actions.

Compassion

We treat people with kindness and empathy.

We care about our patients, our people and our community.




Report of Operations

Chair and CEO's Report Towards BHS2022

It has been a year of development, advancement and innovation at Ballarat Health Services. We have spent the year bedding down the structural changes that serve as the foundation for our BHS2022 strategy.

The **Your Health** pillar is our prevention agenda, as we increase our participation in collaborative efforts that aim to reduce the burden of disease in our region. We have participated in Regional Development Victoria's Prevention Lab and received a VicHealth Award for our leadership in the Water Drink of Choice collaboration with partners across Ballarat and the Central Highlands.

Our efforts in **World Class Healthcare** were acknowledged when Surveyors from the Australian Council on Healthcare Standards (ACHS) survey team undertook a comprehensive survey at Ballarat Health Services from 30 October – 3 November 2017. Services covered by the accreditation include Acute Services, Community Health Services, Dental Services, Mental Health Services, and Sub-Acute Services. The survey included accreditation against the National Safety and Quality Health Service (NSQHS) Standards and the National Standards for Mental Health Services (where applicable), and a Mid-Cycle Review of Human Services (HS) Standards. BHS was awarded accreditation against the National Safety and Quality Health Service Standards and National Standards for Mental Health Services until 8 January 2021.

Looking forward, we are particularly focused on the physical capacity of our sites to deliver the health care needed by our community now and into the future. We opened a new cardiac catheterisation laboratory which will allow us to move to a 7 day service for cardiac interventions for our region. Thanks to the generous donations and participation of our community over 5 years of Run Ballarat, we also launched our rejuvenated Cotton On Children's Ward which features state of the art equipment and future proofed facilities that will enable us to treat more children and teenagers closer to their homes.

With the completion of the Clinical Services Plan, we have been able to move to the master planning phase, working with the Victorian Health and Human Services Building Authority to imagine what the Ascot Street and Drummond Street sites will need to look like in the next 30 years.

During this process we were extremely fortunate to receive a budget commitment from the state government of $461.6million to rebuild the Base Hospital. This redevelopment will significantly increase our capacity to provide state of the art facilities and acute health services for our growing population.

We continue to implement our BHS Together cultural change program as part of our commitment to the health and wellbeing of **Our Staff**. We brought the Resilience Project to town, with more than 700 staff and their family members inspired to take time daily to practice Gratitude, Empathy and Mindfulness. Our Rewards and Recognition program has been reimagined and restructured to reflect our values of Teamwork, Respect, Accountability and Compassion – with staff encouraged to nominate each other for quarterly awards. For the first time since 2015, we commissioned Best Practice Australia to survey our culture through the BHS Together Staff Survey. Whilst there is still a long way to go before our organisation is as successful as we want it to be, the honesty and level of feedback our staff provided us provides a solid basis for development going ahead.

We continue to develop BHS as an organisation that operates with respect and have increased our efforts in workplace safety, professional conduct and by providing support services such as a contact officer and Studer coaching programs.

We are strengthening BHS' role within **Our Community** and ensuring we are looking out, welcoming in and joining together with compassion across our Regional Partnerships, Inclusive Placemaking and Community Engagement initiatives. We have hosted Compassionate Healthcare and Compassionate Ballarat forums, placing our weight as the city's largest employer behind these worthwhile causes. We continue to be indebted to the 260 volunteers who support the running of our services and are grateful for the $2,700,000 we have received from the community in the form of donations, which we utilise to provide services, equipment and facilities that enhance our world class healthcare.

During the year, we bid farewell to board members Juliana Addison and Gary Jennings, both of whom have made a significant impact on the organisation and we wish well in future endeavours. We also welcomed Professor Penny Paliadelis to the board, who brings with her extensive healthcare experience from her significant academic career in nursing leadership and rural workforce capacity-building. We also welcomed Simon Bond to the board who specialises in software development, geographic information systems and security.

The coming years are a particularly exciting time for Ballarat Health Services as we continue to grow, develop and innovate. We are confident we are on track to deliver our vision of Excellence in Health Care for our staff and our community.

In accordance with the Financial Management Act 1994, we are pleased to present the Report of Operations for Ballarat Health Services for the year ending 30 June 2018.

Rowena Coutts
Chair, Board of Directors
Ballarat
18 July 2018

Dale Fraser
Chief Executive Officer

People & Culture

At Ballarat Health Services, we recognise our staff are our greatest asset. We are committed to providing a safe and healthy environment for our staff, patients, residents, visitors, volunteers and contractors at all sites.

Ballarat Health Services embarked on an organisational cultural change program supported through the BHS Together program. The framework is based on empowerment and accountability of our staff in informing the future direction of Ballarat Health Services.

Although we have made a lot of progress, we know there is still more we can do, as we hold both ourselves and each other to account against our values: Teamwork, Respect, Accountability and Compassion.

Health, Safety & Wellbeing

Ballarat Health Services is committed to providing a safe and healthy environment for staff, patients, residents, visitors, volunteers and contractors at all sites.

The BHS Health, Safety & Wellbeing department has identified and implemented a number of improvement strategies over the past twelve months including:

- Executive endorsement of the Ballarat Health Services Occupational Health Safety Management Plan
- Implementation of 22 additional occupational health and safety procedures, further standardising safety practices
- Improved incident reporting trial in the form of a 24/7 incident phone and triage support service to be conducted in the first quarter of 2018-19
- Planning for a Control Access Room at the Emergency Department and an airlock entrance to the Adult Secure Extended Care Unit underway
- Delivery of the Resilience Program with Hugh van Cuylenburg to 770 BHS employees
- Delivery of key training programs including Safe Patient Handling & Mobility (SPHM), Management of Clinical Aggression (MOCA) and Workplace Conduct & Injury Management Training for Managers, seeing a reduction in the severity of incidents, a 27% reduction in special leave payments plus a 17% reduction in workers compensation cases year-on-year
- 3513 in-house training and support sessaions were delivered by the Health, Safety & Wellbeing Directorate

Reported incidents of occupational violence have increased 32% over the last year with an additional 520 acts of violence against staff. This result is a worrying trend and Ballarat Health Services continue to prioritise strategies to reduce these incidents including the consideration of:

- 100% mandatory training of all staff in the management of clinical aggression
- The use of code grey drills
- Specialist debriefing strategies
- Employee support counselling services

Occupational Violence Statistics	2017-18
1. Workplace accepted claims with an occupational violence cause per 100 FTE	0.06
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	3.37
3. Number of occupational violence incidents reported	2186
4. Number of occupational violence incidents reported per 100 FTE	74.88
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	0.96%

Our People

Labour Category	JUNE Current Month FTE		JUNE YTD FTE	
	2018	2017	2018	2017
Nursing	1248	1222	1218	1210
Administration & Clerical	526	341	465	429
Medical Support	136	133	133	197
Hotel and Allied Services	501	699	548	540
Medical Officers	42	41	43	43
Hospital Medical Officers	171	159	177	159
Sessional Clinicians	51	48	52	44
Allied Health	242	246	240	248
Total	**2919**	**2888**	**2877**	**2871**

Environmental Performance

In recognition of the health of our environment and long term health of our communities the BHS Environmental Sustainability Management Committee has continued to promote environmental sustainability within BHS.

In the last year the committee has developed an Environmental Sustainability Strategy for the next 5 years together with an Action Plan outlining key targets to be met.

Key achievements this year include:

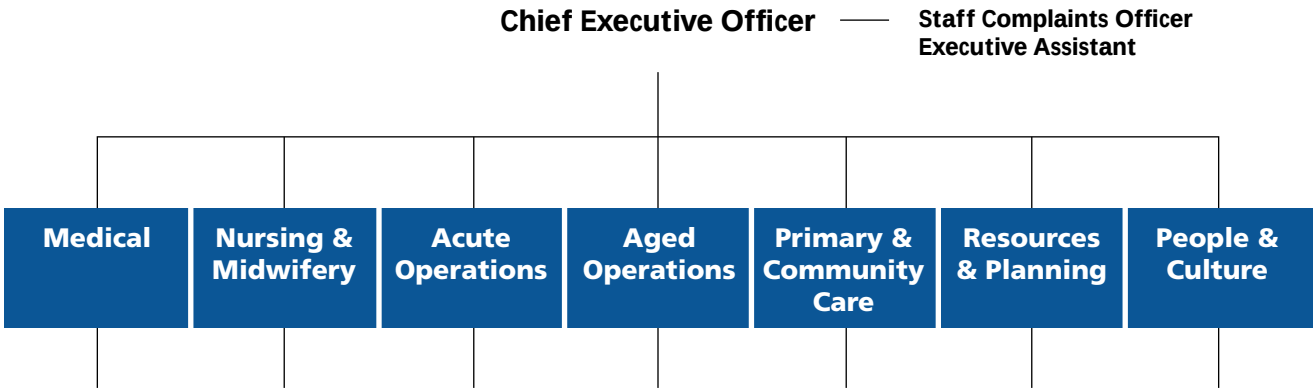
- Development of a reporting system for existing renewable energy sources
- Expanded PVC recycling program to hospital wards
- Revised waste management protocols
- Innovative packaging to minimise food waste in residential facilities
- Installation of two new chillers at Base Hospital reducing electrical consumption using new innovative technology
- The new state of the art Gardiner Pittard building with a number of features to reduce energy and water consumption
- The recent installation of new condenser heated hot water boilers replacing atmospheric boilers creating 20% more efficiency by utilising loss of heat through the flue of the previous boilers

Financial Performance

A continued focus on generating operating efficiencies and maximising revenue saw Ballarat Health Services achieve an operating surplus of $311,000 for the 2017-18 financial year against a break even target.

	2018 $000	2017 $000	2016 $000	2015 $000	2014 $000
Total revenue	470,881	450,626	415,892	388,957	372,541
Total expenses	470,571	450,563	415,582	388,823	372,230
Other operating flows included in the net result for the year	(610)	1,789	(1,292)	N/A	N/A
* Operating result	311	63	310	134	311
Total assets	427,238	419,986	420,557	420,177	418,584
Total liabilities	160,398	140,013	129,871	125,208	117.954
Net assets	266,840	279,973	290,686	294,969	294,969
Total equity	266,840	279,973	290,686	294,969	294,969

Organisational Chart



- Medical Administration, Leadership & Management
- Medico – Legal
- Clinical Governance
- Regional Clinical Governance
- Professional Medical Standards & Credentialing
- Junior Medical Workforce
- Medical Education
- University Partnerships
- Research & Ethics
- Mortuary
- Pharmacy
- Infection Control
- Emergency Planning & Response
- GP Liaison

- Nursing & Midwifery Administration
- Professional Nursing & Midwifery Standards & Affiliation
- Nursing Education & Practice Development
- Centre for Education & Training – Nursing & Midwifery
- Research – Nursing & Midwifery
- Quality & Innovation Unit
- Rural & Regional Health Partnerships
- University Relationships
- Central Allocations
- Library Services

- Acute Outpatient Services
- Surgical Services
- Mental Health Services
- Women & Children's Services
- Access & Operations Services
- General & Speciality Medicine Services

- Residential Care Services
- Sub-Acute Services
- Residential In-reach
- Aged Care Research Team

- Allied Health
- Community Programs
- Sub-Acute Ambulatory Programs
- Dental
- State-Wide Equipment Program
- Centre Against Sexual Assualt
- Preventative Health
- Aboriginal Health
- Disability Services

- Finance
- Residential Administration
- Payroll & Salary Packaging
- Supply
- Radiography & Diagnostic Services
- Breastscreen
- Information Technology (inc. I.T. Alliance)
- Decision Support
- Health Information Services
- Clinical Information Services
- Patient Services
- Engineering & Infrastructure
- Capital Projects & Planning
- Contracts & Tendering
- Environmental Services
- Security
- Safety Link
- Eureka Linen
- BHS Catering

- Employee Engagement
- Human Resources
- Employee Relations
- Industrial/ Employee Relations
- Health, Safety & Wellbeing
- Volunteers
- Spiritual Care
- Communications
- Fundraising

Board of Directors
as at 30 June 2018

Chair

Rowena Coutts
LLB BJuris

Appointed: July 2013

Term of appointment:
1 July 2016 - 30 June 2019

Board meetings attended: 11

Committee Meetings attended:
Board Executive & Remuneration Committee (Chair), Audit & Risk Committee, Finance & Resources Committee, People & Culture Committee, Medical Credentials & Appointments Committee, Primary Care & Population Health Advisory Committee, Community Advisory Committee, Quality Care Committee.

Deputy Chair

Patty Kinnersly
BEd GradCertMgt DipAOD MMgt GAICD

Appointed: July 2015

Term of appointment:
1 July 2015 - 30 June 2018

Board meetings attended: 9

Committee Meetings attended:
Board Executive & Remuneration Committee, Audit & Risk Committee, Finance & Resources Committee, Primary Care & Population Health Advisory Committee (Chair)

David Miller
DipCmmtyStud

Appointed: July 2015

Term of appointment:
1 July 2015 - 30 June 2018

Board meetings attended: 10

Committee Meetings attended:
Board Executive & Remuneration Committee, Finance & Resources Committee, Primary Care & Population Health Advisory Committee, Medical Credentials & Appointments Committee, People & Culture Committee, Project Control Group

Juliana Addison
BA(Hons) GradDipEd MA(Communications)

Appointed: July 2015

Term of appointment:
1 July 2015 - 30 June 2018

Board meetings attended: 11

Committee Meetings attended:
Board Executive & Remuneration Committee, Finance & Resources Committee, Quality Care Committee (Chair), Community Advisory Committee (Chair), People & Culture Committee

Kirby Clark
BCom CA FAICD

Appointed: July 2016

Term of appointment:
1 July 2016 - 30 June 2019

Board meetings attended: 11

Committee Meetings attended:
Finance & Resources (Chair), Quality Care Committee, Board Executive & Remuneration Committee, Community Advisory Committee

Natalie Reiter
MBA, BBUS(Marketing), BA(Psychology)

Appointed: July 2016

Term of appointment:
1 July 2016 - 30 June 2019

Board meetings attended: 9
Committee Meetings attended:
People & Culture Committee (Chair)

Professor Penny Paliadelis
RN BNurs MNurs(Hons) PhD (UNE),

Appointed: July 2017

Term of appointment:
1 July 2017 - 30 June 2020

Board meetings attended: 11

Committee Meetings attended:
Quality Care Committee (Chair), Finance & Resources Committee, People & Culture Committee, Board Executive & Remuneration Committee

Board Director

Simon Bond
GradCertTech GradDipInfoTech MACS CP MAICS

Appointed: July 2017

Term of Appointment:
01/07/2017 – 30/06/2020

Board Meetings Attended:12

Committee Meetings Attended:
Audit & Risk Committee, Finance & Resources Committee

Executive Team
as at 30 June 2018

Chief Executive Officer
Dale Fraser
MBA FCPA BBus FHSM MAICD

Appointed: July 2016

Dale has worked exclusively with regional health services for the past 24 years, including time within the Hume, Barwon and Grampians region. Dale is currently the President of VHIA, and holds directorships with Health Purchasing Victoria, The Western Alliance and the Committee for Ballarat. Dale believes in bringing world class public health care to the most needy in our community, regardless of their social status or capacity to pay.

Chief Medical Officer
Associate Professor Rosemary Aldrich *BA(Comm) BMed(Hons) MPH PhD FAFPHM(RACP) FRACMA*

Appointed: May 2017

Rosemary was a journalist in electronic and print media before qualifying as a doctor and subsequently as a public health physician with specialty qualifications in medical leadership and management. Rosemary has extensive experience in public health and health services planning, delivery, management, policy, research, teaching, governance, workforce development, and clinician and consumer engagement.

Chief Nursing and Midwifery Officer
Leanne Shea
RN DipProjMan AdvDipBusMgt

Appointed: November 2016

Leanne is a positive role model with many years' experience in managing and coaching employees to reach their fullest potential across the public health sector. Leanne has extensive clinical experience having worked in executive positions in public health, her own consulting practice and senior nursing positions.

Executive Director Acute Operations
Ben Kelly
GradDipBus BSc

Appointed: November 2016

Ben has extensive clinical experience in mental health, acute and sub-acute public health environments. Ben's personal leadership philosophy includes harnessing and embracing his skills and abilities as a leader to ensure service delivery excellence for the benefit of the community, and fostering a work environment of respect, pride, nurturing, and professional development for staff.

Executive Director Aged Operations
Jodie Cranham
MBA Dip Leadership & Management, BA(Comms) DipAppSc(Dental Therapy)

Appointed: December 2016

Jodie is an energetic and enthusiastic senior health care leader with a diverse background in leadership across the health care setting. She has extensive health care experience as a clinician and as a manager of multi-disciplinary teams across metropolitan, regional and rural Victoria. She started her career as a Dental Therapist working in dental vans across the Barwon South Western Region.

Executive Director Resources and Planning
Rod Hansen
BBus MBA CPA

Appointed: December 2016

Rod has extensive experience across both public and private health systems. He is an advocate for transparent decision making and a keen steward of resources. Rod enjoys working in a team environment and belives it is essential for achieving great outcomes for our community.

Executive Director People and Culture
Fiona Brew
RN PerioperativeCert. GradDipAcuteCare MBA GAICD

Appointed: November 2016

Fiona recognises people are our most important asset and is passionate about providing an empowering environment for them to learn and grow. We are in the business of 'caring' and collectively we are all responsible for our patient, client and resident outcomes.

Executive Director Primary and Community Care
Craig Wilding
BAppSc (Medical Radiation) GradDipBusMgt MBA

Appointed: December 2016

Craig has more than 25 years experience in the health industry after initially training as a radiographer. He believes in empowering the community through education and care to improve their personal health outcomes. He knows that the strength of a service is dependent on the passion and dedication of its team members and enjoys leading teams with compassion to create a shared sense of purpose. Craig is on secondment as Acting CEO of Rural Northwest Health from June to September 2018.

Strategic Priorities

Goals	Strategies	Health Service Deliverables	Outcome 2017-18
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	Develop an Equity and Diversity Plan that includes strategies to improve patient centred care and access to health services for Aboriginal and Torres Strait Islander people; culturally and linguistically diverse people; those who are socioeconomically disadvantaged; individuals with a disability; and people who identify as either lesbian, gay, bisexual, transgender, inter-sex, or questioning.	The Equity and Diversity Committee includes members from Aboriginal and Torres Strait Islanders (ATSI), Lesbian, Gay, Bisexual, Transgender, Intersex and Queer (LGBTIQ), Cultural and Linguistic Diversity (CALD), and groups caring for those who are socioeconomically disadvantaged, the Ballarat Regional Multicultural Council, and advocates for the prevention of family violence. From the initial planning sessions, the Equity and Diversity Committee agreed on four key areas of focus for the development of the Equity and Diversity Plan. These were CALD, ATSI, LGBTIQ and Prevention of Family Violence. Each focus area established a dedicated working group to develop key actions with respect to healthcare access, employment, creating a safe environment and engagement / promotion activities. The Equity and Diversity Plan has been developed and the actions incorporated have been progressed. **Achieved**

Goals	Strategies	Health Service Deliverables	Outcome 2017-18
		Using the Healthy Choices Policy, identify and deliver health promotion activities that assist people to make an informed choice on healthy food and drink options, including a review of the organisation's food outlets, vending machines and catering for meetings and events.	The Ballarat Health Services (BHS) Healthy Choices Policy for food and beverages was ratified at the Primary Care and Population Health Advisory Board Committee. The Policy outlines a 'traffic light' system for the provision of foods at BHS cafeterias, vending machines and for event and meeting catering (i.e. 50% Green Foods, 30% Amber Foods and 20% Red food groups). This policy is to be included in contracts associated with the provision of foods and beverages in BHS cafeterias and vending machines. The BHS Health Promotion Plan was submitted to the Department of Health and Human Services and work commenced on the development of a holistic Staff Health and Wellbeing plan that aligns with actions from the Staff Health and Wellbeing Survey, in addition to actioning comments from the People Matters survey. Ballarat Health Services was recognised for the work associated with the 'Water – Drink of Choice' campaign when we were awarded the VicHealth Award under the category of Health Promotion. A Request for Tender (RFT) was released for the third-party provision of BHS Staff Cafeterias at the Base Hospital and Queen Elizabeth Centre campuses. As part of the tender and contract, the BHS Healthy Choices policy must be adopted. An audit of healthy food options was specified within the RFT to occur every six months. Evaluation of the RFT applicants is currently underway. **Achieved**

Goals	Strategies	Health Service Deliverables	Outcome 2017-18
		Increase health literacy amongst patients, staff and the broader community by conducting health literacy workshops and forums for our workforce and consumers; delivering person-centred care education and providing access to tools for our workforce; and involving consumers in the development of easy to access and read healthcare documentation.	The Person-Centred Care Committee continued to develop the Ballarat Health Services' Health Literacy strategies. The achievements in this area were recognised during accreditation with the work associated with consumer consultation in the development of our 'Consumer Read' written documentation and brochure review. A workshop was held in March and included the endorsement of a BHS wide "People at the Centre of Care" framework. This will provide a systematic approach to partnering with consumers, consumer-centred care, measuring and improving consumer experience and valuing diversity. The "Hello my name is…" person centred care initiative has been well received by patients and clients and has now been rolled out to the Ballarat Health Services Residential Aged Care Services with over 300 staff having completed the training. **Achieved**
		Implement the Strengthening Hospital Response to Family Violence model with an initial focus on the Emergency Department, Maternity and Children's Services; and provide a regional response to family violence by supporting Beaufort & Skipton Health Service, East Grampians Health Service, Hepburn Health Services, Maryborough District Health Service and Stawell Regional Health Service to implement the same model.	As regional lead for the implementation of the Strengthening Hospital Response to Family Violence model for the Grampians Region, BHS established a team which consists of a Program Manager, Regional Engagement Coordinator and Administrative Support. Memorandums of Understanding have been signed between Ballarat Health Services and Beaufort and Skipton Health Service, East Grampians Health Service, Hepburn Health Services, Maryborough District Health Service and Stawell Regional Health Service. Voluntary support has been provided by Ballarat Health Services to Ballan District Health and Care and Integrated Living Australia to implement the Strengthening Hospital Responses to Family Violence Model within these Health Services.

Goals	Strategies	Health Service Deliverables	Outcome 2017-18
			A "Community of Practice" in partnership with the Regional Health Services was established with a forum held on a quarterly basis. The BHS Family Violence team have built online intranet content and resources, developed and distributed communication materials and, in partnership with Deakin University, Melbourne University and divisional partners, established an evaluation platform to be implemented at BHS and across the region. **Achieved**
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	Participate in the Better Care Victoria Specialist Clinic Collaborative with the aim to enhance the management of patients in the primary care setting; enhance referral and triage processes; and reduce the number of people not attending scheduled specialist clinic appointments.	The project commenced in July and the following items within scope are progressing in accordance with the annual plan. - Commission project to determine strategies required to reduce outpatient appointment wait times to within target - Consider technology enhancement opportunities to improve communication with outpatient - Reconcile each clinic's financial and human resource viability, current and future demand, and clinic sustainability Following a presentation to the Chief Executive Officer and Board of Directors the trial project was endorsed to progress to implementation stage. **Achieved**
		Endorse and implement the Older Persons Nurse Practitioner Residential In Reach Model of Care to manage geriatric syndromes across our residential aged care services, thus reducing the need for transfers to the Emergency Department and enabling care within the home setting.	The Residential In Reach Model of Care and Nurse Practitioner role is currently being reviewed and developed further. Emergency presentations for public and private residents were analysed and the results used to inform the development of the model of care and nurse practitioner role. Older Person Nurse Practitioner was appointed to Residential In Reach.

Goals	Strategies	Health Service Deliverables	Outcome 2017-18
			The Residential in Reach program is in the process of transitioning to the Aged Operations Directorate from Acute Operations. Once transitioned the model will be further developed to meet the needs of the community. The introduction of a new staffing model for weekends enhanced the weekend response for acutely unwell residents preventing emergency admissions. Emergency Department presentations for the 2017-18 financial year compared to the previous year were up 8%. Overall presentations to the Emergency Department from residential facilities were up by 5%. **Achieved**
		Develop innovative mental health models of care that meet the requirements of the catchment, including supporting residential rehabilitation for alcohol, drugs and dual diagnosis clients.	With the development of a Prevention and Recovery Care facility underway, Ballarat Health Services commenced planning for collaboration with community health and adult residential withdrawal provider (Windana) in the delivery of enhanced Alcohol and Other Drug services. A pilot collaborative Alcohol and other Drug Project is being delivered in collaboration with Ballarat Community Health and Windana residential withdrawal service and is scheduled to open in the second quarter of 2018-19. **Achieved**
		In partnership with other regional health services, establish a Regional Surgery Initiative which ensures all patients have access to timely and safe surgical options. Outcomes to be measured through the number of additional surgeries across the region and reduction in Ballarat Health Services waitlist.	2017-18 surgery waitlist and admissions targets were met at Ballarat Health Services, enabled by effective partnerships with smaller regional hospitals, who have exceeded the procedure targets set in collaboration with BHS surgical services. **Achieved**

Goals	Strategies	Health Service Deliverables	Outcome 2017-18
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	**Better Care** Mandatory actions against the 'Target zero avoidable harm' Goal: Develop and implement a plan to educate staff about obligations to report patient safety concerns	Develop and implement a Speaking Up for Safety Plan to strengthen the organisation's patient safety culture and to educate staff about obligations to report patient safety concerns.	Ballarat Health Services continues to have a high reporting culture regarding patient safety concerns and the clinical escalation policy has been well established to support staff to raise concerns. Ongoing education is in place for all new staff. Planning in progress for the implementation of a Speaking up for Safety Campaign in collaboration with the Quality and Innovation Unit and the Education and Training Team. **Achieved**
	Mandatory actions [For smaller hospitals] Establish agreements to involve with external specialists in clinical governance processes for each major area of activity (including mortality and morbidity review)	Develop a Rural and Regional Partnerships Plan that includes establishing a regional clinical governance model; identifying and documenting current regional collaborations; and formulisation of agreements to support clinical governance with the smaller rural health services in the catchment.	The roles of Regional Clinical Governance Co-ordinator (RCGC) and Registrar Medical Administration, Leadership & Management are in place and providing support to Regional Health providers in relation to Root Cause Analysis and clinical investigations and quality improvement plans to address identified accreditation issues. Inaugural meeting of Grampians Region Executive Medical Leaders convened in February with agreement for regular meetings. BHS in collaboration with the rural health services in the catchment has developed an audit tool to undertake a gap analysis of all health services in the region assessing their capability and performance against the Victorian Clinical Governance Framework and the National Model for Clinical Governance. The audit will be tested at two regional health services and will be facilitated by the RCGC in collaboration with other Quality Managers across the region. **Achieved**

Goals	Strategies	Health Service Deliverables	Outcome 2017-18
	Mandatory actions In partnership with consumers, identify three 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.	Use patient feedback to drive improved health outcomes and experiences through a strong focus on person and family centred care in the planning, delivery and evaluation of food services, cleanliness and discharge planning and the development of plans to improve these areas.	Victorian Healthcare Experience Survey data is being utilised across the Service to inform staff of consumer feedback, enabling the development of local action plans to improve the consumer experience. Revised reporting formats have been developed and the results within these reports are discussed at the monthly Quality and Strategy Committee meetings. **Achieved**
	Put quality first Join up care Partner with patients Strengthen the workforce Embed evidence Ensure equal care	Develop a Workforce Plan that is responsive to the Clinical Services Plan, thus ensuring it identifies the current and future needs and priorities of the health service and the organisation's strategic goals.	The Clinical Services Plan was completed and endorsed by the Ballarat Health Services Board of Directors. The Workforce Plan template has been developed and is currently being progressed through the directorates against the Clinical Services Plan. **Achieved**
		Implement a Leadership and Management Program to equip current and emerging leaders throughout the organisation, with specific skills and tools necessary to effectively complete their roles as leaders.	A Leadership and Management program was developed with Converge International and included modules relevant to Candid Conversations, Collaborative Decision Making, and Team Leadership and Recruitment. The pilot program was launched with feedback received informing further review of the program. In partnership with Converge International, education videos were developed to localise content and are being rolled out. A Management Skills Matrix was developed through consultation with executive, senior leaders and the 'Our Staff' Strategic Pillar Committee. **Achieved**

Goals	Strategies	Health Service Deliverables	Outcome 2017-18
		Improve staff engagement and the culture of the organisation through delivering the BHS Together Program, which is designed to create and develop great leaders; enhance staff satisfaction by recognising and rewarding success; build individual accountability; align behaviours with goals and values; and improve communication at all levels.	The BHS Together program continues to be rolled out across the organisation. A staff Rewards and Recognition program was developed, endorsed and launched. The launch included the new Values award which saw almost 50 staff recognised for behaviour in line with the organisation's values. The role of Director Community Engagement was established and appointed. Following consultation, the Community Engagement Plan was endorsed by the Board of Directors in May 2018. The Staff Service Award framework has been developed and the program is ready for introduction in the 2018-19 year. The Best Practice Australia (BPA) survey was launched in March and received a 54% response rate. The BPA implementation plan has been ratified with executive staff and action plans are being rolled out across the organisation. **Achieved**
		Develop a Research and Innovation Framework to underpin the development and implementation of inclusive and sustainable research and innovation; promote and support collaboration; and test innovative approaches to health service challenges.	Key stakeholders and partners were engaged to discuss structures for research innovation and partnerships and a BHS delegation visited the Hunter Medical Research Institute in NSW. In partnership with St John of God Hospital Ballarat, Federation University Australia, Deakin University, and Ballarat City Council, Ballarat Health Services submitted a funding application for the Ballarat Innovation and Research Collaborative for Health (BIRCH) to the Regional Development Victoria with an outcome expected in August 2018.

Goals	Strategies	Health Service Deliverables	Outcome 2017-18
			Additional research capacity and output KPIs have been developed to measure progress. BHS is currently awaiting the outcome of six Better Care Victoria innovation funding applications for various multi-discipline multi-partner proposals. **Achieved**

Performance Priorities

High Quality and Safe Care

Key performance indicator	Target	2017-18 Actual
Accreditation		
Accreditation against the National Safety and Quality Health Service Standards	Full compliance	Achieved
Compliance with the Commonwealth's Aged Care Accreditation Standards	Full compliance	Achieved
Infection prevention and control		
Compliance with the Hand Hygiene Australia program	80%	84.2%
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	93.1%
Victorian Healthcare Experience Survey - positive patient experience – Quarter 2	95% positive experience	87.2%
Victorian Healthcare Experience Survey - positive patient experience – Quarter 3	95% positive experience	93.7%
Victorian Healthcare Experience Survey - discharge care. Quarter 1	75% very positive experience	75.8%
Victorian Healthcare Experience Survey - discharge care. Quarter 2	75% very positive experience	77.4%
Victorian Healthcare Experience Survey - discharge care. Quarter 3	75% very positive experience	78.5%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 1	70%	77.1%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 2	70%	76.3%
Victorian Healthcare Experience Survey - patients perception of cleanliness - Quarter 3	70%	67.9%

Key performance indicator	Target	2017-18 Actual
Healthcare associated infections (HAI's)		
Number of patients with surgical site infection	No outliers	Achieved
Number of patients with ICU central-line-associated bloodstream infection (CLABSI)	1.40	0.91
Rate of patients with SAB[1] per occupied bed day	≤ 1/10,000	Achieved
Adverse events		
Number of sentinel events	Nil	Not Achieved Or 2
Mortality - number of deaths in low mortality DRGs[2]	Nil	NA*
Mental Health		
Percentage of adult acute mental health inpatients who are readmitted within 28 days of discharge	14%	9.5%
Rate of seclusion events relating to a mental health acute admission - all age groups	≤ 15/1,000	14
Rate of seclusion events relating to a child and adolescent acute mental health admission	≤ 15/1,000	NA
Rate of seclusion events relating to an adult acute mental health admission	≤ 15/1,000	19
Rate of seclusion events relating to an aged acute mental health admission	≤ 15/1,000	2
Percentage of child and adolescent acute mental health inpatients who have a post-discharge follow-up within seven days	75%	92%
Percentage of adult acute mental health inpatients who have a post-discharge follow-up within seven days	75%	94%
Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days	75%	98%

1. SAB is Staphylococcus Aureus Bacteraemia
2. DRG is Diagnosis Related Group

*This indicator was withdrawn during 2017-18 and is currently under review by the Victorian Agency for Health Information

Key performance indicator	Target	2017-18 Actual
Maternity and Newborn		
Rate of singleton term infants without birth anomalies with Apgar score <7 at 5 minutes	≤ 1.6%	Not Achieved Or 3%
Rate of severe foetal growth restriction (FGR) in singleton pregnancy undelivered by 40 weeks	≤ 28.6%	Achieved Or 7.7%
Continuing Care		
Functional independence gain from an episode of GEM[3] admission to discharge relative to length of stay	≥ 0.39	Achieved Or 0.645%
Functional independence gain from an episode of rehabilitation admission to discharge relative to length of stay	≥ 0.645	Achieved Or 1.13%
Percentage of aged acute mental health inpatients who have a post-discharge follow-up within seven days	75%	98%

Strong governance, leadership and culture

Key performance indicator	Target	2017-18 Actual
Organisational culture		
People matter survey - percentage of staff with an overall positive response to safety and culture questions	80%	88%
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%	95%
People matter survey - percentage of staff with a positive response to the question, "Patient care errors are handled appropriately in my work area"	80%	93%
People matter survey - percentage of staff with a positive response to the question, "My suggestions about patient safety would be acted upon if I expressed them to my manager"	80%	90%

3. GEM is Geriatric Evaluation and Management

Key performance indicator	Target	2017-18 Actual
Organisational culture		
People matter survey - percentage of staff with a positive response to the question, "The culture in my work area makes it easy to learn from the errors of others"	80%	86%
People matter survey - percentage of staff with a positive response to the question, "Management is driving us to be a safety-centred organisation"	80%	91%
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%	78%
People matter survey - percentage of staff with a positive response to the question, "Trainees in my discipline are adequately supervised"	80%	82%
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%	91%

Timely access to care

Key performance indicator	Target	2017-18 Actual
Emergency care		
Percentage of patients transferred from ambulance to emergency department within 40 minutes	90%	91%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended time	80%	70%
Percentage of emergency patients with a length of stay in the emergency department of less than four hours	81%	67%

Key performance indicator	Target	2017-18 Actual
Number of patients with a length of stay in the emergency department greater than 24 hours	0	0
Elective surgery		
Percentage of urgency category 1 elective surgery patients admitted within 30 days	100%	100%
Percentage of urgency category 1,2 and 3 elective surgery patients admitted within clinically recommended time	94%	86%
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	21.3%
Number of patients on the elective surgery waiting list	980	969
Number of hospital initiated postponements per 100 scheduled elective surgery admissions	≤ 8 /100	5
Number of patients admitted from the elective surgery waiting list[4]	5,600	5,354
Specialist clinics		
Percentage of urgent patients referred by a GP or external specialist who attended a first appointment within 30 days	100%	89%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	81.25%

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

Effective financial management

Key performance indicator	Target	2017-18 Actual
Finance		
Operating result ($m)	0.00	0.31
Average number of days to paying trade creditors	60 days	31
Average number of days to receiving patient fee debtors	60 days	22
Public and Private WIES[5] activity performance to target *	100%	92.67%
Adjusted current asset ratio	0.7 or 3% improvement from health service base target	0.39
Number of days of available cash	14 days	2.1

**The changes arising in the WIES funding model following the introduction of AR-DRG version 8 in 2016–17 have impacted Ballarat Health Services' 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.

5. WIES is a Weighted Inlier Equivalent Separation

Activity and Funding

Funding type	2017–18 Activity Achievement
Admitted	
WIES Public	25,103
WIES Private	5,329
WIES DVA	183
WIES TAC	269
Acute Non-Admitted	
Home Enteral Nutrition - Service contacts	330
Specialist Clinics - Public - Service contacts	53,082
Subacute & Non-Acute Admitted	
Subacute WIES - Rehabilitation Public	473
Subacute WIES - Rehabilitation Private	145
Subacute WIES - GEM Public	479
Subacute WIES - GEM Private	136
Subacute WIES - Palliative Care Public	153
Subacute WIES - Palliative Care Private	100
Subacute WIES - DVA	39
Transition Care - Bed days	12,464
Transition Care - Home days	7,553
Subacute Non-Admitted	
Health Independence program - Public	35,130
Aged Care	
Residential Aged Care - Bed days	153,317
HACC - Service hours	24,284
Primary Health	
Community Health / Primary Care Programs - Service hours	7,857

Funding type	2017–18 Activity Achievement
Mental Health and Drug Services	
Mental Health Ambulatory	52,322
Mental Health Inpatient - Available bed days (including specialist)	14,610
Mental Health Inpatient - Secure Unit - Bed days	4,383
Mental Health Residential - Psychogeriatric bed days	7,305
Mental Health Service System Capacity - Carer Consultant	1
Mental Health Subacute - Community Care Unit Bed days	7,305
Primary Health	
Community Health / Primary Care Programs - Contact hours	8,363
Other	
Health Workforce - Number of students	138

Application of Merit and Equity

We are an equal opportunity employer and ensure open competition in recruitment, selection, transfer and promotion.

Employment decisions are based on merit and without consideration of gender, marital status, age, pregnancy, disability, race, religious or political beliefs or activities, or on the grounds of being a parent, childless or in a de facto relationship.

Our people are treated fairly and reasonably and provided with redress against any unfair or unreasonable treatment.

Ex-gratia Payments

There were no ex-gratia payments during 2017-2018.

Freedom of Information Requests

Ballarat Health Services complies with the Victorian Freedom of Information Act 1982 (FOI). Since 2013 we have received the following number of requests.

- 2012-2013: 497
- 2013-2014: 475
- 2014-2015: 511
- 2015-2016: 488
- 2016-2017: 607
- 2017-2018: 688

Building Act 1993

Ballarat Health Services complies with building standards and regulations. All buildings constructed after July 1994 have been designed to conform to the Building Act 1993 and its regulations, as well as to meet our statutory regulations that relate to health and safety matters.

All buildings have been issued with occupancy permits and all building practitioners engaged by BHS are required to produce evidence of current registration on commencing a project, as well as evidence that their registered status will be maintained throughout the year.

Consultancies

In 2017-18, there was one consultancy where the total fees payable to the consultants were $10,000 or greater.

The total expenditure incurred during 2017-18 in relation to this consultancy was $75,000 excl GST.

Details of individual consultancies can be viewed at **www.bhs.org.au/node/19**

In 2017-18, there were two 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 $4,817 excl GST.

National Competition Policy

Ballarat Health Services complied with all government policies regarding competitive neutrality with respect to all tender applications.

Protected Disclosure Act

Ballarat Health Services had no disclosures notified to the IBAC under section 21(2) of the Protected Disclosure Act 2012 in the past financial year.

Contracts

We abide by the Victoria Industry Participation Policy Act 2003. The policy is designed to ensure local small and medium enterprises (SMEs) are given full and fair opportunity to compete for Victorian government contracts, while still ensuring value for money, competitiveness and transparency. By leveraging government procurement, the VIPP generates local jobs and boosts Victoria's economic activity.

All Victorian government departments and agencies must apply the VIPP to procurement activities that meet the VIPP monetary thresholds. Projects are classified as either VIPP Standard or VIPP Strategic Projects depending on the project value.

In 2017-18 there were no contracts executed by Ballarat Health Services under this Act.

In regards to contracts over $10 million BHS has not conducted any particular procurement process.

Carers Recognition Act

The Carers Recognition Act 2012 promotes and values the role of people in care relationships and formally recognises the contribution that carers and people in care relationships make to the social and economic fabric of the Victorian community. Ballarat Health Services recognises carers make a substantial contribution to the wellbeing of the Ballarat and regional community.

BHS has taken all practicable measures to comply with its obligations under the Act.

BHS has promoted the principles of the Act to people in care relationships who receive our services and to the wider community by distributing printed material about the Act at community events or service points.

BHS has taken all practicable measures to consider the carer relationships principles set out in the Act when setting policies and providing services by reviewing our employment policies such as flexible working arrangements and leave provisions to ensure these comply with the statement of principles in the Act.

Information and Communication Technology (ICT) expenditure 2017 - 18

The total ICT expenditure incurred during 2017-18 is $9,622,264 (excluding GST) with the details shown below:

Business As Usual (BAU) ICT Expenditure	Non-Business As Usual (non-BAU) ICT Expenditure	Operating Expenditure (excluding GST)	Capital Expenditure (excluding GST)
$6,131,483	$3,490,781	$252,318	$3,238,463

Car Parking Fees

Ballarat Health Services complies with the DHHS hospital circular on car parking fees effective 1 February 2016 and details of car parking fees and concession benefits can be viewed at **www.bhs.org.au/node/46**

Safe Patient Care Act 2015

The hospital has no matters to report in relation to its obligations under section 40 of the Safe Patient Care Act 2015.

Victorian Industry Participation Policy

Ballarat Health Services complies with the requirements of the *Victorian Industry Participation Policy Act 2003.*

The Ballarat Health Services (BHS) and St John of God Ballarat Hospital (SJGBH) Human Research Ethics Committee (HREC)

The Ballarat Health Services and St John of God Ballarat Hospital Human Research Ethics Committee (BHSSJGBH HREC) is a duly constituted Ethics Committee under the guidelines of the NHMRC, responsible for approving, overseeing and monitoring the conduct and performance of research in both institutions and partners throughout the Grampians Regions.

Ballarat Health Services Financial Management Compliance Attestation Statement

I, Rowena Coutts, on behalf of the Responsible Body, certify that Ballarat Health Services has complied with the applicable Standing Directions of the Minister for Finance under the Financial Management Act 1994 and Instructions.

Rowena Coutts
Chair, Board of Directors
Ballarat Health Services
9th August

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

I, Dale Fraser certify that Ballarat Health Services has put in place appropriate internal controls and process 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 review these controls and processes during the year.

Dale Fraser
Chief Executive Officer
Ballarat Health Services
9th August

Conflict of Interest

I, Dale Fraser, certify that Ballarat Health Services 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 Ballarat Health Services 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.

Dale Fraser
Chief Executive Officer
Ballarat Health Services
9th August

Data Integrity

I, Dale Fraser, certify that Ballarat Health Services has put it place appropriate internal controls and processes to ensure that reported data accurately reflects actual performance. Ballarat Health Services has critically reviewed these controls and processes during the year.

Dale Fraser
Chief Executive Officer
Ballarat Health Services
9th August

Disclosure Index

The annual report of the Ballarat Health Services 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		
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FRD 22H	Purpose, functions, powers and duties	2-4
FRD 22H	Initiatives and key achievements	5-8
FRD 22H	Nature and range of services provided	2
Management and structure		
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FRD 10A	Disclosure index	32-34
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FRD 22H	Application and operation of Protected Disclosure 2012	29
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FRD 22H	Application and operation of Freedom of Information Act 1982	29
FRD 22H	Compliance with building and maintenance provisions of Building Act 1993	29
FRD 22H	Details of consultancies over $10,000	29
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FRD 22H	Employment and conduct principles	29
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Legislation	Requirement	Page Reference
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Legislation	Requirement	Page Reference
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Additional Information

Consistent with FRD 22H (Section 5.19), the items listed below have been retained by Ballarat Health Services and are available to the relevant Ministers, Members of Parliament and the public on request (subject to the freedom of information requirements, if applicable):

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

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

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

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

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

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

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

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

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

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

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

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

BALLARAT HEALTH SERVICES

Board member's, accountable officer's and chief finance and accounting officer's declaration

We certify that the attached financial statements for Ballarat Health Services have been prepared in accordance with Standing Direction 5.2 of the *Financial Management Act* 1994, applicable *Financial Reporting Directions*, Australian Accounting Standards, Australian Accounting 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 notes forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2018 and the financial position of Ballarat Health Service at 30 June 2018.

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

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

Ms Rowena Coutts
Chair
Board of Directors

Mr Dale Fraser
Chief Executive Officer

Mr Rod Hansen
Chief Financial Officer

Dated the 9th day of August, 2018 at Ballarat

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Ballarat Health Services

Opinion

I have audited the financial report of Ballarat Health Services (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 and 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.

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
14 August 2018

Ron Mak
as delegate for the Auditor-General of Victoria

BALLARAT HEALTH SERVICES
COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $000	2017 $000
Revenue from Operating Activities	**2.1**	469,495	449,298
Revenue from Non-Operating Activities	**2.1**	1,386	1,328
Employee Expenses	**3.1**	(321,505)	(304,481)
Non Salary Labour Costs	**3.1**	(3,157)	(2,562)
Supplies and Consumables	**3.1**	(104,832)	(104,627)
Other Expenses	**3.1**	(41,076)	(38,893)
Net Result before Capital & Specific Items		**311**	**63**
Capital Purpose Income	**2.1**	11,827	18,590
Expenditure using Capital Purpose Income	**3.1**	(1,765)	(2,800)
Depreciation and Amortisation	**4.4**	(26,728)	(28,522)
Net Result after Capital & Specifc Items		**(16,355)**	**(12,669)**
Other Economic Flows Included in Net Result			
Net Loss on Non-Financial Assets	**7.2**	(916)	(216)
Net Gain on Financial Instruments		442	383
Other Gains/(Losses) from Other Economic Flows		(136)	1,789
Total Other Economic Flows Included in Net Result		**(610)**	**1,956**
Net Result for the Year		**(16,965)**	**(10,713)**
Other Comprehensive Income			
Items that will not be reclassified to Net Results			
Changes in Asset Revaluation Surplus	**8.1(a)**	3,832	-
Comprehensive Result for the Year		**(13,133)**	**(10,713)**

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

BALLARAT HEALTH SERVICES
BALANCE SHEET AS AT 30 JUNE 2018

	Note	2018 $000	2017 $000
ASSETS			
Current Assets			
Cash and Cash Equivalents	**6.1**	14,386	4,976
Receivables	**5.1**	19,769	18,209
Inventory	**5.2**	1,443	1,551
Prepayments	**5.3**	1,461	1,713
Investments and Other Financial Assets	**4.1**	20,386	15,320
Total Current Assets		**57,445**	**41,769**
Non-Current Assets			
Receivables	**5.1**	14,575	12,298
Property, Plant and Equipment	**4.3**	343,943	352,492
Intangible Assets	**4.5**	2,274	425
Investments and Other Financial Assets	**4.1**	9,001	13,002
Total Non-Current Assets		**369,793**	**378,217**
Total Assets		**427,238**	**419,986**
LIABILITIES			
Current Liabilities			
Employee Benefits	**3.3**	73,779	61,142
Payables	**5.5**	34,043	31,637
Other Liabilities	**5.4**	39,099	34,282
Total Current Liabilities		**146,921**	**127,061**
Non-Current Liabilities			
Employee Benefits	**3.3**	13,477	12,952
Total Non-Current Liabilities		**13,477**	**12,952**
Total Liabilities		**160,398**	**140,013**
Net Assets		**266,840**	**279,973**
EQUITY			
Restricted Specific Purpose Reserve	**8.1(a)**	512	563
Asset Revaluation Reserve	**8.1(a)**	177,959	174,127
Contributed Capital	**8.1(b)**	155,997	155,997
Retained Earnings	**8.1(c)**	(67,628)	(50,714)
Total Equity		**266,840**	**279,973**

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

BALLARAT HEALTH SERVICES
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2018

	Note	Property, Plant & Equipment Revaluation Surplus $000	Restricted Specific Purpose Surplus $000	Contributions By Owners $000	Accumulated Deficits $000	Total $000
Balance as at 1 July 2016		174,127	486	155,997	(39,924)	290,686
Net Result for the Year		-	-	-	(10,713)	(10,713)
Transfer to Accumulated Surplus	**8.1(a),(c)**	-	77	-	(77)	-
Balance as at 30 June 2017		**174,127**	**563**	**155,997**	**(50,714)**	**279,973**
Net Result for the Year		-	-	-	(16,965)	(16,965)
Other Comprehensive Income for the Year	**8.1(a)**	3,832	-	-	-	3,832
Transfer to Accumulated Surplus	**8.1(a),(c)**	-	(51)	-	51	-
Balance as at 30 June 2018		**177,959**	**512**	**155,997**	**(67,628)**	**266,840**

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

BALLARAT HEALTH SERVICES
CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2018

	Note	2018 $000 Inflows/ (Outflows)	2017 $000 Inflows/ (Outflows)
Cash Flows from Operating Activities			
Receipts			
Operating Grants from Government		398,650	378,749
Capital Grants		7,487	16,609
Proceeds from Donations		241	672
Capital Proceeds from Donations and Bequests		2,481	1,028
Proceeds from Monies Held in Trust		16,638	14,287
Patient & Resident Fees		30,085	20,766
Interest and Dividends Received		1,386	1,332
Other		39,402	46,409
GST Received from/(Paid to) ATO		7,288	9,566
Total Receipts		**503,658**	**489,418**
Payments			
Employee Benefits		(318,334)	(302,931)
Supplies & Consumables		(107,128)	(107,308)
Repayment of Monies Held in Trust		(12,755)	(13,391)
Capital Expense		(1,766)	(2,666)
Other Payments		(37,434)	(39,919)
Total Payments		**(477,417)**	**(466,215)**
Net Cash Inflows from Operating Activities	**8.2**	**26,241**	**23,203**
Cash Flows from Investing Activities			
Purchase of Non-Financial Assets		(16,562)	(23,622)
Purchase of Financial Assets		(478)	(533)
Proceeds from Disposal of Financial Assets		-	3,012
Proceeds from Disposal of Non-Financial Assets	**7.2**	209	536
Net Cash Outflows from Investing Activities		**(16,831)**	**(20,607)**
Net Increase in Cash and Cash Equivalents		**9,410**	**2,596**
Cash and Cash Equivalents at Beginning of Financial Year		4,976	2,380
Cash and Cash Equivalents at End of Financial Year	**6.1**	**14,386**	**4,976**

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

Note 1: Summary of Significant Accounting Policies

The annual financial statements represent the audited general purpose financial statements for Ballarat Health Services 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) and other mandatory requirements. The AASs include Australian equivalents to International Financial Reporting Standards. 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.

Ballarat Health Services is a not-for-profit entity and therefore applies the additional Australian paragraphs applicable to not-for-profit health services under the AASBs.

The annual financial statements were authorised for issue by the Board of Directors of Ballarat Health Services on 9 August 2018 .

(b) Reporting Entity

The financial statements include all of the controlled activities of Ballarat Health Services.

Its principal address is:
Drummond St North
Ballarat, Victoria, 3350

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

Objectives and Funding

Ballarat Health Services overall objective is to deliver quality care to the communities we serve by providing safe, accessible and integrated health services resulting in positive experiences and outcomes as well as improve the quality of life to Victorians.

Ballarat Health Services is predominantly funded by accrual based grant funding for the provision of outputs.

(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 substances of the underlying transactions or other events are reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2018 and the comparative information presented in these financial statements for the year ended 30 June 2017.

These financial statements are prepared on a going concern basis (refer to Note 8.8 Economic Dependency).

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

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 definition and recognition criteria for those items, that is they are recognised in the reporting period to which they relate, regardless of when cash is received or paid.

The financial statements are prepared in accordance with the historical cost convention, except for:

- Non-current physical assets, which subsequent to acquisition, are measured at a revalued amount being their fair value at the date of the revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are reassessed when new indices are published by the Valuer General Victoria (VGV) to ensure that the carrying amounts do not materially differ from their fair values;
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised; and
- The fair value of assets other than land is generally based on their depreciated replacement value.

Judgements, estimates and assumptions are required to be made about the carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and underlying 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. Judgments and assumptions made by management in the application of AASBs that have significant effects on the financial statements and estimates relate to:

- 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 3.3 Employee Benefits in the Balance Sheet);
- Doubtful debt provisions including the evaluation of bad debt write-offs, disclosed further in Note 5.1; and
- Fair value of financial and non-financial assets, disclosed further in Note 4.1, 4.3 and 4.5.

(d) Principles of Consolidation

Ballarat Health Services does not have any consolidated reporting entities.

Inter-Segment Transactions
Transactions between segments within Ballarat Health Services have been eliminated to reflect the extent of Ballarat Health Services operations as a group.

Joint Operations
Interests in the jointly controlled operations of Grampians Rural Health Alliance are not consolidated by Ballarat Health Services but are accounted for in accordance with the policy outlined in Note 4.2 Jointly Controlled Operations.

(e) Rounding
All amounts shown in the financial statements are expressed to the nearest thousand dollars unless stated otherwise. Minor discrepancies in the tables between totals and sum of components are due to rounding.

(f) Goods and Services Tax (GST)

Income, expenses and assets 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.

Note 2: Funding Delivery of our Services

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

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

Note 2.1: Analysis of Revenue by Source

	Admitted Patients 2018 $000	Non Admitted 2018 $000	EDS 2018 $000	Mental Health 2018 $000	RAC 2018 $000	Aged Care 2018 $000	Other 2018 $000	Total 2018 $000
2018								
Revenue from Operating Activities								
Government Grants	214,814	13,870	22,114	36,178	42,916	8,212	65,120	403,224
Patient and Resident Fees	7,668	54	336	311	8,240	443	180	17,232
Business Units and Special Purpose Funds	-	-	-	-	-	-	36,378	36,378
Indirect Contributions by the Department of Health & Human Services	116	9	10	18	31	5	60	249
Other Revenue from Operating Activities	9,319	91	799	406	341	55	1,401	12,412
Total Revenue from Operating Activities	**231,917**	**14,024**	**23,259**	**36,913**	**51,528**	**8,715**	**103,139**	**469,495**
Revenue from Non-Operating Activities								
Interest and Dividends	-	-	-	-	-	-	1,386	1,386
Total Revenue from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**1,386**	**1,386**
Capital Purpose Income								
Capital Purpose Income (excluding interest)	-	-	-	-	-	-	11,783	11,783
Capital Interest	-	-	-	-	-	-	44	44
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**11,827**	**11,827**
Total Revenue	**231,917**	**14,024**	**23,259**	**36,913**	**51,528**	**8,715**	**116,352**	**482,708**

The Department of Health & Human Services makes Indirect Contributions for insurance payments on behalf of Ballarat Health Services. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expense.

	Admitted Patients 2017 $000	Non Admitted 2017 $000	EDS 2017 $000	Mental Health 2017 $000	RAC 2017 $000	Aged Care 2017 $000	Other 2017 $000	Total 2017 $000
2017								
Revenue from Operating Activities								
Government Grants	204,600	13,242	18,141	32,268	41,892	8,941	61,794	380,878
Patient and Resident Fees	10,918	56	316	326	7,836	486	7	19,945
Business Units and Special Purpose Funds	-	-	-	-	-	-	37,600	37,600
Indirect Contributions by the Department of Health & Human Services	113	13	15	30	29	8	47	255
Other Revenue from Operating Activities	5,762	103	903	302	377	63	3,110	10,620
Total Revenue from Operating Activities	**221,393**	**13,414**	**19,375**	**32,926**	**50,134**	**9,498**	**102,558**	**449,298**
Revenue from Non-Operating Activities								
Interest and Dividends	-	-	-	-	-	-	1,328	1,328
Total Revenue from Non-Operating Activities	**-**	**-**	**-**	**-**	**-**	**-**	**1,328**	**1,328**
Capital Purpose Income								
Capital Purpose Income (excluding interest)	-	-	-	-	-	-	18,548	18,548
Capital Interest	-	-	-	-	-	-	42	42
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**18,590**	**18,590**
Total Revenue	**221,393**	**13,414**	**19,375**	**32,926**	**50,134**	**9,498**	**122,476**	**469,216**

The Department of Health and Human Services (DHHS) makes Indirect Contributions for insurance payments on behalf of Ballarat Health Services. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expense.

Revenue Recognition

Income is recognised in accordance with AASB 118 *Revenue* and is recognised to the extent that it is probable that the economic benefits will flow to Ballarat Health Services and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance.
Amounts disclosed as revenue are where applicable, net of returns, allowances and duties and taxes.

Government Grants

Grants are recognised as income when Ballarat Health Services gains control of the underlying assets in accordance with AASB 1004 Contributions. For reciprocal grants, Ballarat Health Services is deemed to have assumed control when the performance has occurred under the grant. For non-reciprocal grants, Ballarat Health Services is deemed to have assumed control when the grant is received or receivable. Conditional grants may be reciprocal or non-reciprocal depending on the terms of the grant.

Indirect Contributions from the Department of Health & Human Services

- Insurance is recognised as revenue following advice from the Department of Health & Human Services.
- LSL Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Department of Health and Human Services Hospital Circular 04/2017.

Patient and Resident Fees

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

Donations and Bequests

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

Dividend Revenue

Dividend revenue is recognised when the right to receive payment is established. Dividends represent the income arising from Ballarat Health Services investment in financial assets.

Interest Revenue

Interest revenue is recognised on a time proportionate basis that takes into account the effective yield of the financial asset.

Sale of Investments

The gain/loss from the sale of an investment is recognised when the investment is realised.

Other Income

Other income includes non-property rental, dividends and bad debt reversals.

Note 2.1: Analysis of Revenue by Source (cont)

Category Groups

Ballarat Health Services have used the following category groups for reporting purposes in the current and previous financial years:

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

Non-Admitted Services (Non-Admitted)
Non-Admitted 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)
EDS comprises all emergency department services.

Mental Health Services (Mental Health)
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. This excludes any Emergency Department Services. 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.

Residential Aged Care including Mental Health (RAC including Mental Health)
RAC including mental health has been referred to in the past as psychogeriatric residential services and comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from the Department of Health & Human Services, under the mental health program. It excludes all other residential services funded under the mental health program, such as mental health funded Community Care Units (CCUs) and Secure Extended Care Units (SECUs).

Aged Care
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) programs that are targeted to older people, people with a disability and their carers.

Other Services Not Reported Elsewhere (Other)
Other services includes services not separately classified above including public health services laboratory testing, blood borne viruses/sexually transmitted infections, clinical services, Koori liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, disability services including aids and equipment and flexible support packages to people with a disability, community care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also fall into this category group.

Note 3: The Cost of Delivering Services

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

Structure

3.1 Analysis of expenses by source
3.2: Analysis of Expense and Revenue by Special Purpose Funds
3.3: Employee Benefits in the Balance Sheet
3.4: Superannuation

Note 3.1: Analysis of Expenses by Source

	Admitted Patients 2018 $000	Non Admitted 2018 $000	EDS 2018 $000	Mental Health 2018 $000	RAC 2018 $000	Aged Care 2018 $000	Other 2018 $000	Total 2018 $000
2018								
Expenditure from Operating Activites								
Employee Expenses	152,011	15,963	26,452	36,786	44,005	7,468	38,820	321,505
Contract Labour Costs	1,368	41	196	206	1,118	202	26	3,157
Supplies and Consumables	45,315	1,980	1,144	1,392	1,949	2,235	50,817	104,832
Other Expenses	19,682	2,678	1,722	2,886	2,698	1,280	10,130	41,076
Total Expenditure from Operating Activities	**218,376**	**20,662**	**29,514**	**41,270**	**49,770**	**11,185**	**99,793**	**470,570**
Other Expenses								
Expenditure for Capital Purpose	-	-	-	-	-	-	1,765	1,765
Depreciation	8,915	2,635	527	4,371	2,667	6,466	1,147	26,728
Total Other Expenses	**8,915**	**2,635**	**527**	**4,371**	**2,667**	**6,466**	**2,912**	**28,493**
Total Expenses	**227,291**	**23,297**	**30,041**	**45,641**	**52,437**	**17,651**	**102,705**	**499,063**

	Admitted Patients 2017 $000	Non Admitted 2017 $000	EDS 2017 $000	Mental Health 2017 $000	RAC 2017 $000	Aged Care 2017 $000	Other 2017 $000	Total 2017 $000
2017								
Expenditure from Operating Activites								
Employee Expenses	147,748	15,147	23,557	35,016	44,384	7,091	31,538	304,481
Contract Labour Costs	941	56	153	247	895	238	32	2,562
Supplies and Consumables	46,436	2,015	1,078	1,314	1,934	2,679	49,171	104,627
Other Expenses	16,959	2,737	919	3,129	3,249	1,296	10,604	38,893
Total Expenditure from Operating Activities	**212,084**	**19,955**	**25,707**	**39,706**	**50,462**	**11,304**	**91,345**	**450,563**
Other Expenses								
Expenditure for Capital Purpose	-	-	-	-	-	-	2,800	2,800
Depreciation	9,513	2,813	562	4,663	2,847	6,900	1,224	28,522
Total Other Expenses	**9,513**	**2,813**	**562**	**4,663**	**2,847**	**6,900**	**4,024**	**31,322**
Total Expenses	**221,597**	**22,768**	**26,269**	**44,369**	**53,309**	**18,204**	**95,369**	**481,885**

Expense Recognition

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

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

Employee Expenses
Employee expenses include:

- Wages and salaries.
- Leave Entitlements.
- Work cover premiums.
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Grants and other Transfers
Grants and other transfers to third parties (other than contribution to owners) are recognised as an expense in the reporting period in which they are paid or payable.

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 service costs 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.

Net Gain/(Loss) on Disposal of Non-Financial Assets
Any gain or loss on the disposal of a non-financial asset is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at that time.

Net Gain/(Loss) on Financial Instruments
Net gain/(loss) on financial instruments include:

- Realised and unrealised gains and losses from revaluation of financial instruments at fair value;
- Impairment and reversal of impairment for financial instruments at amortised cost; and
- Disposals of financial assets and de-recognition of financial liabilities.

Revaluation Gain/(Loss) of Non-Financial Physical Assets
Refer to note 7.1 - Financial Instruments.

Other Gains/(Losses) from Other Economic Flows
Other gains/(losses) include:

- The revaluation of the present value of the Long Service Leave liability due to changes in the bond rate movements, inflation rate movements and the impact of changes of probability factors; and
- Transfer of amounts in the reserves to accumulated surplus or net result due to disposal or derecognition or reclassification.

Note 3.2: Analysis of Expense and Revenue by Special Purpose Funds

	Expense		Revenue	
	2018 $000	2017 $000	2018 $000	2017 $000
Business Units				
Safety Link	6,450	5,936	6,322	6,042
Eureka Linen	4,683	5,721	5,751	6,492
Catering	10,136	10,398	10,072	9,820
Radiology	18,529	17,950	19,234	18,416
Business Unit Total	**39,798**	**40,005**	**41,379**	**40,770**
Other Services				
Education Services	3,203	3,041	3,451	2,519
Breastscreen	1,617	1,522	1,759	1,546
Dental Teaching Clinic	1,420	1,333	1,282	1,402
Private Practice	1,397	2,298	4,331	3,282
Grampians Rural Health Alliance	1,071	1,063	1,148	1,095
Accommodation	781	851	1,431	1,254
IMS Research	477	356	698	305
Car Park	336	224	878	791
Salary Packaging	236	192	1,895	1,834
Print Shop	186	162	285	341
Midwifery	157	130	300	123
Child and Youth Redesign	95	315	-	403
Diabetic Shop	26	371	14	391
Hospital Improvement	-	77	-	91
Other	2,805	2,914	3,469	3,364
Grampians Integrated Cancer Service	1,376	1,482	1,375	1,498
Other Services Total	**15,183**	**16,331**	**22,316**	**20,239**
Total	**54,981**	**56,336**	**63,695**	**61,009**

Note 3.3: Employee Benefits in the Balance Sheet

	2018 $000	2017 $000
Current Provisions		
Employee Benefits		
Annual Leave		
- Unconditional and expected to be settled wholly within 12 months	17,446	16,623
- Unconditional and expected to be settled wholly after 12 months	2,946	2,078
Long Service Leave		
- Unconditional and expected to be settled wholly within 12 months	5,595	4,726
- Unconditional and expected to be settled wholly after 12 months	25,252	22,242
Other		
- Accrued Wages and Salaries	13,490	7,465
- Accrued Days Off	567	480
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled wholly within 12 months	2,893	3,359
- Unconditional and expected to be settled wholly after 12 months	3,582	3,175
Other		
- Accrued Wages and Salaries	1,927	933
- Accrued Days Off	81	61
Total Current	**73,779**	**61,142**
Non-Current Provisions		
Conditional Long Service Leave	13,477	12,952
Total Non-Current	**13,477**	**12,952**
Total Provisions	**87,256**	**74,094**

(a): Employee Benefits and Related On-Costs

	2018 $000	2017 $000
Current		
Unconditional Long Service Leave	34,773	30,400
Annual Leave	22,941	21,803
Accrued Wages and Salaries	15,417	8,398
Accrued Days Off	648	541
Total Current	**73,779**	**61,142**
Non-Current		
Conditional Long Service Leave	13,477	12,952
Total Non-Current	**13,477**	**12,952**
Total Employee Benefits	**87,256**	**74,094**
Movement in Long Service Leave:		
Opening Balance	43,352	41,678
Provision made during the year	9,658	8,532
Revaluation LSL	56	(1,789)
Settlement made during the year	(4,816)	(5,069)
Closing Balance	**48,250**	**43,352**

Note 3.3: Employee Benefits in the Balance Sheet (cont)

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

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

Employee Benefits
This provision arises for benefits accruing to employees in respect of wages and salaries, annual leave and Long Service Leave (LSL) for services rendered to the reporting date.

Salaries and Wages, 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 Ballarat Health Services does not have an unconditional right to defer settlements of these liabilities.

Depending on the expectation of the timing of settlment, liabilities for salaries and wages, annual leave and accrued days off are measured at:

- Undiscounted value - if Ballarat Health Services expects to wholly settle within 12 months; or
- Present value - if Ballarat Health Services does not expect to wholly settle within 12 months.

Long Service Leave (LSL)

The 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 Ballarat Health Services does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. An unconditional right arises after a qualifying period.

The components of this current LSL liability are measured at:

- Undiscounted value - if Ballarat Health Services expects to wholly settle within 12 months; or
- Present value - if Ballarat Health Services 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 accepts voluntary redundancy in exchange for these benefits.

Liabilities for termination benefits are recognised when a detailed plan for the termination has been developed and a valid expectation has been raised with those employees affected that the terminations will be carried out. The liabilities for termination benefits are recognised in other creditors unless the amount or timing of the payments is uncertain, in which case they are recognised as a provision.

On-Costs Related to Employee Expense
Employee benefit for on-costs such as payroll tax, workers compensation and superannuation are recognised together with provision for employee benefits, while LSL taken in service are recognised separately.

Note 3.4: Superannuation

	Paid Contribution		Contribution Outstanding	
	2018	2017	2018	2017
	$000	$000	$000	$000
Defined Benefit Plans (i):				
First State Super	1,141	1,203	101	98
Defined Contribution Plans:				
First State Super	13,962	13,871	1,159	1,119
Hesta	6,030	5,719	500	497
Emergency Services Scheme	364	354	27	55
Other	1,322	836	149	57
Total	**22,819**	**21,983**	**1,936**	**1,826**

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

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

Superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the Comprehensive Operating Statement for Ballarat Health Services.

Defined Contribution 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 Ballarat Health Services to the superannuation plans in respect of the services of current Ballarat Health Services 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.

Ballarat Health Services 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 disclose the State's defined benefits liabilities in its disclosure for adminstered items.

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

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

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 represents the key resources that have been entrusted to the hospital to be utilised for delivery of those outputs.

Structure

4.1: Investments and Other Financial Assets
4.2: Jointly Controlled Operations and Assets
4.3: Property, Plant and Equipment
4.4: Depreciation and Amortisation
4.5: Intangible Assets

Note 4.1: Investments and Other Financial Assets

	Operating Fund	Operating Fund	Specific Purpose Fund	Specific Purpose Fund	Trust Fund	Trust Fund	Capital Fund	Capital Fund	Total	Total
	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000	2018 $000	2017 $000
Current										
Shares	718	704	-	-	-	-	-	-	718	704
Floating Rate Notes	-	-	-	-	4,000	-	-	-	4,000	-
Managed Investment Schemes (VFMC)	-	-	512	563	13,543	12,003	-	567	14,055	13,133
Grampians Rural Health Alliance	-	-	1,613	1,483	-	-	-	-	1,613	1,483
Total Current	**718**	**704**	**2,125**	**2,046**	**17,543**	**12,003**	**-**	**567**	**20,386**	**15,320**
Non-Current										
Floating Rate Notes	-	-	-	-	9,001	13,002	-	-	9,001	13,002
Total Non-Current	**-**	**-**	**-**	**-**	**9,001**	**13,002**	**-**	-	**9,001**	**13,002**
Total	**718**	**704**	**2,125**	**2,046**	**26,544**	**25,005**	**-**	**567**	**29,387**	**28,322**
Represented by:										
Health Service Investments	718	704	512	563	-	-	-	567	1,230	1,834
Monies Held in Trust			-							
- Accommodation Bonds	-	-	-	-	25,606	23,407	-	-	25,606	23,407
- Patient Monies	-	-	-	-	618	800	-	-	618	800
- State Wide Equipment Program	-	-	-	-	121	462	-	-	121	462
- Grampians Intergrated Cancer Services	-	-	-	-	199	336	-	-	199	336
Grampians Rural Health Alliance	-	-	1,613	1,483	-	-	-	-	1,613	1,483
Total	**718**	**704**	**2,125**	**2,046**	**26,544**	**25,005**	**-**	**567**	**29,387**	**28,322**

(a): Ageing Analysis of Other Financial Assets

Please refer to Note 7.1(c) for the ageing analysis of other financial assets.

(b): Nature and Extent of Risk Arising from Other Financial Assets

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

Investments and Other Financial Assets

Investments are recognised and derecognised on trade date where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at fair value, net of transaction costs.

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

Ballarat Health Services assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Impairment of Financial Assets

At the end of each reporting period, Ballarat Health Services assesses whether there is objective evidence that a financial asset or group of financial assets are impaired. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue and changes in debtor credit ratings. All financial instrument assets, except those measured at fair value through the profit and loss, are subject to annual review for impairment.

The amount of the allowance is the difference between the financial assets 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 AASB136 *Impairment of Assets.*

Note 4.2: Jointly Controlled Operations and Assets

Ballarat Health Services has an interest in a Jointly Controlled Operation. The Jointly Controlled Operation is Grampians Rural Health Alliance. Details of operations are listed as follows:

In June 2008, the Department of Health issued circular number 17/2008, which outlines government requirements for the operation of rural health Information and Communication Technology (ICT) alliances. The policy outlines the accepted governance model for the operation of the ICT alliances.

The policy requires public hospitals, public health services and multipurpose services which are declared or established under the *Health Services Act 1988,* to enter into the alliance for the region in which they operate, in accordance with a Joint Operation Agreement. Consistent with this policy, the Grampians Rural Health Alliance came into effect on 9th of December 2008.

	2018 $000	2017 $000
Revenue	1,317	1,479
Expenses	(1,157)	(1,159)
Net Result	**160**	**320**
Assets	1,613	1,483
Liabilities	(108)	(116)
Net Assets	**1,505**	**1,367**
Equity	**1,505**	**1,367**
Ownership Interest	19.66%	19.98%

Investments in Joint Operations

In respect of any interest in joint operations, Ballarat Health Services 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 of the output by the operation
- Its expenses including its share of any expenses incurred jointly

Note 4.3: Property, Plant and Equipment

(a): Gross Carrying Amount and Accumulated Depreciation

	Gross Cost Valuation 2018 $000	Accumulated Dep'n 2018 $000	Written Down Value 2018 $000	Written Down Value 2017 $000
Land	25,459	-	25,459	21,866
Under Construction	4,069	-	4,069	9,334
Buildings	362,361	74,107	288,254	296,273
Plant and Equipment	24,054	15,001	9,053	9,605
Medical Equipment	35,738	25,236	10,502	8,825
Computers and Communications	6,255	4,866	1,389	1,231
Furniture and Fittings	4,212	3,655	557	611
Personal Alarm Call Systems	6,073	3,116	2,957	2,634
Linen Stock	1,858	1,131	727	723
Motor Vehicles	3,760	2,784	976	1,390
Total Property, Plant and Equipment	**473,839**	**129,896**	**343,943**	**352,492**

(b): Reconciliations of the Carrying Amount of each Class of Assets

Reconciliations of the carrying amounts of each class of assets for the entity at the beginning and end of the previous and current financial year is set out below.

	Note	Land $000	Under Construction $000	Buildings $000	Plant and Equipment $000	Medical Equipment $000	Computers and Comm'n $000	Furniture and Fittings $000	Personal Alarm Call Systems $000	Linen Stock $000	Motor Vehicles $000	Total $000
2018												
Balance at 1 July 2017		21,866	9,334	296,273	9,605	8,825	1,231	611	2,634	723	1,390	352,492
Additions		155	11,276	360	411	2,534	501	75	1,182	270	339	17,103
Revaluations		3,832	-	-	-	-	-	-	-	-	-	3,832
Net transfers between classes	4.5	-	(16,541)	10,810	919	2,104	401	89	-	-	-	(2,218)
Disposals		(394)	-	(629)	(31)	(9)	-	-	-	-	(62)	(1,125)
Depreciation		-	-	(18,560)	(1,851)	(2,952)	(744)	(218)	(859)	(266)	(691)	(26,141)
Balance at 30 June 2018		**25,459**	**4,069**	**288,254**	**9,053**	**10,502**	**1,389**	**557**	**2,957**	**727**	**976**	**343,943**
2017												
Balance at 1 July 2016		21,866	29,398	282,529	9,306	8,373	1,376	751	1,549	835	1,542	357,526
Additions		-	16,646	239	2,188	1,724	287	37	1,683	160	760	23,724
Net transfers between classes	4.5	-	(36,710)	34,010	566	1,720	283	126	-	-	-	(5)
Disposals		-	-	-	(537)	(6)	-	-	-	-	(209)	(752)
Depreciation		-	-	(20,505)	(1,919)	(2,986)	(715)	(303)	(598)	(272)	(703)	(28,001)
Balance at 30 June 2017		**21,866**	**9,334**	**296,273**	**9,605**	**8,825**	**1,231**	**611**	**2,634**	**723**	**1,390**	**352,492**

Land and Buildings and Leased Assets Carried at Valuation

The Valuer-General Victoria undertook to re-value all of Ballarat Health Services 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, Ballarat Health Services management conducted an annual assessment of the fair value of land and buildings and leased 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 had been adjusted by a managerial revaluation in 2018. The indexed value was 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 $3.9m.

There was no material financial impact on change in fair value of buildings and leased buildings.

Note 4.3: Property, Plant and Equipment (cont)

(c): Fair Value Measurement Hierarchy for Assets

	Carrying amount as at 30 June 2018	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Land at fair value				
Non-Specialised Land	12,693	-	12,693	-
Specialised Land	12,766	-	-	12,766
Total of Land at fair value	**25,459**	**-**	**12,693**	**12,766**
Buildings at fair value				
Non-Specialised Buildings	122,406	-	122,406	-
Specialised Buildings	165,848	-	-	165,848
Total of Buildings at fair value	**288,254**	**-**	**122,406**	**165,848**
Plant, Equipment and Vehicles at fair value				
- Motor Vehicles	976	-	-	976
- Plant and Equipment	9,053	-	-	9,053
- Furniture and Fittings	557	-	-	557
- Medical Equipment	10,502	-	-	10,502
- Computers and Communications	1,389	-	-	1,389
- Personal Alarm Call Systems	2,957	-	-	2,957
- Linen Stock	727	-	-	727
Total of Plant, Equipment and Vehicles at fair value	**26,161**	**-**	**-**	**26,161**
Total	**339,874**	**-**	**135,099**	**204,775**

	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
Land at fair value				
Non-Specialised Land	11,021	-	11,021	-
Specialised Land	10,845	-	-	10,845
Total of Land at fair value	**21,866**	**-**	**11,021**	**10,845**
Buildings at fair value				
Non-Specialised Land	127,562	-	127,562	-
Specialised Land	168,711	-	-	168,711
Total of Buildings at fair value	**296,273**	**-**	**127,562**	**168,711**
Plant, Equipment and Vehicles at fair value				
- Motor Vehicles	1,390	-	-	1,390
- Plant and Equipment	9,605	-	-	9,605
- Furniture and Fittings	611	-	-	611
- Medical Equipment	8,825	-	-	8,825
- Computers and Communications	1,231	-	-	1,231
- Personal Alarm Call Systems	2,634	-	-	2,634
- Linen Stock	723	-	-	723
Total of Plant, Equipment and Vehicles at fair value	**25,019**	**-**	**-**	**25,019**
Total	**343,158**	**-**	**138,583**	**204,575**

(d): Reconciliation of Level 3 Fair Value

	Land $000	Buildings $000	Plant and Equipment $000
2018			
Opening Balance	10,845	168,711	25,019
Additions (disposals)	-	10,382	8,723
Subtotal	**10,845**	**179,093**	**33,742**
Gains or losses recognised in net result			
- Depreciation	-	(13,245)	(7,581)
Subtotal	**-**	**(13,245)**	**(7,581)**
Items recognised in other comprehensive income			
- Revaluation	1,921	-	-
Subtotal	**1,921**	**-**	**-**
Closing Balance	**12,766**	**165,848**	**26,161**

	Land $000	Buildings $000	Plant and Equipment $000
2017			
Opening Balance	10,845	151,023	23,733
Additions (disposals)	-	32,704	8,782
Subtotal	**10,845**	**183,727**	**32,515**
Gains or losses recognised in net result			
- Depreciation	-	(15,016)	(7,496)
Subtotal	**-**	**(15,016)**	**(7,496)**
Items recognised in other comprehensive income			
Closing Balance	**10,845**	**168,711**	**25,019**

Note 4.3: Property, Plant and Equipment (cont)

Note 4.3(e): Description of Significant Unobservable Inputs to Level 3 Valuations

	Valuation technique	Significant unobservable inputs
Specialised Land Queen Elizabeth Centre - Ascot Street Sth 908 Eyre Street Base Hospital - Drummond Street Nth Sebastopol Complex - Morgan Street 113 Ascot Street Sth	Market Approach (i)	Community Service Obligation (CSO) Adjustment
Specialised Buildings	Depreciated Replacement Cost	Direct cost per square metre Useful life of specialised buildings
Plant and Equipment at Fair Value	Depreciated Replacement Cost	Cost Per Unit Useful Life of Plant and Equipment
Medical Equipment at Fair Value	Depreciated Replacement Cost	Cost Per Unit Useful Life of Medical Equipment

(i) CSO adjustments of 20% were applied to reduce the market approach value for the Health Services specialised land

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 6.2) 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* , Ballarat Health Services 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.

In addition, Ballarat Health Services 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, Ballarat Health Services 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.

The Valuer-General Victoria (VGV) is Ballarat Health Services 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.

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, Ballarat 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, Ballarat 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; and
- 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.

Note 4.3(e): Description of Significant Unobservable Inputs to Level 3 Valuations

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 Ballarat Health Services has determined that the transaction price or quoted price does not represent fair value.

Ballarat Health Services shall develop unobservable inputs using the best information available in the circumstances, which might include Ballarat Health Services own data. In developing unobservable inputs, Ballarat Health Services 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. Ballarat Health Services 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, Ballarat Health Services held Crown Land. The nature of this asset means that there are certain limitations and restrictions imposed on its use and/or disposal that may impact their fair value.

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

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

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

An independent valuation of Ballarat Health Services 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.

Vehicles

Ballarat Health Services 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 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, Ballarat Health Services non-current physical assets were assessed to determine whether revaluation of the non-current physical assets was required.

Note 4.4: Depreciation and Amortisation

	2018 $000	2017 $000
Buildings	18,560	20,505
Medical Equipment	2,952	2,986
Plant and Equipment	1,851	1,919
Motor Vehicles	691	703
Personal Alarm Call Systems	859	598
Linen Stock	266	272
Computers and Communications	744	715
Furniture and Fittings	218	303
Intangibles	587	521
Total	**26,728**	**28,522**

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*).

Ballarat Health Services determines the useful lives of assets by consideration of the nature and characteristics of specific assets. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period, and adjustments made where appropriate.

Amortisation

Amortisation is allocated to intangible assets with finite useful lives on a systematic (typically straight line) basis over the assets useful life. Amortisation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The consumption of intangible non-produced assets with finite useful lives is classified as amortisation. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

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

	2018	2017
Buildings		
- Structure Shell Building Fabric	5-60 years	5-60 years
- Site Engineering Services	5-53 years	5-53 years
- Fitout	3-25 years	3-25 years
- Trunk Reticulated Building Systems	5-30 years	3-30 years
Plant and Equipment	5-22 years	5-22 years
Medical Equipment	3-10 years	3-10 years
Furniture and Fittings	5 years	5 years
Personal Alert Call Systems	5 years	5 years
Linen	5 years	5 years
Motor Vehicles	3-7 years	3-7 years
Computers and Communications	3-5 years	3 years
Intangibles	3-5 years	3-5 years

Note 4.5: Intangible Assets

	Note	2018 $000	2017 $000
Computer Software		6,609	4,173
Less: Accumulated Amortisation		(4,335)	(3,748)
Total		**2,274**	**425**
Reconciliation of the carrying amounts of intangible assets at the beginning and end of the previous and current financial year.			
Balance at 1 July		425	536
Additions		218	405
Net transfers between Classes	**4.3(b)**	2,218	5
Amortisation		(587)	(521)
Balance at 30 June		**2,274**	**425**

Intangible Assets

Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and development costs.

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses. Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to Ballarat Health Services.

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: Prepayments
5.4: Other Liabilities
5.5: Payables

Note 5.1: Receivables

	Current 2018 $000	Non-Current 2018 $000	Total 2018 $000	Current 2017 $000	Non-Current 2017 $000	Total 2017 $000
Contractual						
Trade Debtors						
- Acute and Sub-Acute Inpatients	1,137	-	1,137	1,954	-	1,954
- RAC	118	-	118	374	-	374
- Eureka Linen	312	-	312	303	-	303
- Radiology	198	-	198	288	-	288
- Safety Link	372	-	372	367	-	367
- Sundry	2,184	-	2,184	2,643	-	2,643
Accrued Investment Income	176	-	176	139	-	139
Accrued Revenue Other	11,358	-	11,358	9,532	-	9,532
Deposits Paid	20	-	20	-	-	-
Less: Allowance for Doubtful Debts						
Trade Debtors	(156)	-	(156)	(144)	-	(144)
Patient Fees	(106)	-	(106)	(197)	-	(197)
Total Contractual	**15,613**	**-**	**15,613**	**15,259**	**-**	**15,259**
Statutory						
GST Receivable	693	-	693	673	-	673
Department of Health & Human Services	3,463	14,575	18,038	2,277	12,298	14,575
Total Statutory	**4,156**	**14,575**	**18,731**	**2,950**	**12,298**	**15,248**
Total	**19,769**	**14,575**	**34,344**	**18,209**	**12,298**	**30,507**

Note 5.1(a): Movement in the Allowance for Doubtful Debts

	2018 $000	2017 $000
Balance at Beginning of Year	(341)	(258)
Amounts Written off During the Year	160	64
Amounts Recovered During the Year	114	106
Increase/(Decrease) in Allowance Recognised in the Net Result	(194)	(253)
Balance at End of Year	**(261)**	**(341)**

(b): Ageing Analysis of Receivables

Please refer to Note 7.1(c) for the ageing analysis of receivables.

(c): Nature and Extent of Risk Arising from Receivables

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

Receivables consist of:

- Contractual receivables which include mainly debtors in relation to goods and services;
- Accrued investment income; and
- Statutory receivables which include predominantly amounts owing from the Victorian Government and Goods and Services Tax.

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 recognition.

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

Collectability of debts is reviewed on an ongoing basis, and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

Note 5.2: Inventories

	2018 $000	2017 $000
General (at cost)	888	883
Pharmaceuticals (at cost)	555	668
Total	**1,443**	**1,551**

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.

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

The basis 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 current technologies. Functional obsolescence occurs when an item no longer functions the way it did when it was first acquired.

Cost for all other inventory is measured on the basis of weighted average cost.

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

Note 5.3: Prepayments

	2018 $000	2017 $000
Current		
Prepayments	1,461	1,713
Total	**1,461**	**1,713**

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 5.4: Other Liabilities

	2018 $000	2017 $000
Current		
Monies Held in Trust*		
- Refundable Accommodation Bonds	38,053	32,568
- Patient Monies	618	800
- Grampians Integrated Cancer Service	199	336
- State Wide Equipment Program	121	462
Grampians Rural Health Alliance	108	116
Total Other Liabilities	**39,099**	**34,282**
***Monies Held in Trust Represented by:**		
Other Financial Assets	38,991	34,166
Total	**38,991**	**34,166**

Note 5.5: Payables

	2018 $000	2017 $000
Current		
Trade Creditors and Accrued Expenses	33,491	30,087
Salary Packaging	552	599
Department of Health & Human Services (i)	-	951
Total	**34,043**	**31,637**

(i) Terms and conditions of amounts payable to the Department of Health & Human Services vary according to the particular agreement with the Department.

(a): Maturity Analysis of Payables

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

(b): Nature and Extent of Risk Arising from Payables

Please refer to Note 7.1(d) for the nature and extent of credit risk arising from payables.

Payables consist of:

- Contractual payables which consist predominantly of accounts payable representing liabilities for goods and services provided to Ballarat Health Services prior to the end of the financial year that are unpaid, and arise when Ballarat Health Services becomes obliged to make future payments in respect of the purchase of those goods and services. The normal credit terms are 30 days from the end of the month, in which the invoice was raised; and

- Statutory payables, that are recognised and measured similarly to contractual payables, but are not classified as financial instruments and not included in the category of financial liabilities at amortised cost, because they do not arise from contracts.

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 and other information related to financing activities of the hospital.
This section includes disclosures of balances that are financial instruments.

Structure

6.1: Cash and Cash Equivalents
6.2: Commitments

Note 6.1: Cash and Cash Equivalents

	2018 $000	2017 $000
Cash on hand and at bank	14,386	4,976
Total Cash and Cash Equivalents	**14,386**	**4,976**
Represented By		
Cash for Health Services Operations *(as per Cash Flow Statement)*	14,386	4,976
Total Cash and Cash Equivalents	**14,386**	**4,976**

Cash and cash equivalents recognised on the balance sheet comprise of cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are held for the purpose of meeting short term cash commitments rather than for investment purposes and are readily convertible to known amounts of cash and subject to insignificant risk of changes in value.

Note 6.2: Commitments

	2018 $000	2017 $000
Capital Expenditure Commitments		
Land and Buildings	12,311	8,730
Furniture and Fittings	11	104
Medical Equipment	845	978
Computer	739	409
Plant and Equipment	169	128
Total Capital Expenditure Commitments	**14,075**	**10,349**
Not later than 1 year	14,075	10,349
Total Capital Expenditure Commitments Payable	**14,075**	**10,349**
Operating Expenditure Commitments		
Furniture and Fittings	51	60
Plant and Equipment	365	4,751
Computer	2,055	454
Medical Equipment	4,345	3,406
Other	1,198	1,670
Total Operating Expenditure Commitments	**8,014**	**10,341**
Not later than 1 year	4,270	4,740
Later than 1 year and not later than 5 years	3,249	5,200
Later than 5 years	495	401
Total Operating Expenditure Commitments Payable	**8,014**	**10,341**
Operating Leases		
Property	3,273	1,102
Medical Equipment	225	417
IT Equipment	153	230
Total Operating Leases	**3,651**	**1,749**
Not later than 1 year	902	854
Later than 1 year and not later than 5 years	1,449	895
Later than 5 years	1,300	-
Total Operating Leases Payable	**3,651**	**1,749**
Total Commitments for Expenditure (inclusive of GST)	**25,740**	**22,439**
Less GST recoverable from the Australian Tax Office	2,323	2,023
Total Commitments for Expenditure (exclusive of GST)	**23,417**	**20,416**

Capital Commitments of $10.9m (2017: $7.2m) are fully funded by DHHS.

Commitments for future expenditure include operating and capital commitments arising from contracts. Major project commitments are fully funded by the Department of Health & Human Services. These commitments are disclosed by way of this note at their nominal value and are inclusive of the GST payable.

Note 7: Risks, Contingencies and Valuation Uncertainties

The hospital is exposed to risk from its activities and outside factors. In addition, it is often necessary to make judgements and estimates associated with recognition and measurement of items in the financial statements.

This section sets out financial instrument specific information, (including exposures to financial risks) as well as those items that are contingent in nature or require a higher level of judgement to be applied, which for the hospital is related mainly to fair value determination.

Structure

7.1: Financial Instruments
7.2: Net Gain/(Loss) on Disposal of Non-Financial Assets
7.3: Contingent Assets and Contingent Liabilities

Note 7.1: Financial Instruments

(a) Financial Risk Management Objectives and Policies

Ballarat Health Services principal financial instruments comprise:
- Cash Assets
- Term Deposits
- Managed Investment Schemes (VFMC)
- Receivables (excluding statutory receivables)
- Available-for-sale Financial Assets
- Payables (excluding statutory payables)
- Accommodation Bonds

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

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

The main purpose in holding financial instruments is to prudentially manage Ballarat Health Services financial risks within the government policy parameters.

Categorisation of Financial Instruments

	Carrying Amount 2018 $000	Carrying Amount 2017 $000
Financial Assets		
Cash and Cash Equivalents	14,386	4,976
Receivables	15,613	15,259
Investments and Other Financial Assets	29,387	28,322
Total Financial Assets(i)	**59,386**	**48,557**
Financial Liabilities		
Payables	34,043	30,686
Accommodation Bonds	38,053	32,568
Monies Held in Trust	938	1,598
Other	108	116
Total Financial Liabilities(ii)	**73,142**	**64,968**

(i) The total amount of financial assets disclosed here excludes statutory receivables (i.e. GST input tax credit recoverable)
(ii) The total amount of financial liabilities disclosed here excludes statutory payables (i.e. Taxes, payables)

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

	Carrying Amount 2018 $000	Carrying Amount 2017 $000
Financial Assets		
Cash and Cash Equivalents(i)	1,386	1,328
Receivables	80	(83)
Investments and Other Financial Assets	921	425
Total Financial Assets	**2,387**	**1,670**
Financial Liabilities		
Accommodation Bonds	198	177
Total Financial Liabilities	**198**	**177**

(i) For cash and cash equivalents, loans and receivables and available-for-sale financial assets, the net gain or loss is calculated by taking the interest revenue or losses arising from revaluation of the financial assets, and minus any impairment recognised in the net result.
(ii) For financial assets and liabilities that are held-for-trading or designated at fair value through profit or loss, the net gain or loss is calculated by taking the movement In the fair value of the financial asset or liability.

Note 7.1: Financial Instruments (cont)

(c) Credit Risk

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

In addition, Ballarat Health Services 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. Ballarat Health Services policy is to only deal with banks with high credit ratings.

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

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

Credit Quality of Contractual Financial Assets That Are Neither Past Due Nor Impaired

	Financial Institutions (AA-Credit Rating) $000	Government Agencies (AAA-Credit Rating) $000	Other $000	Total $000
2018				
Financial Assets				
Cash and Cash Equivalents	14,386	-	-	14,386
Receivables				
- Trade Debtors	-	-	15,437	15,437
- Other Receivables (i)	176	-	-	176
Investments and Other Financial Assets				
- Managed Investment Schemes (VFMC)	-	14,055	-	14,055
- Floating Rate Notes	3,600	-	9,401	13,001
- Shares in Other Entities	718	-	1,613	2,331
Total Financial Assets	**18,880**	**14,055**	**26,451**	**59,386**
2017				
Financial Assets				
Cash and Cash Equivalents	4,976	-	-	4,976
Receivables				
- Trade Debtors	-	-	15,120	15,120
- Other Receivables (i)	139	-	-	139
Investments and Other Financial Assets				
- Managed Investment Schemes (VFMC)	-	13,133	-	13,133
- Floating Rate Notes	3,600	-	9,402	13,002
- Shares in Other Entities	704	-	1,483	2,187
Total Financial Assets	**9,419**	**13,133**	**26,005**	**48,557**

(i) The total amounts disclosed here exclude statutory amounts (eg; amounts owing from Victorian Government and GST input tax credit recoverable).

Ageing Analysis of Financial Assets as at 30 June

			Past Due But Not Impaired				
	Consolidated Carrying Amount	Not Past Due and Not Impaired	Less than 1 Month	1-3 Months	3 Months-1 Year	1-5 Years	Impaired Financial Assets
	$000	$000	$000	$000	$000	$000	$000
2018							
Financial Assets							
Cash and Cash Equivalents	14,386	14,386	-	-	-	-	-
Receivables	15,613	14,673	589	274	77	-	-
Investments and Other Financial Assets	29,387	29,387	-	-	-	-	-
Total Financial Assets	**59,386**	**58,446**	**589**	**274**	**77**	**-**	-
2017							
Financial Assets							
Cash and Cash Equivalents	4,976	4,976	-	-	-	-	-
Receivables	15,259	13,796	736	643	84	-	-
Investments and Other Financial Assets	28,322	28,322	-	-	-	-	-
Total Financial Assets	**48,557**	**47,093**	**736**	**643**	**84**	**-**	-

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 as the 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 (cont)

(d) Liquidity Risk

Liquidity risk is the risk that Ballarat Health Services would be unable to meet its financial obligations as and when they fall due. Ballarat Health Services operates under the Government's fair payments policy of settling financial obligations within 30 days and in the event of dispute, making payments within 30 days from the date of resolution. Ballarat Health Services maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the balance sheet.

Ballarat Health Services manages its financial instruments so as to minimise liquidity risk. This is achieved through a combination of daily cash flow forecasting and appropriate budget setting and monitoring.

Maturity Analysis of Financial Liabilities as at 30 June

			Maturity Dates		
	Carrying Amount	Nominal Amount	Less than 1	1-3 Months	3 Months - 1 Year
	$000	$000	$000	$000	$000
2018					
Financial Liabilities					
Payables	34,043	34,043	34,043	-	-
Accommodation Bonds	38,053	38,053	486	1,467	36,100
Monies Held in Trust	938	938	-	320	618
Other Liabilities	108	108	-	-	108
Total Financial Liabilities	**73,142**	**73,142**	**34,529**	**1,787**	**36,826**
2017					
Financial Liabilities					
Payables	30,686	30,686	30,686	-	-
Accommodation Bonds	32,568	32,568	586	1,495	30,487
Monies Held in Trust	1,598	1,598	-	798	800
Other Liabilities	116	116	-	-	116
Total Financial Liabilities	**64,968**	**64,968**	**31,272**	**2,293**	**31,403**

(e) Market Risk

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

Currency Risk

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

Interest Rate Risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Ballarat Health Services has minimal exposure to cash flow interest rate risks through its cash and deposits that are at floating rate. Ballarat Health Services manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate.

Management has concluded for cash at bank as for financial assets that can be left at floating rate without necessarily exposing Ballarat Health Services to significant bad risk, management monitors interest rates on a daily basis.

Other Price Risk

Ballarat Health Services is not subject to price risk.

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

			Interest Rate Exposure		
	Weighted Average Effective Interest Rate (%)	Carrying Amount	Fixed Interest Rate	Variable Interest Rate	Non-Interest Bearing
		$000	$000	$000	$000
2018					
Financial Assets					
Cash and Cash Equivalents	1.50%	14,386	-	14,386	-
Receivables	0%	15,613	-	-	15,613
Investments and Other Financial Assets	3.23%	29,387	-	29,387	-
Total Financial Assets		**59,386**	**-**	**43,773**	**15,613**
Financial Liabilities					
Creditors	0%	34,043	-	-	34,043
Accommodation Bonds	1.90%	38,053	38,053	-	-
Monies Held in Trust	0%	938	-	-	938
Other Liabilities	0%	108	-	-	108
Total Financial Liabilities		**73,142**	**38,053**	**-**	**35,089**
2017					
Financial Assets					
Cash and Cash Equivalents	1.50%	4,976	-	4,976	-
Receivables	0%	15,259	-	-	15,259
Investments and Other Financial Assets	3.84%	28,322	-	28,322	-
Total Financial Assets		**48,557**	**-**	**33,298**	**15,259**
Financial Liabilities					
Creditors	0%	30,686	-	-	30,686
Accommodation Bonds	1.90%	32,568	32,568	-	-
Monies Held in Trust	0%	1,598	-	-	1,598
Other Liabilities	0%	116	-	-	116
Total Financial Liabilities		**64,968**	**32,568**	**-**	**32,400**

Note 7.1: Financial Instruments (cont)

(e) Market Risk
Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts and management's knowledge and experience of the financial markets, Ballarat Health Services believe the following movements are 'reasonably possible' over the next 12 months (Base rates are sourced from the Reserve Bank of Australia) - A parallel shift of +0.25% and -0.25% in interest rate from year-end rates of 1.50%

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

		Interest Rate Risk			
		-0.25%		+0.25%	
	Carrying Amount	Profit	Equity	Profit	Equity
	$000	$000	$000	$000	$000
2018					
Financial Assets					
Cash and Cash Equivalents	14,386	(36)	(36)	36	36
Investments and Other Financial Assets	29,387	(73)	(73)	73	73
Financial Liabilities					
Accommodation Bonds	38,053	95	95	(95)	(95)

		Interest Rate Risk			
		-0.25%		+0.50%	
	Carrying Amount	Profit	Equity	Profit	Equity
	$000	$000	$000	$000	$000
2017					
Financial Assets					
Cash and Cash Equivalents	4,976	(12)	(12)	12	12
Investments and Other Financial Assets	28,322	(71)	(71)	71	71
Financial Liabilities					
Accommodation Bonds	32,568	81	81	(81)	(81)

(f) Fair Value
The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

- Level 1 - the fair value of financial instrument assets and liabilities 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 of other financial instrument assets and liabilities is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

Ballarat Health Services 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 financial instruments and the expectation that they will be paid in full.

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

Comparison between carrying amount and Fair Value

	Carrying Amount 2018 $000	Fair Value 2018 $000	Carrying Amount 2017 $000	Fair Value 2017 $000
Financial Assets				
Cash and Cash Equivalents	14,386	14,386	4,976	4,976
Receivables	15,613	15,613	15,259	15,259
Investments and Other Financial Assets	29,387	29,387	28,322	28,322
Total Financial Assets	**59,386**	**59,386**	**48,557**	**48,557**
Financial Liabilities				
Payables	34,043	34,043	30,686	30,686
Accommodation Bonds	38,053	38,053	32,568	32,568
Monies Held in Trust	938	938	1,598	1,598
Other Liabilities	108	108	116	116
Total Financial Liabilities	**73,142**	**73,142**	**64,968**	**64,968**

Financial assets measured at fair value

		Fair value measurement at end of reporting period		
	Carrying Amount as at 30 June	Level 1	Level 2	Level 3
	$000	$000	$000	$000
2018				
Financial Assets at fair value through Profit and Loss				
Available for sale financial assets	29,387	29,387	-	-
Total Financial Assets	**29,387**	**29,387**	**-**	**-**
2017				
Financial Assets at fair value through Profit and Loss				
Available for sale financial assets	28,322	28,322	-	-
Total Financial Assets	**28,322**	**28,322**	**-**	**-**

Note 7.1: Financial Instruments (cont)

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 the Ballarat Health Services activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet with definition of financial instruments in AASB 132 *Financial Instruments: Presentation.* For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

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

Categories of non-derivative financial insturments

Loans and Receivables

Trade receivables, loans and other receivables are recorded at amortised cost, using the effective interest method, less impairment. Term deposits with maturity greater than 3 months are also measured at amortised cost, using the effective interest method less impairment.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset or where appropriate, a shorter period.

Available-for-Sale Financial Assets

Other financial instrument assets held by Ballarat Health Services are classified as being available-for-sale and are measured at fair value. Gains and losses arising from changes in fair value are recognised directly in equity until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net result for the period.

Net Gain/(Loss) on Financial Instruments

Net gain/(loss) on financial instruments includes:

- Realised and unrealised gains and losses from revaluations of financial instruments that are designated at fair value through the profit and loss or held-for-trading;
- Impairment and reversal of impairment for financial instruments at amortised cost; and
- Disposals of financial assets.

Revaluation of Financial Instruments at Fair Value

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

Financial Liabilities and Amortised Cost

Financial liabilities at amortised cost are initially recognised on the date they are originated. They are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial instruments are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the interest bearing liability, using the effective interest rate method. The Ballarat Health Services recognises the following liabilities in this category:

- Payables (excluding statutory payables); and
- Borrowings (including finance lease liabilities).

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

	2018 $000	2017 $000
Proceeds from Disposal of Non-Financial Assets		
Plant and Equipment	27	11
Motor Vehicles	182	525
Total Proceeds from Disposal of Non-Financial Assets	**209**	**536**
Less: Written Down Value of Non-Financial Assets Sold		
Plant and Equipment	(31)	(537)
Medical Equipment	(8)	(6)
Land	(394)	-
Motor Vehicles	(63)	(209)
Buildings	(629)	-
Total Written Down Value of Non-Financial Assets Sold	**(1,125)**	**(752)**
Net Loss on Disposal of Non-Financial Assets	**(916)**	**(216)**

Disposal of Non-Financial Assets

Any gain or loss on the sale of a non-financial asset is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at the time. Refer to note 8.2 – *Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities.*

Note 7.3: Contingent Assets and Contingent Liabilities

There were no contingent assets or liabilities as at 30 June 2018 (2017 NIL).

Note 8: Other Disclosures

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

Structure

Note 8: Other Disclosures

Note 8.1: Equity

(a): Reserves

	2018 $000	2017 $000
Asset Revaluation Reserve (i)		
Balance at the beginning of the reporting period	174,127	174,127
Revaluation Increments	3,832	-
Balance at the end of the reporting period	**177,959**	**174,127**
Represented by:		
- Land	18,155	14,324
- Buildings	159,804	159,803
	177,959	**174,127**
Restricted Specific Purpose Reserve		
Balance at the beginning of the reporting period	563	486
Transfer to accumulated surplus	(51)	77
Balance at the end of the reporting period	**512**	**563**
Total Reserves	**178,471**	**174,690**

(i) The land and buildings assets revaluation reserve arises on the revaluation of land and buildings.

The above reserves are internally managed Special Purpose Funds, which are used to quarantine Capital Income such as Donations, Capital Grants and Interest Revenue. Once quarantined, this income is used to fund Capital Projects, Refurbishments, Equipment and Education.

(b): Contributed Capital

	2018 $000	2017 $000
Balance at the beginning of the reporting period	155,997	155,997
Capital contribution received from the Victorian Government	-	-
Balance at the end of the reporting period	**155,997**	**155,997**

(c): Retained Earnings

	2018 $000	2017 $000
Balance at the beginning of the reporting period	(50,714)	(39,924)
Net Result for the Year	(16,965)	(10,713)
Transfer from Reserve	51	(77)
Balance at the end of the reporting period	**(67,628)**	**(50,714)**

(d): Total Equity at the End of the Financial Year

	2018 $000	2017 $000
Total Equity at the beginning of the reporting period	279,973	290,686
Total Changes in Equity Recognised in Comprehensive Operating Statement	(13,133)	(10,713)
Total Equity at the end of the reporting period	**266,840**	**279,973**

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

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.

Specific Restricted Purpose Surplus

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

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

	2018 $000	2017 $000
Net Result for the Year	**(16,965)**	**(10,713)**
Non-Operating Cash Movements		
Net Loss on Disposal of Non Financial Assets	916	216
Net Gain on Financial Assets	-	(24)
Non-Cash Movements		
Depreciation and Amortisation	26,727	28,522
Grampians Rural Health Alliance	(160)	(320)
Resources/Assets Received Free of Charge	(662)	(506)
Impairment of Investments	(442)	(383)
Provision for Doubtful Debts	(80)	83
Movements in Assets and Liabilities		
Change in operating assets and liabilities		
Increase in Payables	2,406	6,939
Increase in Employee Benefits	13,162	2,411
Increase in Other Liabilities	4,817	896
Decrease in Inventory	108	63
(Increase)/Decrease in Prepayments	252	(358)
Increase in Receivables	(3,838)	(3,623)
Net Cash Inflows from Operating Activities	**26,241**	**23,203**

Note 8.3: Responsible Persons

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 Mental Health, Minister for Housing, Disability and Ageing, Minister for Creative Industries, Minister for Equality	01/07/2017	30/06/2018
Governing Boards		
Mrs R Coutts - Chair of the Board	1/07/2017	30/06/2018
Ms J Addison - Member of the Board	1/07/2017	30/06/2018
Mr W Clark - Member of the Board	1/07/2017	30/06/2018
Professor G Jennings AO - Member of the Board	1/07/2017	31/12/2017
Ms P Kinnersly - Deputy Chair of the Board	1/07/2017	30/06/2018
Mr D Miller - Member of the Board	1/07/2017	30/06/2018
Ms N Reiter - Member of the Board	1/07/2017	30/06/2018
Professor P Paliadelis - Member of the Board	1/07/2017	30/06/2018
Mr S Bond - Member of the Board	1/07/2017	30/06/2018
Accountable Officer		
Mr D Fraser - Chief Executive Officer	01/07/2017	30/06/2018

Remuneration of Responsible Persons

The number of Responsible Persons are shown in their relevant income band;

	2018 No.	2017 No.
Income Band		
$10,000 - $19,999	1	2
$20,000 - $29,999	7	6
$50,000 - $59,999	1	1
$120,000 - $129,999	-	1
$340,000 - $349,999	-	1
$350,000 - $359,999	1	-
Total Numbers	**10**	**11**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**586,710**	**692,018**

The ministers remuneration and allowances is set by the *Parliamentary Salary and Superannuation Act 1968,* and is reported within the Department of Partliamentary Services Financial Report.

Remuneration received or receivable by the accountable officers in connection with the management of Ballarat Health Services during the reporting period was in the range $350,000 - $359,999 ($460,000 - $469,999 2016-17)

Note 8.4: 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

Salaries and wages, 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

Pensions and other retirement benefits paid or payable on a discrete basis when employment has ceased.

Other Long-term Benefits

Long service leave, other long-service benefit or deferred compensation.

Termination Benefits

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.

Remuneration	2018 $000	2017 $000
Short term employee benefits	1,923	1,674
Post-employment benefits	150	132
Other long-term benefits	48	38
Terminations benefits	-	346
Total Remuneration(b)	**2,121**	**2,190**
Total Number of Executive Officers	**8**	**15**
Employee Equivalent (AEE)(b)	**8**	**8**

(a) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) of Ballarat Health Services under AASB124 Related Parties Disclosures and are also reported within the related parties note disclosure (Note 8.5).

(b) Annualised employee equivalent is based on paid working hours of 38 ordinary hours per week over the 52 weeks for a reporting period.

All payments made to Executives are governed by the Government Sector Executive Remuneration Panel (GSERP).

The changes from the previous year reflect GSERP approved pay increases, as well as the payment of accumulated long service leave for a number of Executives.

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 pesonnel and their close family members;
- all cabinet ministers and their close family members; and
- all hospitals and public sector entities that are controlled and consolidated into the whole of state consolidated financial statements.

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

Key Management Personnel

Key management personnel (KMP) of the hospital include the Portfolio Ministers and KMPs as determined by the hospital. The compensation detailed below excludes the salaries and benefits the Portfolio Ministers receive. The Minister's remuneration and allowances is set by the *Parliamentary Salaries and Superannuation Act 1968* , and is reported within the financial statements of the Department of Parlimentary Services Financial Report. For information regarding related party transactions of ministers, the register of members interests is publicly available from: *www.parliament.vic.gov.au/publications/register* of interests. In addition to the Portfolio Ministers BHS has identified the following KMPs.

	Period	
Portfolio Ministers		
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	01/07/2017	30/06/2018
The Honourable Martin Foley, Minister for Mental Health, Minister for Housing, Disability and Ageing, Minister for Creative Industries, Minister for Equality	01/07/2017	30/06/2018
Board Members		
Mrs R Coutts - Chair of the Board	1/07/2017	30/06/2018
Ms J Addison - Member of the Board	1/07/2017	30/06/2018
Mr W Clark - Member of the Board	1/07/2017	30/06/2018
Professor G Jennings AO - Member of the Board	1/07/2017	31/12/2017
Ms P Kinnersly - Deputy Chair of the Board	1/07/2017	30/06/2018
Mr D Miller - Member of the Board	1/07/2017	30/06/2018
Ms N Reiter - Member of the Board	1/07/2017	30/06/2018
Professor P Paliadelis - Member of the Board	1/07/2017	30/06/2018
Mr S Bond - Member of the Board	1/07/2017	30/06/2018
Executive Directors		
Mr D Fraser - Chief Executive Officer	1/07/2017	30/06/2018
Mr R Hansen - Executive Director of Resource and Planning	1/07/2017	30/06/2018

Compensation	**2018 $000**	**2017 $000**
Short term employee benefits (a)	769	874
Post-employment benefits	53	64
Other long-term benefits	14	53
Total Compensation (b)	**836**	**991**

(a) Total remuneration paid to KMPs employed as a contractor during the reporting period through an external service provider has been reported under short-term employee benefits.
(b) Note that KMPs are also reported in the disclosure of remuneration of executive officers (Note 8.4).

Significant transactions with government-related entities

Ballarat Health Services received funding from the Department of Health and Human Services of $334 million (2017:$323 million).

During the year Ballarat Health Services had the following government-related entity transactions:
-Grants contributing towards the operating costs of Ballarat Health Services totalling $326 million (2017:$306 million).
-Grants contributing towards the capital costs of Ballarat Health Services totalling $8 million (2017:$17 million).

Transactions with key management personnel and other related parties

Given the breadth and depth of State government activities, related parties transact with the Victorian public sector in a manner consistent with other members of the public e.g. stamp duty and other government fees and charges. Further employment of processes within the Victorian public sector occur on terms and conditions consistent with the *Public Administration Act 2004* and Codes of Conduct and Standards issued by the Victorian Public Sector Commission. Procurement processes occur on terms and conditions consistent with the Victorian Government Procurement Board requirements. Outside of normal citizen type transactions with the department, there were no related party transactions that involved key management personnel and their close family members. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

All transactions that have occurred with KMP and their related parties have been trivial or domestic in nature. In this context, transactions are only disclosed when they are considered of interest to users of the financial report in making and evaluating decisions about the allocation of scarce resources.

Note 8.6: Remuneration of Auditors

	2018 $000	**2017 $000**
Audit or review of financial statement (VAGO)	95	93
Internal Audit	173	164
Total Remuneration of Auditors	**268**	**257**

Note 8.7: 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 Ballarat Health Services 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.

No events have occurred since reporting date and date of certification of this report which will have a material effect on the information contained in the financial report.

Note 8.8: Economic Dependency

As a result of the financial performance and position for the year ended 30 June 2018, Ballarat Health Services has obtained a letter of support from the State Government and in particular, the Department of Health and Human Services, confirming that the department will continue to provide Ballarat Health Services adequate cash flow to meet its current and future obligations up to September 2019. A letter was also obtained from the previous financial year. On that basis, the financial statements have been prepared on a going concern basis.

Ballarat Health Services is dependent upon the State of Victoria via the Department of Health and Human Services, for the funding of a significant proportion of its operations.

Note 8.9: AASB's Issued that are not yet effective

Certain new Australian Accounting Standards and interpretations have been published that are not mandatory for the 30 June 2018 reporting period. The Department of Treasury and Finance assesses the impact of all new standards and advises Ballarat Health Services of their applicability and early adoption where suitable.

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

AASB Compiled Standards

Standard/ Interpretation	Summary	Applicable for annual reporting period beginning on	Impact on Ballarat Health Services financial statements
AASB 9 Financial Instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1-Jan-18	The assessment has identified that the amendments are likely to result in earlier recognition of impairment losses and at more regular intervals. 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-18	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.
AASB 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-18	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licenses that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: • the entity's right to receive payment of the dividend is established • it is probable that the economic benefits associated with the dividend will flow to the entity; and • the amount can be measured reliably	1 Jan 2018, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1-Jan-18	The assessment has indicated that there will be no significant impact for the public sector.
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1-Jan-19	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	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-19	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.

Note 8.9: AASB's Issued that are not yet effective (cont)

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-19	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.
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are current not recognised) on balance sheet.	1-Jan-19	The assessment has indicated that 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.

AASB Amending Standards
In addition to the new standards above, the AASB has issued a list of other amending standards that are not effective for the 2017-18 reporting period. In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.