2017

ANNUAL REPORT

Peninsula Health

Our Vision

Building on our strong foundations of teamwork and continuous improvement we will be a recognised leader in the provision of person-centred care.

Our Mission

Building a healthy community, in partnership.

Our Values

Our values guide the way we work together to achieve our vision and mission.

Service

- We serve our diverse community by providing accessible, responsive and personalised care

Integrity

- We are open honest, just, reasonable and ethical in our relationships

Compassion

- We understand the needs of those we serve and respond with care

Respect

- We champion the rights of individuals to be in control of their lives and be treated as equals

Excellence

- We hold ourselves accountable for achieving the best health outcomes for individuals and our community

Our Strategic Priorities

We aim to achieve our mission by focusing on seven strategic priorities:

Person Centred Care

- We treat each person as an individual and involve them in their care

Timely and appropriate healthcare

- We provide the best of care, when and where it is needed

Partnering with the community

- We involve consumers to deliver the right healthcare for our community

Our workforce

- We are driven by our values and empower our people to be the best they can be

Safety and Quality

- We deliver safe, effective care and embrace innovation

Learning, teaching and research

- We foster a culture of research and continuous learning to improve patient care

Sustainability

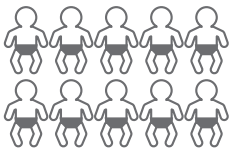
- We manage our resources efficiently and find new ways to fund future needs

CONTENTS

Year in review

95,275
people attended our emergency departments

85,625
patients were admitted to our hospitals



2,904
babies born

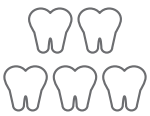
18,971
people admitted to hospital for surgery

We cared for
20,253
children (0-16 yrs)

139,590
x-rays and medical imaging procedures performed

103,754
prescription items dispensed by our Pharmacy

50,996
dental contacts provided



213,733
hours of care delivered in the community

33,895
clients monitored by our MEPACS personal alarm service

Chairperson & Chief Executive Officer's Report

Introduction

It gives us great pleasure to present the *2017 Annual Report*, which informs the Government, community, our staff and volunteers and our partners about Peninsula Health's operational and financial performance for the year ended 30 June 2017.

It has been another year of wonderful achievements for Peninsula Health, which has seen us continue to meet our financial targets, while investing heavily across the health service.

We have made significant progress over the last 12 months and we are happy to share some of these successes with you in the *2017 Annual Report*.

Major Projects

In February this year, Peninsula Health commissioned a new Short-Stay Operating Theatre at Frankston Hospital. This multi-million dollar investment brings the number of operating theatres to 10. The new Short Stay Theatre will be used for paediatric patients and less complicated procedures, which frees up much need space in our main operating theatre complex. The new theatre will allow us to treat an additional 1,500 patients per year, providing quicker access to surgery for all patients and will ensure the best of care for local residents.

In a world-first, Peninsula Health commissioned the *eyeConnect* device in our Emergency Departments at Frankston and Rosebud, in partnership with the Royal Victorian Eye and Ear Hospital. *eyeConnect* is a revolutionary tele-medicine device which allows patients presenting to the Emergency Department with eye injuries to be assessed by an eye specialist from the Royal Victorian Eye and Ear Hospital in East Melbourne. More than 2,000 people from the Mornington Peninsula travel to the city for specialist eye treatment each year. Having the device available locally – at both Frankston and Rosebud – means patients can get the care they need, close to home.

There was also a significant boost to Mental Health facilities during the year, with the opening of the *Psychiatric Assessment and Planning Unit* (PAPU) and the refurbishment of the Acute Inpatient Ward at Frankston Hospital.

PAPU is a purpose built facility which enables mental health clients to be rapidly transferred from the busy Emergency Department to a low stimulus environment for up to 72 hours. Patients are assessed before either being discharged with appropriate community support or admitted to the Acute Inpatient Ward for further treatment.

The six-bed facility is located next to the Emergency Department and has been designed to incorporate natural light and therapeutic colours and furnishings. More than 90 people have been admitted to the PAPU since it opened in May 2017.

The $1.5 million refurbishment of the Acute Inpatient Mental Health Unit, funded by the State Government, has rejuvenated the ward. New communal areas have been built and the courtyard refurbished, along with the installation of a large fish tank, providing a calming environment for patients.

We are in the final stages of planning for the $15 million Academic and Research Centre, which will be built at Frankston Hospital in partnership with Monash University. The new facility will provide state-of-the-art facilities to train the next generation of doctors, nurses and allied health professionals. This is the first stage in the development of a major health and education precinct which will transform Frankston and the Mornington Peninsula.

Master Planning

During the year, we completed a Master Plan for Frankston Hospital which will guide the development of the site over the next 10 years. In May 2017, Peninsula Health signed a Memorandum of Understanding with Frankston City Council enabling Peninsula Health to acquire and assume management responsibility of the land adjacent to Frankston Hospital which currently houses the Frankston Tennis Club. The tennis club will be relocated in 2019, providing an expansion area to redevelop the hospital over the coming decade.

Work is also underway to complete a Master Plan for Rosebud Hospital and The Mornington Centre – these plans will lay the foundations for the redevelopment and expansion of these services over the next decade. Peninsula Health has also commenced work on an Ambulatory Care Plan, to be completed by August 2017, which will guide the delivery of community services over the next 10 years.

Capital Works

Peninsula Health invested heavily in capital works for the local community during the last 12 months. Projects during the 2016-17 year included:

- **Rosebud Hospital bathroom renovations**
  Eight new bathrooms were constructed at Rosebud Hospital providing a greater state of amenity for patients. Community donations of more than $90,000 helped fund this important project which was completed in December 2016.
- **X-ray machine at The Mornington Centre**
  An x-ray machine was installed at The Mornington Centre in February. The machine has enabled elderly patients to have their radiological procedures on site at The Mornington Centre, eliminating the need for elderly patients to be transferred to Frankston Hospital for simple x-rays.
- **Frankston Car Park Redevelopment**
  The availability of car parking has been an issue for patients and visitors at Frankston Hospital. A new multi-storey car park currently under construction will provide 750 spaces. Lifts will also be installed in the existing carpark. The new carpark will be operational from December 2017.

Research

Peninsula Health's inaugural Professor of Medicine, Professor Velandai Srikanth, commenced in September 2016. In this role, Professor Srikanth will lead the implementation and expansion of research activities at Peninsula Health. Professor Srikanth is a specialist geriatrician and stroke specialist. In addition to his research portfolio, Professor Srikanth also has a senior clinical role in the Department of Medicine treating patients.

In November 2016, Peninsula Health joined *Monash Partners*, an innovative health industry, research and education collaboration, which sees public and private clinical care providers join with Monash University, and other leading research institutes, to undertake collaborative translational research to deliver improved health outcomes for patients. This is a significant step for research at Peninsula Health, which positions us among some of the best researchers in Australia.

Our researchers continue to generate impressive results, with Associate Professor Jamie Layland leading a world-first trial into the use of absorbable stents in Cardiology patients, and Associate Professor David Langton was recognised as an OAM in the Queen's Birthday Honours List for his work in thoracic medicine, including his recent breakthroughs in the *bronchial thermoplasty* procedure for chronic asthma sufferers.

Innovation

In January, Peninsula Health introduced a new model of care for geriatric patients called the *SPeED program* (Supported Patient Centred Early Discharge). *SPeED* is designed to facilitate early discharge of patients by providing a greater intensity of allied health treatment such as physiotherapy and occupational therapy. The program has been highly successful, with a 13% reduction in the time these patients are required to stay in hospital. We look forward to seeing the full year results of this innovative program.

Peninsula Health has also recently implemented an electronic referral system. Electronic referrals allow general practitioners (GPs) to send referrals to our Specialist Clinics directly from their practice via secure messaging. This innovation means GPs no longer need to print, fax or post referrals to our Specialist Clinics, providing greater information security for both doctors and our patients.

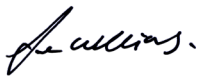
During the year, Peninsula Health became the first health service in Australia to achieve *Rainbow Tick* accreditation. Members of the Gay, Lesbian, Bisexual, Transgender, Intersex and Queer (GLBTIQ) Community Advisory Group (CAG) worked alongside Peninsula Health staff to ensure our health services are inclusive for everyone.

Volunteers

Volunteers are the heart of our health service and continue to do Peninsula Health proud, having again won an award for their service to the community. The *Friends of Carinya Auxiliary* won the Minister for Health's *'Outstanding Achievement by a Volunteer Group – Improving Public Healthcare'*. Since 1991, the Auxiliary has raised more than $100,000 for Carinya. The Auxiliary has funded improvements to the care environment, including canvas awnings, recliner wheelchairs, an outdoor barbeque and a tactile wall. Thank you to all our volunteers and community advisory groups for their ongoing support.

We hope you enjoy reading more about our achievements over the past year in our *2017 Annual Report*.

Ms Nancy Hogan
Chairperson
Peninsula Health



Ms Sue Williams
Chief Executive Officer
Peninsula Health

Report of Operations

Peninsula Health at a Glance

Our Health Service

With over 900 beds, Peninsula Health is the major public health service for Frankston and the Mornington Peninsula. The health service consists of four major sites: Frankston Hospital, Rosebud Hospital, Golf Links Road Rehabilitation Centre, The Mornington Centre; three community mental health facilities and four community health centres in Frankston, Mornington, Rosebud and Hastings.

Our services include medium-to-high complexity medical and surgical services, as well as a number of sub-specialties including emergency medicine, intensive care, obstetrics, aged care, rehabilitation, oncology, and mental health.

Frankston Hospital is a major teaching hospital, training over 75 new doctors, 100 new nurses and 30 new allied health professionals each year. We have strong relationships with Monash University and Chisholm TAFE and these relationships are expected to strengthen over the next 10 years.

We serve a population of 300,000 people, which swells to over 400,000 people during the peak tourism seasons between December and March, making us a busy health service.

Our Catchment Area

We cover the local government areas of Frankston, Mornington Peninsula and parts of the City of Kingston. The catchment extends from the bayside areas bordered by *Carrum* in the north, *Langwarrin* and *Hastings* to the east, and down to *Portsea* and *Flinders* in the south, covering an area of approximately 850 square kilometres.

Our Patients and Community

Peninsula Health's catchment has some unique demographic features and challenges including:

- higher than average rate of population ageing
- mix of wealth and extreme disadvantage
- higher than average rates of vulnerable children, homelessness and family violence
- higher than average rates of obesity and smoking
- higher than average rates of chronic diseases and mental health issues.

These factors create challenges in providing the right mix of services that respond to the needs of children, people with mental health issues, alcohol and drug addiction, and elderly residents.

Our Clinical Services

Aged Care
- Advanced Care Planning
- Aged Care Assessment Service
- Cognitive, Dementia and Memory Service
- Continence Clinic
- Falls Prevention Service
- Geriatric Medicine
- Restorative Care
- Transition Care

Allied Health
- Audiology
- Dietetics & Nutrition
- Diversional Therapy
- Exercise Physiology
- Neuropsychology
- Occupational Therapy
- Pastoral Care and Chaplaincy
- Physiotherapy
- Podiatry
- Prosthetics
- Social Work
- Speech Pathology

Community Health
- Aboriginal & Torres Strait Islander Health
- Addiction Medicine
- Aged Care Services
- Alcohol and Other Drugs Services
- Cancer Rehabilitation Program
- Cardiac Rehabilitation
- Carer Support Program
- Children's Services
- Chronic Disease Services
- Community Kitchens
- Counselling
- Dental Services
- Diabetes Education
- Dietetics
- Domiciliary Care Services
- Exercise Physiology
- Family Violence Services
- Gambler's Help
- Health Promotion
- Home Care Packages
- Homeless Outreach Program
- Hospital Admission Risk Program
- LIFE Program
- MENS Program
- Needle Syringe Program
- Nutrition
- Occupational Therapy
- Optometry
- Planned Activity Groups
- Podiatry
- Post-acute Care
- Pulmonary Rehabilitation
- QUIT Smoking Support Services
- Regional Communication Service (Adult)
- Residential In-reach
- Response Access and Discharge Service
- Self Help and Support Groups
- Sexual Health
- Supporting Vulnerable Victorians in Residential Services
- Women's Sexual Health

Emergency Medicine
- Frankston Hospital Emergency Department
- Rosebud Hospital Emergency Department

Medical Services
- Acute Care of the Elderly
- Ambulatory Services
- Cardiology
- Clinical Haematology
- Endocrinology & Diabetes
- Gastroenterology
- General Medicine
- Hospital in the Home
- Infectious Diseases
- Intensive Care Medicine
- Medical Oncology
- Neurology
- Pain Medicine
- Palliative Medicine
- Renal Medicine

Mental Health Services
- Consultation Liaison Service
- Enhanced Crisis Assessment Treatment Team and Psychiatric Triage
- Mental Health Hospital Admission Reduction Program

Aged Mental Health Services
- Aged Acute In-Patient Unit
- Aged Persons' Mental Health Team
- Carinya Residential Aged Care Unit
- Intensive Community Treatment

Adult
- Adult Acute Inpatient Unit
- Adult Prevention & Recovery Care Service
- Community Care Unit
- Community Mental Health Service
- Psychiatric Assessment and Planning Unit

Youth (16 to 25 years)
- Youth Mental Health Team
- Youth Prevention & Recovery Care Service

MePACS (Personal Alarm Call Service)

Paediatrics (Children's Health)
- Child & Adolescent Health
- Home & Community Care
- Asthma Education
- Specialist Clinics

Pathology

Radiology and Nuclear Medicine
- CT
- Interventional Radiology
- MRI
- Plain Film Ultrasound

Rehabilitation
- Inpatient rehabilitation services
- Community rehabilitation services

Community Rehabilitation services
- Elective Orthopaedic Pathways Program
- Movement Disorders Program
- Neurological Review Clinic
- Prosthetics Clinic
- Spasticity Clinic
- Stroke Detours Program

Surgical and Anaesthetic Services
- Anaesthesia & Perioperative Medicine
- Gastrointestinal Endoscopy
- General Surgery
- Maxillo Facial Surgery
- Orthopaedic Surgery
- Otolaryngology and Head & Neck Surgery (ear, nose and throat)
- Plastic & Reconstructive Surgery
- Skin Integrity – Wound Care
- Stomal Therapy
- Breast care

Women's Health
- Gynaecology
- Obstetrics
- Maternity
- Neonates
- Special Care Nursery

For further information about our services visit our website: **www.peninsulahealth.org.au**

Governance and Organisational Structure

Peninsula Health is one of 12 metropolitan public health services in Victoria. It was reconstituted on 1 July 2008 to amalgamate the previous Peninsula Health (originally constituted as a public health service in 2000) and the former Peninsula Community Health Service.

Peninsula Health is accountable to the:

- Minister for Health / Minister for Ambulance Services
- Minister for Housing, Disability and Ageing
- Minister for Mental Health

Peninsula Health comprises:

- Acute Care at Frankston Hospital and Rosebud Hospital
- Sub-Acute Care, Rehabilitation, Palliative Care and Residential services at Mornington, Frankston and Rosebud
- Mental Health services at Frankston, Hastings and Rosebud
- Community Health services at Frankston, Rosebud, Mornington and Hastings.

Peninsula Health employs over 5,000 staff and is supported by 800 volunteers and auxiliary members.

Governance

Peninsula Health's Board of Directors is appointed by the Governor in Council on the recommendation of the Minister for Health. Directors are usually appointed for a term of three years, with members eligible to apply for reappointment. The Minister for Health requires the Board to develop a Strategic Plan and to ensure accountable and efficient provision of health services.

The Board of Directors is responsible for the governance and strategic direction of Peninsula Health and works to ensure the services provided by Peninsula Health comply with the requirements of the Health Services Act 1988 as well as the mission, vision and goals of Peninsula Health.

During 2016/17, the Minister for Health and the Chair of Peninsula Health signed a Statement of Priorities of agreed funding, activity and service performance.

The Board held 11 meetings in the financial year 1 July 2016 to 30 June 2017. At these meetings, members of the Peninsula Health Executive regularly presented reports on their areas of responsibility.

Board of Directors

as at 30 June 2017

Ms Nancy Hogan BA (Hons) Poli Sci GradDipRehab Studies MBA FACHSM MAICD

Chairperson
Appointed to the Board 1 July 2007;
Appointed as Chairperson July 2012

Ms Hogan is an experienced health and not-for-profit executive. She has held a number of senior roles including: Executive Director Health and Aged Care Galante Business Solutions; former President of Aged and Community Care Australia and Australian College of Health Service Executives; former Board Director HESTA and Industry Funds Management Advisory Board; current Board Chair Melbourne General Practice Network.

Professor Henry Ekert AM MBBS MD FRACP
Appointed 1 July 2011

Professor Ekert is a clinical paediatric haematologist /oncologist. He has held a number of senior roles in health care including as Director Division of Medicine, Royal Children's Hospital, President of the Clinical Oncological Society of Australia, and Advisor on haematology to the Commonwealth Department of Health and Ageing.

Mr Jonathan Tribe BA MAdmin
Appointed 1 July 2011

Mr Tribe is currently the Chief Executive Officer of Federation Square. He is a senior executive with over 36 years' experience managing high profile organisations delivering a diverse range of critical services in the public and private sectors. Mr Tribe is currently a Board member of Royal Melbourne Hospital Neuroscience Foundation, and the former Chief Executive of Western Hospital and the Royal Melbourne Hospital. He was also formerly Managing Director of Delaware North Companies International, and CEO of the Southern Metropolitan Cemeteries Trust.

Ms Erika Wilke BA GradDipSoc DipFinPlanning CFP
Appointed 1 July 2011

Ms Wilke is the Director PrimeCare Financial Planning and has experience in aged care sector having co-authored Retirement Living and Aged Care – the Australian Master Financial Planning Guide.

Dr Nathan Pinskier MBBS, FRAGCP, FAAQHC, FAAPM, Dip Prac Man, CPM
Appointed 15 September 2015

Dr Pinskier is a Melbourne GP with a long-standing involvement in primary health care, digital health, accreditation and practice management. He is a director and co-owner of a Melbourne based group of general practices Medi7. He is the chair of the RACGP Expert Committee for eHealth & Practice Systems and the medical director of the Doctor Locum Medical Service in Melbourne. Nathan is also the co-chair of Australian Digital Health Agency Secure Messaging program and the President of the newly formed General Practice Deputising Association.

Ms Allison Smith B Acc, GAICD, CA (Australia and Scotland)
Appointed 26 April 2016

Ms Smith has held senior retail, merchandise, marketing, supply chain and finance roles in some of Australia's most influential organisations. Allison specialises in growth and value creation and has delivered significant value to the organisations in which she has operated.

Mr Naim Melhem Exec Cert Public Policy in Management, Dip Finance & Mortgage Broking Management, Mortgage consultant Qualifying Certificate, Cert IV in Finance Mortgage Broking, Accredited Central Coach Certificate
Appointed 30 June 2016

Mr Melhem is a Senior Manager with Arab Bank Australia. He has held positions of Councillor and Mayor for the City of Greater Dandenong. He was a Board Director for Southern Health from 2001 to 2009 where he served as Chairman of the Community Advisory Committee. He was also a member of Southern Health's Audit and Finance Committees.

Ms Peta Murphy BSc, LLB, MCrim, GAICD
Appointed 11 October 2016

Ms Murphy is a lawyer whose career has included practising as a barrister, working as a Senior Public Defender at Victoria Legal Aid, and leading a team at the Victorian Law Reform Commission. She has extensive experience in administrative and criminal law, and in strategic planning and policy development. Ms Murphy is a Graduate of the Australian Institute of Company Directors. She currently serves on the Committee of the Frankston based Peninsula Waves Netball club, the Peninsula Community Support Foundation, on the Governance and Audit Commission of the World Squash Federation, is a past President of Squash and Racquetball Victoria and Vice President of Squash Australia.

Board Members who retired prior to 30 June 2017

Ms Bronwyn Lewis
Appointed 1 October 2014; Retired 18 April 2017

Board Committees

as at 30 June 2017

Seven committees provide specialist advice and support to the Board. The committees also assist the Board and senior management to meet the statutory, regulatory and operational requirements of the Health Service.

Finance & Resources Committee

The Finance & Resources Committee reviews all financial matters, management information and internal control systems, and considers and makes recommendations to the Board on major and minor works.
Board members: Allison Smith (Chair), Nancy Hogan, Jonathan Tribe, Erika Wilke.

Audit & Risk Committee

The Audit & Risk Committee meets quarterly and at any other time as requested by the Peninsula Health Board, any Committee member, the internal auditor or the Auditor-General. The Committee liaises with the internal and external auditors, reviews and approves audit programs and evaluates the adequacy and effectiveness of the overall governance framework operating within Peninsula Health. The Committee receives reports via the compliance monitoring framework and monitors all risk management activities for Peninsula Health.
Board members: Jonathan Tribe (Chair), Allison Smith, Peta Murphy, Naim Melhem.

Quality & Clinical Governance Committee

The Quality & Clinical Governance Committee meets regularly to monitor quality and improve the quality and effectiveness of the care provided by Peninsula Health. The Committee is also responsible for the clinical risk management activities, which are integrated with its quality systems.
Board members: Nathan Pinskier (Chair), Nancy Hogan, Bronwyn Lewis, Henry Ekert.

Medical Staff Association

The Medical Staff Association consider clinical matters brought forward through the Chair of the Medical Staff Association.
Board members: Nancy Hogan (Chair), Henry Ekert, Jonathan Tribe.

Research and Academic Committee

The Research and Academic Committee provides expert advice to the Board on all matters relating to research and the appointment of academic and research leadership positions. The Committee is responsible for oversight of Peninsula Health's research governance framework and the ongoing implementation and review of Peninsula Health's Research Strategic Plan.
Board members: Henry Ekert (Chair), Dr Nathan Pinskier.

Community Advisory Committee

The Community Advisory Committee brings the voices of the community and consumers into the decision-making processes of Peninsula Health to ensure services are responsive to the needs of our diverse community. Members provide information and advice on needs, demands, and service developments from a community perspective. The Committee is supported by 13 Community Advisory Groups.
Board members: Bronwyn Lewis (until 18 April 2017), Erika Wilke, Naim Melhem.

Primary Care & Population Health Committee

The Primary Care & Population Health Committee works to create effective linkages between Peninsula Health and primary care providers to coordinate the delivery of care in the community. The committee oversees catchment-wide primary care coordination through implementation of The Peninsula Model.
Board members: Attendance is optional.

Remuneration Committee

The Remuneration Committee meets as required to review performance and determine remuneration of executive management.
Board members: Nancy Hogan (Chair), Allison Smith, Jonathan Tribe.

Senior Medical & Dental Staff Appointments Committee

The Senior Medical & Dental Staff Appointments Committee makes recommendations to the Board of Directors in relation to the appointment of senior medical and dental staff.

Peninsula Health Organisational Structure

as at 30 June 2017

Peninsula Health Board of Directors

Chief Executive Officer
Ms Sue Williams BBus MBA, RN, ICU Cert, GAICD

Office of the CEO

Corporate & Community Relations
Ms Amy Johnston

Legal Services
Ms Trudy Ararat

Executive Director, Finance and Deputy CEO
Mr David Anderson BCom MCom FAHSFMA GAICD

Operational responsibilities: • Finance • Payroll • Supply • Revenue Services • Management Information Services
Strategic responsibilities: • Risk Management • Strategic Procurement
Portfolios: • Audit and Risk Committee • Finance and Resources Committee • Chief Procurement Officer

Chief Operating Officer – Acute
Mr Brendon Gardner BAppSc (HIM) MHA AFCHSM

Operational responsibilities: • Frankston Hospital • Emergency Medicine • Surgery • Intensive Care • Outpatients • General Medicine • Women's Health • Paediatrics • Health Information Services (HIS)

Chief Operating Officer – Sub-acute & Community Care
Ms Lyn Jamieson BAppSc (Speech Pathology)

Operational responsibilities: • Mental Health • Sub-Acute • Community Health • Rosebud Hospital • Residential Care • Allied Health • Ambulatory Care • Interpreter Services • Clinical Systems
Strategic responsibilities: • Primary Care Interface – Peninsula Model • Allied Health Workforce
Portfolios: • Primary Care and Population Health Committee • Falls Prevention • Skin Integrity • Deteriorating Patient

Executive Director, Medical Services
Dr Timothy Williams MBBS MPH FRACMA FACRRM

Operational responsibilities: • Clinical Governance • Infection Control • Pharmacy • Radiology • Pathology • Research • Medicolegal • GP Liaison • Medical Education • Medical Workforce Unit • Library • Patient Transport
Strategic responsibilities: • Peninsula Clinical School • Medical Workforce Plan
Portfolios: • Senior Medical and Dental Staff Appointments Committee • Human Research and Ethics Committee

Executive Director, Nursing & Midwifery
Ms Fiona Reed RN MNursing, Grad Cert BusMmgt

Operational responsibilities: • Continuing Education and Development Unit • Workforce Bureau • Quality & Innovation, Patient Safety, Customer Services and Accreditation
Strategic responsibilities: • Nursing Workforce Plan
Portfolios: • Consumer Participation • Volunteer Services

Executive Director, Human Resources
Ms Kelly Gillies MHROD CAHR

Operational responsibilities: • HR Consulting and Operations • Workforce Health and Safety • Employee Relations • Organisational Development • Workforce Planning
Strategic responsibilities: • Human Resources & Workforce Strategy

Executive Director, Planning & Infrastructure
Mr Peter Lotz B.Sc (Engineering), MBA

Operational responsibilities: • Planning • Infrastructure • Facilities Management • Support Services • Information Technology and Communications • MEPACS
Strategic responsibilities: • Strategic Planning
Portfolios: • Project Control Groups • Joint Capital Steering Committee • PSAs (professional issues)

Occupational Health and Wellbeing

Workforce development

Workplace Culture & Engagement

To deliver world class healthcare to our community, all staff need to be engaged in delivering excellent patient experiences and outcomes. Peninsula Health has consulted widely with staff about what aspects of our workplace culture are great, and what we can further improve to achieve greater employee and patient experience.

A Culture and Engagement Strategy has been developed to ensure all staff are empowered and developed to deliver on Peninsula Health's vision.

Leadership Development

Peninsula Health is investing in developing our current and future leaders. The new *Peninsula Health Leadership Academy* was launched in February with a pilot program for front line managers. This program provides leading evidence-based development on engaging staff in a positive workplace culture, coaching and developing our workforce, and managing the key leadership responsibilities.

Workforce Wellbeing Program

A comprehensive Workplace Wellbeing program has been implemented to ensure all staff are able to access resources and support to improve their physical and mental wellbeing. Access to counselling services, physiotherapy services and a variety of other resources have been implemented to make sure we are caring for our staff, to enable them to care for our community.

Occupational Health and Safety

Safety Management System

Peninsula Health has undertaken a comprehensive review of its safety management system to ensure the health and safety of our workforce is prioritised and well managed. The review found that a commitment to and responsibilities for occupational health and safety were well understood throughout the organisation.

Improvements in Occupational Health and Safety

During 2016–17, there was a significant improvement in occupational health, with reductions across all injury types and a reduced number of WorkCover claims. This was achieved through a strong focus on prevention of occupational violence and manual handling injuries, along with an organisation wide commitment to early support and response to health and safety incidents and injuries.

Equal Opportunity and Code of Conduct

Peninsula Health complies with Equal Employment Opportunity principles in relation to recruitment and employment. The Code of Conduct forms part of the employment contract and appropriate workforce conduct is reinforced by performance management and discipline processes.

Occupational Violence

The incidence of aggression and violence against our staff and volunteers has increased in recent years.

A comprehensive strategy was developed during the year to reduce the incidence of occupational violence in our hospitals. The strategy includes a community awareness campaign which outlines expected behaviour of patients and visitors, increased security resources including the use of body cameras on the uniforms of our security guards to monitor aggressive and violent behaviour, and training for all staff.

Our Workforce

Peninsula Health Employees 2016–17

Labour category	JUNE Current Month FTE		JUNE YTD FTE	
	2016	2017	2016	2017
Nursing	1,576.46	1,649.97	1,564.76	1,597.69
Administration & Clerical	511.08	507.75	502.16	504.86
Medical Support	320.90	325.17	309.16	322.88
Hotel & Allied Services	360.46	353.46	361.64	352.86
Medical Officers	59.16	55.00	60.70	58.81
Hospital Medical Officers	304.47	294.70	289.28	294.00
Sessional Clinicians	74.68	82.27	70.65	75.72
Ancillary Staff (Allied Health)	395.73	403.48	371.75	394.38
Total	3,602.93	3,671.80	3,530.10	3,601.20

WorkCover performance

				Nature of Claim C(>10 shifts bracketed)			
Year	Total Claims	Time Lost Claims	>10 Lost Shifts	Aggression	Patient Handling	Manual Handling	Other
2010–11	112	77	34	7 (0)	27 (5)	36 (11)	42 (15)
2011–12	89	66	24	7 (0)	12 (4)	31 (9)	39 (11)
2012–13	112	87	26	18 (6)	25 (5)	19 (4)	50 (11)
2013–14	66	47	29	4 (1)	22 (10)	19 (8)	21 (10)
2014–15	77	56	32	9 (2)	16 (10)	24 (8)	29 (11)
2015–16	55	44	37	4 (4)	14 (11)	13 (5)	24 (17)
2016–17	26	24	11	2 (0)	6 (2)	9 (4)	9 (5)

Occupational violence statistics	2016-17
1. Workcover accepted claims with an occupational violence cause per 100 FTE	0.0279
2. Number of accepted Workcover claims with lost time injury with an occupational violence cause per 1,000,000 hours worked.	0.1355
3. Number of occupational violence incidents reported	579
4. Number of occupational violence incidents reported per 100 FTE	16.17
5. Percentage of occupational violence incidents resulting in a staff injury, illness or condition	14.5%

Definitions

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

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

Incident – occupational health and safety incidents reported in the health service incident reporting system. Code Grey reporting is not included.

Accepted Workcover claims – Accepted Workcover claims that were lodged in 2016-17.

Lost time – is defined as greater than one day.

General Information

Building Act 1993

During 2016-17, Peninsula Health complied with the building and maintenance provisions of the *Building Act 1993*.

Carers Recognition Act 2012

Peninsula Health takes all practicable measures to ensure that:

- our employees and agents have an awareness and understanding of the care relationship principles;
- people who are in care relationships and who are receiving services in relation to the care relationship from the care support organisation have an awareness and understanding of the care relationship principles; and
- our employees and agents reflect the care relationship principles in developing, providing or evaluating support and assistance for people in care relationships.

Freedom of Information

Peninsula Health uses reasonable endeavours and takes all practicable measures to ensure compliance with the *Freedom of Information Act 1982*.

During 2016–17, we received 731 requests for information, as follows:

552	Access granted in full
60	Access granted in part
3	Access denied in full
17	Withdrawn
15	Not proceeded with
24	No documents exist
60	Not finalised as of 30 June 2017

National Competition Policy

Peninsula Health takes all practicable measures to ensure compliance with the National Competition Policy and Competitive Neutrality Policy Victoria. Measures include:

- requirement for staff to declare conflicts of interest;
- compliance with Health Purchasing Victoria probity policies; and
- probity principles embedded in procurement.

Protected Disclosure

Peninsula Health has a Protected Disclosure Policy that is in force to ensure that Peninsula Health:

- complies with the *Protected Disclosure Act 2012 (Vic)*;
- maintains an awareness amongst employees, officers and the general public of the *Protected Disclosure Act*;
- protects from detrimental action any person who makes a protected disclosure; and
- investigates any complaint made to the organisation.

Safe Patient Care Act 2015

Peninsula Health takes all practicable measures to ensure compliance with the Safe Patient Care Act 2015. Measures include:

- Development of a Clinical Practice Guideline to guide the implementation of the Safe Patient Care Act 2015; and
- Implementation of an Escalation Flowchart to avoid Nursing EBA breaches with clear guidelines and an assessment tool for management including redeployment of staff, authorisation of overtime, and closure of beds for severe instances when the appropriate level of staffing is unavailable.

Contracts

Victorian Industry Participation Policy

During 2016-17, Peninsula Health did not enter into any contracts under the *Victorian Industry Participation Policy Act 2003* guidelines other than those reported on behalf of Peninsula Health by the Department of Health & Human Services.

Car Parking Fees

Peninsula Health complies with the DHHS hospital circular on car parking fees. Details of car parking fees and concession benefits can be viewed on our website: **www.peninsulahealth.org.au/patientvisitor-information/parking-information**

Information and Communication Technology

Information and Communication Technology (ICT) expenditure

The total ICT expenditure incurred during 2016-17 was $11,668,967 (excluding GST), as shown below:

Business As Usual ICT expenditure (Total)	Non Business As Usual ICT expenditure (Total= Operational expenditure and Capital Expenditure)	Operational expenditure	Capital expenditure
$8,572,131	$3,096,836	$735,020	$2,361,816

Consultancy Information

In 2016–17, Peninsula Health engaged five consultancies where the total fees payable to the consultants were less than $10,000 (exclusive of GST) per consultancy – the total expenditure on these consultancies was $26,014 (exclusive of GST).

Peninsula Health engaged six consultancies where fees payable to the consultants were $10,000 or more (exclusive of GST) – the total expenditure on these consultancies was $195,530.45 (exclusive of GST).

Details of consultancies over $10,000 (excl. GST):

Consultant	Purpose of Consultancy	Start date	End date	Total approved project fee	Expenditure 2016-17	Future expenditure
Carney Associates	Issuing of Licence for MRI	1 Jul 2015	30 Sep 2016	$35,000	$10,500	Nil
Dr Geoffrey R Ambler & Fergus Cameron Pty Ltd	Diabetic Services Review of Paediatric	1 Feb 2017	31 Mar 2017	$15,000	$14,000	Nil
Fletcher Tymms	Project Consultant for major works	1 Apr 2016	Ongoing	$200,000	$131,000	$69,000
Angeg Business Consulting	Review Medical Staff Remuneration and Rostering	1 Jul 2016	30 Nov 2016	$20,000	$12,375	Nil
Red Fox Group	Contract review and Service Improvement advice.	1 Jul 2016	31 Dec 2016	$20,000	$10,000	Nil
The University of Melbourne	Support and plan response for Alcohol and Drug Program.	20 Dec 2016	28 Feb 2017	$17,655	$17,655	Nil
Total					$195,530	

Details of government advertising expenditure

Campaigns with a media spend of $100,000 or greater (excl.GST) during the year include:

Name of Campaign	Campaign Summary	Start/ End date	Advertising (Media) Expenditure 2016-17	Creative and campaign development Expenditure 2016-17	Print and collateral Expenditure 2016-17	Other Campaign Expenditure 2016-17	Total
MePACS launch (Vic)	Launch of MePACS private product in Victoria	July 2016-June 2017	$309,009	$26,200		$14,800	$350,009
MePACS launch (NSW)	Launch of MePACS private product in NSW	April 2017-June 2017	$172,000		$15,000	$13,000	$200,000

Environmental Performance

Peninsula Health is committed to reducing its environmental impact while continuing to deliver high-quality healthcare. A summary of the Environmental Management Plan is available on our website.

Environmental Report – 2016-17

GREENHOUSE GAS EMISSIONS			
Total greenhouse gas emissions (tonnes CO2e)	**2014-15**	**2015-16**	**2016-17**
Scope 1	3,626	3,671	3,617
Scope 2	22,389	23,215	22,293
Total	**26,015**	**26,886**	**25,911**
Normalised greenhouse gas emissions			
Emissions per unit of floor space (kgCO2e/m2)	247.23	255.51	245.28
Emissions per unit of Separations (kgCO2e/Separations)	354.03	334.39	334.68
Emissions per unit of bed-day (LOS+Aged Care OBD) (kgCO2e/OBD)	101.19	100.02	102.50
STATIONARY ENERGY			
Total stationary energy consumption by energy type (GJ)			
Diesel Oil in Buildings	N/A	141	170
Electricity	68,307	73,958	73,629
Natural Gas	70,633	71,080	69,930
Fleet Vehicles	N/A	N/A	4,150
Total	**138,940**	**145,180**	**147,880**
Normalised stationary energy consumption			
Energy per unit of floor space (GJ/m2)	1.32	1.38	1.40
Energy per unit of Separations (GJ/Separations)	1.89	1.81	1.91
Energy per unit of bed-day (LOS+Aged Care OBD) (GJ/OBD)	0.54	0.54	0.59
WATER			
Total water consumption by type (kL)			
Potable Water (estimated for small site water capture)	104,192	99,783	102,909
Reclaimed Water	1389	2550	2910
Total	**105,581**	**102,333**	**105,819**
Normalised water consumption (Potable)			
Water per unit of floor space (kL/m2)	0.99	0.95	0.97
Water per unit of Separations (kL/Separations)	1.42	1.24	1.33
Water per unit of bed-day (LOS+Aged Care OBD) (kL/OBD)	0.41	0.37	0.41
Water re-use and recycling			
Re-use or recycling rate % (Class A + Reclaimed / Potable + Class A + Reclaimed)	1%	2%	3%

Estimates have been used for Water usage for March to June 2017 (inclusive) due to billing and data lag.
Estimates have been used for Energy usage for June 2017 due to billing and data lag.

Key Financial and Service Performance Reporting

Statement of Priorities

The *Victorian Priorities Framework 2012–2022* outlines the Victorian Government's priorities and policy directions. Over the past year, Peninsula Health has worked towards the achievement of these priorities as described in the *2016–17 Statement of Priorities* agreed with the Minister for Health.

Domain	Action	Deliverables	Outcome
Quality and safety	Implement systems and processes to recognise and support person-centred end of life care in all settings, with a focus on providing support for people who chose to die at home.	Active program of Resuscitation plans to maximise autonomous patient choice for Limiting Life Prolonging Therapies. Consideration and active planning for possible option to return home with view to organise support to die at home in all discharge planning processes.	**In progress.** The electronic recording and uploading of patient/power of attorney – signed resuscitation plans has been enabled, to enhance the organisation-wide visibility of the agreed resuscitation plans. The Electronic Discharge Planning project incorporates end of life planning documentation, with implementation to be completed May 2018.
	Advance care planning is included as a parameter in an assessment of outcomes including: mortality and morbidity review reports, patient experience and routine data collection.	Enhanced Systems in place for recognition of existing Advanced Care Planning/Advanced Care Directives/ Medical Enduring Power of Attorney's for all acute and subacute inpatients, for example: Alerts on electronic medical record and written prompt for nursing staff on patient admission and assessment risk screening tool.	**Achieved.** Advance Care Planning (ACP) is now included as a parameter in an assessment of outcomes which includes: • Mortality and morbidity review process • Patient Admission and Assessment Risk Screening Tool (PAARS) includes a question re ACP • Compliance audit undertaken on PAARS - key performance indicator • Alert on the electronic medical record (Cerner). Working Party established to prepare for commencement of the Medical Treatment Planning and Decision Act in March 2018. The Clinical Risk team is liaising with DHHS in respect of the development and implementation of Instructional and Values Advanced Care Directives and education programs for hospital staff.

Domain	Action	Deliverables	Outcome
Quality and safety	Progress implementation of a whole-of-hospital model for responding to family violence.	Peninsula Health is a member organisation of 'Preventing Violence Together – A Strategy for the Southern Metropolitan Region'. This is a five-year primary prevention strategy with the vision to create a region where women have equality and respect – and where women and their children live free from violence. The framework utilises strategic pillars as outlined below. • Strategic Pillar 1 - Leadership through Partnership • Strategic Pillar 2 - Organisational Transformation • Strategic Pillar 3 - Community Change • Strategic Pillar 4 - Evidence Informed • Strategic Pillar 5 - Sustaining Momentum An example of an action from Strategic Pillar 2 is the current draft development of a gender equity policy. Other deliverables at PH include: • Screening and response approach implemented across key programs: Women's, Alcohol and Other Drug (AOD), Child Health, Mental Health • Active participation in the Safer Communities Steering Committee	**In progress.** • A policy review completed to ensure family violence is addressed in relevant policies. • A Clinical Practice Guideline (CPG) 'Family Violence Response and Referral' has been developed and implemented to provide practical guidance to clinicians. • A training schedule for this CPG has been developed for Emergency Department and Maternity Services. Local family violence providers will assist in the rollout of training.
	Develop a regional leadership culture that fosters multi-disciplinary and multi organisational collaboration to promote learning and the provision of safe, quality care across rural and regional Victoria.	MOU with Bass Coast and Warragul Health accepting cardiology patients directly to Frankston Hospital for acute coronary care/ intervention	**Achieved.**
		MOU with Alfred Health to ensure patients requiring neurosurgical management are referred, transferred and treated in an appropriate timeframe (July 2016)	**Achieved.**
		MOU with Alfred Health to provide onsite care for thoracic patients (November 2016)	**In progress.** Bilateral meetings have occurred, and actions identified to increase thoracic surgery self-sufficiency at Frankston Hospital. Thoracic advice and transfer of patients to Alfred Health operational, and actions identified to improve Thoracic Cancer MDT pathways for Mornington Peninsula patients referred to Alfred Health. Expected completion December 2017.
		Monash Health representation on obstetric Mortality and Morbidity Committee	**Not Achieved.** Monash Health not able to commit to attendance at monthly evening meetings. However, Monash invited to (and attended) annual meeting where year's outcomes are presented. Strong links and regular meetings developed with Monash to ensure local CPG development aligns with Monash.
	Establish a foetal surveillance competency policy and associated procedures for all staff providing maternity care that includes the minimum training requirements, safe staffing arrange-ments and ongoing compliance monitoring arrangements.	Clinical Practice Guideline developed in line with Monash Health to prescribe mandatory training requirements and competency levels	**Achieved.**
		100% of midwives have completed RANZ-COG online FSEP training by Jan 2017	**In progress.** Online training deferred until all staff have completed face-to-face training program.
		100% of midwives have completed full day face to face FSEP training by June 2017	**In progress.** 84% of staff have completed training. The remaining 16% of staff are scheduled to complete the training in December 2017.

Domain	Action	Deliverables	Outcome
Quality and safety	Use patient feedback, including the Victorian Healthcare Experience Survey to drive improved health outcomes and experiences through a strong focus on person and family centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first.	Continue to develop consumer representative roles to support partnering with patients and carers.	**Achieved.**
		Implement strategies which ensure health literacy needs of patients and carers are considered. Strategies include provision of Easy English Training for members of the Consumer Information Steering Committee, a targeted education campaign for clinicians in relation to the Institute for Healthcare Improvement recommendations as part of a PH Health Literacy Week. And a targeted "Drop the Jargon" campaign as part of the Person Centred Care strategy.	**Achieved.**
	Develop a whole of hospital approach to reduce the use of restrictive practices for patients, including seclusion and restraint.	Training program in place to roll out best practise guidelines developed in Mental Health.	**Achieved.** Whole of hospital review of compliance with restraint policy was undertaken. The policy was improved in regard to use of restraint in the acute hospital setting. Junior doctor training was implemented and conducted to ensure competence. Education sessions conducted in escalation of decision making, and least restrictive practices.
		Committed to a vision, set of guiding principles and objectives that underpin an evidence based redesigned model of care to better meet the current and changing needs of the local community.	**Achieved.** Implementation of Safewards Program to reduce conflict and containment in acute psychiatric settings. Peninsula Health is the first service nationally to implement this program in an acute medical ward.
	Ensure the development and implementation of a plan in specialist clinics to: (1) optimise referral management processes and improve patient flow through to ensure patients are seen in turn and within time; and (2) ensure Victorian Integrated Non-admitted Health (VINAH) data accurately reflects the status of waiting patients.	Implementation of a standardised referral management process across all areas, with referral data entry on receipt and weekly review of data integrity.	**In progress.** To be completed July 2017.
		Waiting lists (where applicable) audited 6 monthly.	**Achieved.**
		Development of internal reporting mechanisms to ensure: a) data is regularly reviewed and updated as required b) models of care best support patient flow.	**Achieved.**
	Ensure the implementation of a range of strategies (including processes and service models) to improve patient flow, transfer times and efficiency in the emergency department, with particular focus on patients who did not wait for treatment and/or patients that re-presented within 48 hours.	Primary Care Clinic established and Consultant triage hours extended	**Achieved.**
		Infusion centre established and 'Ready to Go' process implemented across all Units and Wards	**Achieved.** Infusion Centre opened in August 2016.
		Paediatric Short Stay Observation Area and daily review of 'Did Not Waits' (DNW) and daily review of representations	**In progress.** Commenced and ongoing.

Domain	Action	Deliverables	Outcome
Quality and safety	Identify opportunities and implement pathways to aid prevention and increase care outside hospital walls by optimising appropriate use of existing programs (i.e. the Health Independence Program or telemedicine).	Implementation of a new Community Health Independence Program (HIP) program that integrates currently siloed HIP programs (based on the UK's virtual ward model), inclusive of telemedicine being used in residential aged care facilities to support efficiency of the model.	**In Progress.** Commenced and ongoing.
		Implementation of HealthLinks Program	**In Progress.** Commenced and ongoing.
	Increase the proportion of patients (locally and across the state) who receive treatment within clinically recommended time for surgery and implement ongoing processes to ensure patients are treated in turn and within clinically recommended timeframes.	Dedicated day theatre commissioned in February 2017	**Achieved.** Theatre opened in February 2017.
		Additional consultant only lists for orthopaedics, urology and ENT commenced July 2016	**Achieved.**
		Hysteroscopy list Rosebud Hospital to commence October 2016	**Achieved.**
		Internal review of Theatre processes to be completed by September 2016	**Achieved.**
		Full year effect of 9th Theatre (Hybrid)	**Achieved.**
	Develop and implement a strategy to ensure the preparedness of the organisation for the National Disability and Insurance Scheme (NDIS) and Home and Community Care program (HACC) transition and reform, with particular consideration to service access, service expectations, workforce and financial management.	Project team in place to transition aged care services as part of the Commonwealth's Aged Care Reforms and prepare PH for future changes required to respond to NDIS and further Aged Care reforms.	**Achieved.**
		Steering Committee established to oversee the implementation of strategies to address Aged Care and NDIS reforms.	**Achieved.**
		Action plan developed which includes an organisational self-assessment to assess NDIS readiness and project worker appointed to coordinate implementation of Aged Care and NDIS reforms.	**In progress.** Commenced and ongoing. Project Worker appointed, work continues on self-assessment. To be completed by December 2017.
		Member of broader state-wide NDIS Working Group for all health services	**Achieved.**
	Develop and implement strategies within their organisation to ensure identification of potential organ and tissue donors and partner with DonateLife Victoria to ensure that all possible donations are achieved.	Regular meetings and review with DonateLife to identify opportunities for increased identification of potential donors and full compliance with DonateLife reporting requirements.	**Achieved.**

Domain	Action	Deliverables	Outcome
Supporting healthy populations	Support shared population health and wellbeing planning at a local level – aligning with the Local Government Municipal Public Health and Well-being plan and working with other local agencies and Primary Health Networks.	Implementation of an agreement with both local councils to undertake an integrated planning process for the development of new plans in 2017 (IHP and Municipal Public Health Plans).	**Achieved.** Actively working with Mornington Peninsula Shire and Frankston City Councils to align 4-year Health Promotion Plan with Municipal Public Health Plans. Plans due end of October 2017 to government.
		Ambulatory Service Plan for Frankston and Mornington Peninsula to be completed in December 2016	**In Progress.** Ambulatory Services Plan to be completed by August 2017.
	Focus on primary prevention, including suicide prevention activities, and aim to impact on large numbers of people in the places where they spend their time adopting a place based, whole-of-population approach to tackle the multiple risk factors of poor health.	Assertive outreach services to homeless people including Health Independence Program, Community Aged Care Packages and Dental services expanded.	**Achieved.** A Senior AOD clinician added to Mental Health Homelessness team. Formal evaluation showed positive results. Home Care Packages expanded in February to provide all package levels. Growth in number of packages under management from 30 to 36 packages. In partnership with WAYSS, providing nursing assessment and care coordination in two rooming houses in Frankston to improve linkages with both health and community services. Community Dental services expanded to Frankston North through use of a portable mobile chair.
		Paediatric outreach service at Mahogany Rise Primary School extended into pre-schools	**Achieved.** Service expanded to Rosebud, Hastings, Mornington.
		Continued participation in a multisector strategic project underway to address alcohol and drug issues in Frankston which reports to the Frankston Train Station Redevelopment Board, called Responding to alcohol and drug issues in the Frankston Mornington Peninsula (RAD-FMP)	**Achieved.** Plan developed with actions to address the causal factors for AOD use.
		Development of a whole of community approach, inclusive of social inclusion, cultural identity, education, employment, financial security across all of mental health with the aim of reducing and preventing suicide	**Achieved.** Integration of Access, Planning & Suicide Prevention Coordinator across Mental Health services.
		Realignment of current mental health model of care to identify clinical deterioration ensuring timely access to services with the aim of preventing suicide	**Achieved.** Integration of the Access, Planning & Suicide Prevention Coordinator.
		Utilisation of the Population Health Planning Paper (2015) to inform the Mental Health Service Plan (2016) to better understand our community needs and to respond to the target groups identified	**Achieved.** Informed decision makers on how to improve service provision that will decrease inequalities and respond to ongoing population change

Domain	Action	Deliverables	Outcome
Supporting healthy populations	Develop and implement strategies that encourage cultural diversity such as partnering with culturally diverse communities, reflecting the diversity of your community in the organisational governance, and having culturally sensitive, safe and inclusive practices	Continue implementation of the Disability Action Plan in collaboration with the Disability Community Advisory Group	**Achieved.**
		Continue implementation of an organisation wide Diversity Training package	**Achieved.**
		Continue implementation of the 2015 – 2017 Cultural and Linguistic Diversity plan in collaboration with the Disability Community Advisory Group	**Achieved.** 2017-2019 CALD Action Plan launched by CEO on Harmony Day (March 2017). Progress of action plan monitored by CALD Community Advisory Group and the Diversity Steering Committee.
	Improve the health outcomes of Aboriginal and Torres Strait Islander people by establishing culturally safe practices which recognise and respect their cultural identities and safely meets their needs, expectations and rights.	PH's second Reconciliation Action Plan (Innovate) launched 4 July 2016.	**Achieved.** All actions in the Reconciliation Plan are being progressed. Highlights include: • Peninsula Health supported NAIDOC Week activities in July 2017 • 3 training sessions delivered • Aboriginal Artwork has been purchased and installed in outpatients, maternity and dental • 3 new Aboriginal traineeships.
		Continued roll out of cultural safety training across PH, and implementation of an online module	**Achieved.** Continued rollout of Diversity Training, with four sessions provided during year
	Drive improvements to Victoria's mental health system through focus and engagement in activity delivering on the 10 Year Plan for Mental Health and active input into consultations on the Design, Service and infrastructure Plan for Victoria's Clinical mental health system.	Mental Health Service Plan completed by August 2016	**Achieved.**
		Service plan used to help inform 10 year Mental Health plan	**Achieved.**
		6-bed PAPU operational by June 2017	**Achieved.** PAPU opened May 2017
		Increased service access through broadening ambulatory service including Child and Adolescent Mental Health Services.	**Achieved.** Implementation of the MH Service redesign
		Further develop collaborative partnerships between Monash Mental Health to further improve service access for young people within the Peninsula Mental Health catchment	**In Progress.** Commenced and ongoing.
		Community services expanded to better meet the needs of the MP Shire's aging population	**Achieved.** New Mental Health Service Plan Model of Care includes the expansion of aged and adult community mental health services, the employment of peer support workers and additional specialist clinical staff
		Seek consumer and carer experiences on accessing and receiving services and incorporating findings into our ongoing strategic approach to service development	**Achieved.** Consumer and carer experiences incorporated into the development of new Service Plan.
		Provision of a wider range of multi-disciplinary therapeutic interventions across a range of settings, e.g. peer support workers, allied health staff, housing support officer, forensic clinical specialist, dual diagnosis specialist	**Achieved.** Development of a capable workforce, inclusive of clinical specialists and expansion of the peer workforce
		Development of a comprehensive strategy for recruitment, retention of a specialist mental health workforce, inclusive of a lived experienced workforce	**Achieved.**

Domain	Action	Deliverables	Outcome
Supporting healthy populations	Using the Government's Rainbow eQuality Guide, identify and adopt 'actions for inclusive practices' and be more responsive to the health and wellbeing of lesbian, gay, bisexual, transgender and intersex (LGBTI) individuals and communities.	Review and update of the Rainbow tick GAP analysis for Mental Health undertaken for Rainbow tick accreditation with Gay and Lesbian Health Victoria (GLHV)	**Achieved.** GLVH Rainbow Tick accreditation visit scheduled for 3-9 July. Outcome of accreditation to be advised in August 2017.
		Review of the Rainbow eQuality guide and formulation of an action plan to roll out inclusive practice across PH	**Achieved.**
		Inclusive practice is a standing agenda item for the GLBTIQ CAG	**Achieved.**
		Continued monitoring of activities by the Diversity Steering Committee	**Achieved.**
	Further engagement with relevant academic institutions and other partners to increase participation in clinical trials	Professor of Medicine appointed	**Achieved.** Professor of Medicine commenced September 2016.
		MOU signed with Monash University to construct a $15m academic centre	**Achieved.** MOU signed. Detailed planning underway, with completion expected by December 2019.
		Membership of Monash Partners finalised	**Achieved.**
		Comprehensive database of clinical trials in place	**In Progress.** To be completed by December 2017.
Governance and leadership	Demonstrate implementation of the Victorian Clinical Governance Policy Framework: Governance for the provision of safe, quality healthcare at each level of the organisation, with clearly documented and understood roles and responsibilities. Ensure effective integrated systems, processes, leadership are in place to support the provision of safe, quality, accountable and person centred healthcare. It is an expectation that health services implement to best meet their employees' and community's needs, and that clinical governance arrangements undergo frequent and formal review, evaluation and amendment to drive continuous improvement.	PH Board reporting revised to align with DHHS performance framework and monitoring and intervention approach	**Achieved.**
		Organisational quality reporting revised to align with Board reporting framework	**Achieved.**
		Strategic and operational risks developed and formally reviewed at 2 and 6 months.	**Achieved.**
		Detailed quality improvement plan developed for maternity services	**Achieved.** Management of Intrauterine growth restriction (IUGR) remains a key focus, revised ultrasound monitoring guidelines have been introduced to improve the identification of IUGR.

Domain	Action	Deliverables	Outcome
Governance and leadership	Lead the development and implementation of Local Region Action Plans under the series of statewide design, service and infrastructure plans being progressively released from 2016-17. Development of Local Region Action Plans will require partnerships and active collaboration across regions to ensure plans meet both regional and local service needs, as articulates in the statewide design, service and infrastructure plans.	Work with DHHS and other health services to transition to a level four Renal Service by June 2017.	**In Progress.** To be completed by June 2018.
		MOU with Bass Coast and West Gippsland Hospital to provide cardiac support.	**Achieved.**
		eyeConnect project providing ophthalmology support and advice in place	**Achieved.** Operational at Frankston Hospital from June 2016 Operational at Rosebud Hospital from December 2016
		MOU with Alfred health to provide acute neurosurgical and thoracic services in place	**Achieved.** Neurosurgical completed, with visiting neurosurgical clinics, neurosurgical advice, and neurosurgical patient transfer fully operational. **In Progress.** Thoracic services to be completed December 2017.
	Ensure that an anti-bullying and harassment policy exists and includes the identification of appropriate behaviour, internal and external support mechanisms for staff and a clear process for reporting, investigation, feedback, consequence and appeal and the policy specifies a regular review schedule.	Deliver awareness campaign to all staff on anti-bullying and harassment policy, reporting and support tools	**Achieved.** Mandatory workplace behaviours training introduced for all staff. Awareness campaign which includes tools and resources to encourage reporting and ensure appropriate support now in place for staff.
		Deliver training to Human Resources personnel in managing workplace investigations	**Achieved.** Formal training and coaching provided to HR staff.
		Bullying and Harassment policies in place	**Achieved.** Anti-bullying and harassment policies, processes and flow charts in place and reviewed by WorkSafe as effective.
		Employee Assistance Program in place	**Achieved.**
		Monthly reporting to the Executive and PH Board	**Achieved.**

Domain	Action	Deliverables	Outcome
Governance and leadership	Board and senior management ensure that an organisational wide occupational health and safety (OHS) risk management approach is in place which includes: (1) A focus on prevention and the strategies used to manage risks, including the regular review of these controls; (2) Strategies to improve reporting of OHS incidents, risks and controls, with a particular focus on prevention of occupational violence and bullying and harassment, throughout all levels of the organisation, including to the board; and (3) Mechanisms for consulting with, debriefing and communicating with all staff regarding outcomes of investigations and controls following occupational violence and bullying and harassment incidents.	Implement revised health and safety reporting to Board and management	**Achieved.** Revised health and safety reporting to the Board, Executive and Management implemented.
		Launch organisation wide Safety Culture program to all staff, including focus on increased reporting and incident investigation	**In Progress.** To be completed by September 2017
		Finalise and deliver on Occupational Violence Action Plan	**Achieved.** Occupational Violence Action Plan developed in consultation with staff, unions and WorkSafe with delivery monitored by CEO chaired Occupational Violence Committee.
		Review and implement revised Manual Handling Risk Reduction Action Plan	**In Progress.** To be completed by September 2017. A comprehensive review of manual handling, focusing especially on patient manual handling, has been finalised. Recommendations from this review will inform Manual Handling Risk Reduction plan.
	Implement and monitor workforce plans that: improve industrial relations; promote a learning culture; align with the Best Practice Clinical Learning Environment Framework; promote effective succession planning; increase employment opportunities for Aboriginal and Torres Strait Islander people; ensure the workforce is appropriately qualified and skilled; and support the delivery of high-quality and safe person centred care.	Create and deliver on Aboriginal Employment Strategy 2016-2019	**Achieved.** Plan launched December 2016
		Progress planning for Academic Centre and partnerships with Monash University	**Achieved.**
		Continued development of positive relationships with staff and unions.	**Achieved.** Relationships between key Peninsula Health staff members and Unions have been further improved with regular and transparent communication on key workforce issues and a collaborative approach to implementing EBA changes.
	Create a workforce culture that: (1) includes staff in decision making; (2) promotes and supports open communication, raising concerns and respectful behaviour across all levels of the organisation; and (3) includes consumers and the community.	Deliver training to local area Managers in building a positive workplace culture	**Achieved.**
		Senior leaders program developed	**Achieved.**
		Revised Nurse Unit Manager and Associate Nurse Unit Manager training in place	**Achieved.**

Domain	Action	Deliverables	Outcome
Governance and leadership	Ensure that the Victorian Child Safe Standards are embedded in everyday thinking and practice to better protect children from abuse, which includes the implementation of: strategies to embed an organisational culture of child safety; a child safe policy or statement of commitment to child safety; a code of conduct that establishes clear expectations for appropriate behaviour with children; screening, supervision, training and other human resources practices that reduce the risk of child abuse; processes for responding to and reporting suspected abuse to children; strategies to identify and reduce or remove the risk of abuse and strategies to promote the participation and empowerment of children.	Create 'Safer Communities' steering committee to monitor actions under the Victorian Child Safe Standards	**Achieved.**
		Create Child Safe Policy to consolidate relevant screening, training and response mechanisms.	**Achieved.** Policy developed. Vulnerable Children's Working party re-convened to strengthen implementation of policy and consistent work practices across the organisation Child Safe Standards have been incorporated into existing policies/ guidelines.
	Implement policies and procedures to ensure patient facing staff have access to vaccination programs and are appropriately vaccinated and/ or immunised to protect staff and prevent the transmission of infection to susceptible patients or people in their care.	100% of new employees vaccinated prior to commencement of employment	**In Progress.** Commenced and ongoing.
		Immunisation program in place to ensure that existing staff in high risk areas are fully immunised.	**In Progress.** New database has identified gaps in recorded immunity status, resourcing now to be applied to assessment and immunization where necessary. To be completed by December 2017.
Financial Sustainability	Further enhance cash management strategies to improve cash sustainability and meet financial obligations as they are due.	Routinely follow up debts from health insurance funds and patients to meet target of 30 days.	**Achieved.** May result was 30 days.

Domain	Action	Deliverables	Outcome
Financial Sustainability	Further enhance cash management strategies to improve cash sustainability and meet financial obligations as they are due.	Present three year cash projection to Finance Committee to identify organisation's ability to pay obligations consistent with operating and capital expenditure priorities.	**Achieved.** Three year cash projection presented to Finance and Resources Committee in November 2016, with next updated projection in August 2017.
	Actively contribute to the development of the Victorian Government's policy to be net zero carbon by 2050 and improve environmental sustainability by identifying and implementing projects, including workforce education, to reduce material environmental impacts with particular consideration of procurement and waste management, and publicly reporting environmental performance data, including measureable targets related to reduction of clinical, sharps and landfill waste, water and energy use and improved recycling.	Key service contracts to incorporate environmental specifications	**In Progress.** Commenced and ongoing.
		Monitor waste segregation and waste usage	**In Progress.** Commenced and ongoing.
		Continue to develop environmentally sustainable initiatives to reduce carbon footprint and impact on the natural environment	**In Progress.** Commenced and ongoing.
		Participate in Energy Performance Contracts to reduce energy consumption, CO2 emissions and expenditure by reducing implementing initiatives that reduce our consumption of electricity and natural gas.	**In Progress.** Commenced and ongoing.

Performance Priorities

Quality & Safety

Key Performance Indicator	Target	2016-17 Actual
Accreditation		
Compliance with NSQHS Standards accreditation	Full compliance	Achieved
Compliance with Commonwealth's Aged Care Accreditation Standards	Full compliance	Achieved
Infection prevention and control		
Cleaning standards – overall compliance with standards	Full compliance	Achieved
Cleaning standards – Very high risk (Category A)	90 points	Achieved
Cleaning standards – High risk (Category B)	85 points	Achieved
Cleaning standards – Moderate risk (Category C)	85 points	Achieved
Compliance with Hand Hygiene Australia program	80%	87%
Percentage of healthcare workers immunized for influenza	75%	79.7%
Patient experience		
Victorian Healthcare Experience Survey – data submission	Full compliance	Achieved
Victorian Healthcare Experience Survey – patient experience Quarter 1	95% positive experience	93%
Victorian Healthcare Experience Survey – patient experience Quarter 2	95% positive experience	93%
Victorian Healthcare Experience Survey – patient experience Quarter 3	95% positive experience	94%
Victorian Healthcare Experience Survey – discharge care Quarter 1	75% very positive response	74%
Victorian Healthcare Experience Survey – discharge care Quarter 2	75% very positive response	78%
Victorian Healthcare Experience Survey – discharge care Quarter 3	75% very positive response	73%
Healthcare associated infections		
Number of patients with surgical site infections	No outliers	Achieved
ICU central line-associated blood stream infections	No outliers	Not Achieved Result: 1.24/1,000 device days
SAB* rate per occupied bed days	<2/10,000	1/10,000
Maternity and newborn		
Percentage of women with pre-arranged postnatal homecare	100%	100%
Rate of singleton term infants without birth abnormalities with APGAR score <7 to 5 minutes	<1.6%	1.09%
Rate of severe foetal growth restriction in singleton pregnancy undelivered by 40 weeks	<28.6%	29.3%
Mental health		
Percentage of adult inpatients who are readmitted within 28 days of discharge	14%	1.93%
Rate of seclusion events relating to an acute adult admission – composite seclusion rate	<15/1,000	2.1/1,000
Rate of seclusion events relating to an adult acute admission	<15/1,000	2.1/1,000
Rate of seclusion events relating to an aged acute admission	<15/1,000	1.8/1,000
Percentage of adult patients who have post-discharge follow up within seven days	75%	89%**
Percentage of aged patients who have post-discharge follow up within seven days	75%	97%**
Continuing care		
Functional independence gains from admission to discharge, relative to length of stay	>0.39 (GEM) >0.645 (Rehab)	0.47 (GEM) 0.84 (Rehab)

* SAB is staphylococcus aureus bacteraemia

** This data may have been affected by industrial activity during the financial year. The collection of non-clinical and administrative data was affected, with impacts on community mental health service activity and client outcome measures.

Access and timeliness

Key Performance Indicator	Target	2016-17 Actual
Emergency Care – Frankston Hospital		
Percentage of ambulance patients transferred within 40 minutes	90%	91%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Category 1 to 5 emergency patients seen within clinically recommended times	80%	80%
Percentage of emergency patients with a length of stay less than four hours	81%	65%
Number of patients with length of stay in emergency department greater than 24 hours	0	0
Emergency Care – Rosebud Hospital		
Percentage of ambulance patients transferred within 40 minutes	90%	96%
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%
Percentage of Category 1 to 5 emergency patients seen within clinically recommended times	80%	90%
Percentage of emergency patients with a length of stay less than four hours	81%	85%
Number of patients with length of stay in emergency department greater than 24 hours	0	0
Elective Surgery		
Percentage of Urgency Category 1 elective patients admitted within 30 days	100%	100%
Percentage of Category 1, 2 and 3 elective patients admitted within clinically recommended timeframes	94%	80%
20% longest waiting Category 2 and 3 removals from the elective surgery waiting list	100%	100%
Number of patients on the elective surgery waiting list (as at 30 June 2017)	1,745	1,619
Number of hospital initiated postponements per 100 scheduled admissions	<8/100	5.54/100
Number of patients admitted from the elective surgery waiting list – annual total	8,003	7,896
Specialist clinics		
Percentage of urgent patients referred by GP or external specialist who attended a first appointment within 30 days	100%	97%
Percentage of routine patients referred by GP or external specialist who attended a first appointment within 365 days	90%	98.5%

Financial Sustainability Performance

Key Performance Indicator	Target	2016-17 Actual
Finance		
Operating result	$0.5m	$1.8m
Trade creditors	<60 days	39 days
Patient fee debtors	<60 days	32 days
Public and private WIES* performance to target	100%	101.9%
Adjusted current asset ratio	0.7	0.68
Days of available cash	14 days	25 days
Asset management		
Basic asset management plan	Full compliance	Achieved

* WIES is a Weighted Inter Equivalent Separation. WIES data as reported in this publication are modelled as at 17 July 2017. Final WIES results will be completed in September 2017.

Governance and Leadership

Key Performance Indicator	Target	2016-17 Actual
People Matter survey – percentage of staff with a positive response to safety culture questions	80%	67%

Activity and Funding Performance

Funding Type	2016-17 Activity Achievement
Acute Admitted	
WIES* DVA	799
WIES Private	8,920
WIES Public	49,834
WIES TAC	274
Acute Non-Admitted	
Emergency Services	95,275
Specialist Clinics – DVA	250
Specialist Clinics – Public	78,178
Home Enteral Nutrition	525
Radiotherapy Non Admitted Shared Care	165
Aged Care	
Aged Care Assessment Service	4,595
HACC	26,141
Sub-Acute and Non-Acute Admitted	
Transition Care – bed days	14,856
Transition Care – home days	4,949
Subacute WIES – GEM Private	562
Subacute WIES – GEM Public	1,360
Subacute WIES – Palliative Care Private	101
Subacute WIES – Palliative Care Public	267
Emergency Services	527
Specialist Clinics – DVA	1,256
Specialist Clinics – Public	213
Sub-acute Non-Admitted	
Health Independence Program - DVA	2,195
Health Independence Program - Public	89,361
Victorian Artificial Limb Program	698
Mental Health and Drug Services	
Drug Services	1,079
Mental Health Ambulatory	39,347**
Mental Health Residential	23,542
Mental Health inpatient – available bed days	15,577
Primary Health	
Community Health / Primary Care Programs (hours of service)	49,069
Other	
Health Workforce	223.8

* WIES data as reported in this publication are modelled as at 17 July 2017. Final WIES results will be completed in September 2017.
** This data may have been affected by industrial activity during the financial year. The collection of non-clinical and administrative data was affected, with impacts on community mental health service activity and client outcome measures.

Financial Summary

Financial Results

	2016–17	2015–16	2014–15	2013–14˜	2012–13
	$'000	$'000	$'000	$'000	$'000
Total revenue	551,699	512,494	485,459	463,715	441,142
Total expenses	549,895	511,634	484,604	462,700	439,657
Other operating flows included in the Net Result	(12,947)	(12,510)	3,332	41,547	(3,343)
Net result for year	(11,143)	(11,650)	4,187	42,562	(1,858)
Operating Result*	1,804	860	855	1,015	1,485
Total Assets	465,097	446,612	442,679	440,336	372,490
Total Liabilities	150,125	134,194	126,038	127,326	112,299
Net assets	314,972	312,418	316,641	313,010	260,191
Total Equity	314,972	312,418	316,641	313,010	260,191

˜ Comparative information for 2013/14 has been updated to account for the discontinued operation consistent with comparative information presented in the Financial Statements

* The Operating result is the result for which the hospital is monitored in its Statement of Priority, also referred to as the *Net result before capital and specific items*.

Financial Commentary

Peninsula Health's financial performance in 2016–17 was in line with financial targets set for the year, with an operating surplus (recorded before discontinued operations, capital income and depreciation) of $1,804,000. The operating surplus enabled capital items for the Health Service to be funded.

In 2016-17, in comparison to the previous financial year:

- total revenue increased to $552 million from $512 million;
- total assets rose by $19m million to $465 million;
- liabilities increased by $16 million to $150 million;
- equity (the difference between assets and liabilities) increased by $3 million to $315 million.

Ex-gratia Payments

Ex-gratia payments of $4,709.37 were made by Peninsula Health during 2016–17. These payments relate to compensation payments or discretionary reimbursement of expenses.

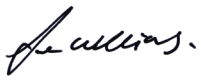
Looking Ahead

Peninsula Health's financial sustainability is critical to the ongoing provision of quality services.

Attestations

Compliance with Ministerial Standing Direction 3.7.1 – Risk Management Framework and Processes

I, Sue Williams, certify that Peninsula Health has complied with *Ministerial Direction 3.7.1 – Risk Management Framework and Processes*. The Peninsula Health Audit Committee has verified this.

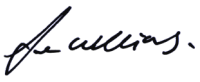


Ms Sue Williams

Chief Executive Officer
Frankston
29 August 2017

Compliance with Health Purchasing Victoria (HPV) Health Purchasing Policies

I, Sue Williams, certify that Peninsula Health has put in place appropriate internal controls and processes to ensure that it has complied with all requirements set out in the *HPV Health Purchasing Policies* including mandatory HPV collective agreements as required by the *Health Services Act 1988* (Vic) and has critically reviewed these controls and processes during the year.



Ms Sue Williams

Chief Executive Officer
Frankston
29 August 2017

Responsible Bodies Declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the Report of Operations for Peninsula Health for the year ending 30 June 2017.

Ms Diana Heggie

Chairperson
Frankston
29 August 2017

Additional Information Available on Request

In compliance with the requirements of the FRD 22F *Standard Disclosures in the Report of Operations*, details in respect of the items listed below have been retained by Peninsula Health and are available to the relevant Ministers, Members of Parliament and the public on request, subject to Freedom of Information requirements, if applicable:

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

Annual Publications

The Annual Report 2017 comprises two sections: **Report of Operations** and **Financial Statements**.
The Financial Statements are provided in the back of this publication.

For a broader picture of our achievements and activities over the past year, please see our other annual publications:

- *Quality of Care report* – highlights Peninsula Health's progress and achievements in improving clinical care and our consumers' experience.
- *Research Report* – highlights the achievements of our many researchers and their contribution to improving outcomes for our patients.

For further information about Peninsula Health or to download an annual publication, please visit our website: **peninsulahealth.org.au**

For printed copies, please phone the Corporate and Community Relations Department on **03 9788 1501**.

Disclosure Index

Peninsula Health's *2016–2017 Annual Report* is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of compliance with statutory disclosure requirements.

Legislation	Requirement	Page Reference
Ministerial Directions		
Report of Operations		
Charter and purpose		
FRD 22H	Manner of establishment and the relevant Ministers	8
FRD 22H	Purpose, functions, powers and duties	2, 7, 8
FRD 22H	Initiatives and key achievements	4–5
FRD 22H	Nature and range of services provided	7
Management and structure		
FRD 22H	Organisational structure	11
Financial and other information		
FRD 10A	Disclosure index	34
FRD 11A	Disclosure of ex gratia expenses	31
FRD 21C	Responsible person and executive officer disclosures	32
FRD 22H	Application and operation of *Protected Disclosure Act 2012*	14
FRD 22H	Application and operation of *Carers Recognition Act 2012*	14
FRD 22H	Application and operation of *Freedom of Information Act 1982*	14
FRD 22H	Compliance with building and maintenance provisions of *Building Act 1993*	14
FRD 22H	Details of consultancies over $10,000	15
FRD 22H	Details of consultancies under $10,000	15
FRD 22H	Employment and conduct principles	12
FRD 22H	Information and Communication Technology Expenditure	15
FRD 22H	Major changes or factors affecting performance	n/a
FRD 22H	Occupational violence	12–13
FRD 22H	Operational and budgetary objectives and performance against objectives	17–30
FRD 24C	Reporting of office-based environmental impacts	16
FRD 22H	Significant changes in financial position during the year	31
FRD 22H	Statement on National Competition Policy	14
FRD 22H	Subsequent events	n/a
FRD 22H	Summary of the financial results for the year	31
FRD 22H	Additional information available on request	33
FRD 22H	Workforce Data Disclosures including a statement on the application of employment and conduct principles	12–13
FRD 25C	Victorian Industry Participation Policy disclosures	14
FRD 29B	Workforce Data disclosures	13
FRD 103F	Non-Financial Physical Assets	Financial Statements
FRD 110A	Cash flow Statements	Financial Statements
FRD 112D	Defined Benefit Superannuation Obligations	Financial Statements
SD 5.2.3	Declaration in report of operations	Financial Statements
SD 3.7.1	Risk management framework and processes	Financial Statements
Other requirements under Standing Directions 5.2		
SD 5.2.2	Declaration in financial statements	Financial Statements
SD 5.2.1(a)	Compliance with Australian accounting standards and other authoritative pronouncements	Financial Statements
SD 5.2.1(a)	Compliance with Ministerial Directions	Financial Statements
Legislation		
Freedom of Information Act 1982		14
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Building Act 1993		14
Financial Management Act 1994		Financial Statements
Safe Patient Care Act 2015		14

Financial Statements 2017

Chairperons's, Chief Executive Officer's and Chief Finance & Accounting Officer's Declaration

The attached financial statements for Peninsula Health have been prepared in accordance with Direction 4.2 of the *Standing Directions of the Minister for Finance* under the *Financial Management Act 1994*, applicable *Financial Reporting Directions*, *Australian Accounting Standards including Interpretations*, and other mandatory professional reporting requirements.

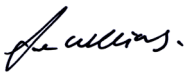
We further state that, in our opinion, the information set out in the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2017 and the financial position of Peninsula Health at 30 June 2017.

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

We authorise the attached financial statements for issue on 29 August 2017.

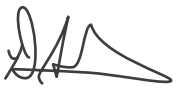
Ms Diana Heggie

Chairperson
Frankston
29 August 2017



Ms Sue Williams

Chief Executive Officer
29 August 2017



Mr David Anderson

Chief Finance & Accounting Officer
Frankston
29 August 2017

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Peninsula Health

Opinion	I have audited the financial report of Peninsula Health (the health service) which comprises the: • balance sheet as at 30 June 2017 • comprehensive operating statement for the year then ended • statement of changes in equity for the year then ended • cash flow statement for the year then ended • notes to the financial statements, including a summary of significant accounting policies • chairperson's, chief executive 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 2017 and their financial performance and cash flows for the year then ended in accordance with the financial reporting requirements of Part 7 of the *Financial Management Act 1994* and applicable Australian Accounting Standards.
Basis for Opinion	I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975.* My staff and I are independent of the health service in accordance with the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants* (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.
Board's responsibilities for the financial report	The Board of the health service is responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards and the *Financial Management Act 1994*, and for such internal control as the Board determines is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error. In preparing the financial report, the Board is responsible for assessing the health service's ability to continue as a going concern, and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the financial report

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

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

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

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

MELBOURNE
1 September 2017

Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Comprehensive Operating Statement

Comprehensive Operating Statement For the financial year ended 30 June 2017	Note	2017 $'000	2016 $'000
Revenue from Operating Activities	2	**550,121**	510,851
Revenue from Non-Operating Activities	2	**1,578**	1,643
Employee Expenses	3	**(414,022)**	(390,759)
Non Salary Labour Costs	3	**(6,661)**	(3,314)
Supplies & Consumables	3	**(68,797)**	(62,728)
Other Expenses	3	**(59,998)**	(54,399)
Finance Costs - Self Funded Activity	3 & 13	**(417)**	(434)
Net Result Before Capital and Specific Items		**1,804**	860
Capital Purpose Income	2	**13,533**	16,097
Assets Received Free of Charge	2b	**260**	1,615
Available-for-Sale Revaluation Reserve Surplus Gain/(Loss) Recognised	2	**-**	1,020
Impairment of Financial Assets	3	**-**	(395)
Depreciation & Amortisation	3 & 4	**(27,484)**	(30,805)
Net Result after Capital and Specific Items		**(11,887)**	(11,608)
Other Economic Flows included in Net Result			
Net Gain/(Loss) on Non-Financial Assets	2a	**27**	(42)
Revaluation of Long Service Leave		**717**	-
Total Other Economic Flows included in Net Result		**744**	(42)
NET RESULT FOR THE YEAR	16c	**(11,143)**	(11,650)
Other Comprehensive Income			
Items that will not be reclassified to net result			
- Changes in physical asset revaluation surplus	16a	**12,927**	8,528
Items that may be reclassifed subsequently to net result			
- Changes to financial assets available-for-sale revaluation surplus	16a	**770**	(94)
COMPREHENSIVE RESULT		**2,554**	(3,216)

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

Balance Sheet

Balance Sheet as at 30 June 2017	Note	2017 $'000	2016 $'000
Current Assets			
Cash and Cash Equivalents	5	**23,845**	16,840
Receivables	6	**14,211**	21,209
Investments and Other Financial Assets	7	**13,375**	12,605
Inventories	8	**2,440**	2,291
Prepayments and Other Assets	9	**871**	597
Non-Financial Assets Classified as Held for Sale	10a	**18,334**	-
Total Current Assets		**73,076**	53,542
Non-Current Assets			
Receivables	6	**17,758**	13,921
Property, Plant & Equipment	10	**369,552**	372,393
Intangible Assets	11	**4,711**	6,756
Total Non-Current Assets		**392,021**	393,070
TOTAL ASSETS		**465,097**	446,612
Current Liabilities			
Payables	12	**21,433**	18,707
Borrowings	13	**5,099**	948
Provisions	14	**98,054**	88,976
Other Current Liabilities	15	**1,853**	1,261
Total Current Liabilities		**126,439**	109,892
Non-Current Liabilities			
Borrowings	13	**7,640**	7,810
Provisions	14	**16,046**	16,492
Total Non-Current Liabilities		**23,686**	24,302
TOTAL LIABILITIES		**150,125**	134,194
NET ASSETS		**314,972**	312,418
EQUITY			
Property, Plant & Equipment Revaluation Surplus	16a	**89,522**	76,595
Financial Asset Available for Sale Revaluation Surplus	16a	**770**	-
Contributed Capital	16b	**193,214**	193,214
Accumulated Surpluses/(Deficits)	16c	**31,466**	42,609
TOTAL EQUITY		**314,972**	312,418
Commitments for Expenditure	19		
Contingent Assets and Contingent Liabilities	19		

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

Statement of Changes in Equity

Statement of Changes in Equity For the financial year ended 30 June 2017						
		Property, Plant & Equipment Revaluation Surplus	Financial Asset Available for Sale Revaluation Surplus	Contributed Capital	Accumulated Surpluses/ (Deficits)	Total
	Note	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2015	16	68,067	1,114	193,201	54,259	316,641
Net result for the year	16c	-	-	-	(11,650)	(11,650)
Transfer to Accumulated Surplus - impairment	16a	-	-	-	-	-
Transfer to Accumulated Surplus - on disposal	16a	-	(1,020)	-	-	(1,020)
Other Comprehensive Income for the year	16a	8,528	(94)	-	-	8,434
Capital Contribution received from Victorian Government	16b	-	-	13	-	13
Balance at 30 June 2016		76,595	-	193,214	42,609	312,418
Net result for the year	16c	**-**	**-**	**-**	**(11,143)**	**(11,143)**
Transfer to Accumulated Surplus - impairment		**-**	**-**	**-**	**-**	**-**
Transfer to Accumulated Surplus - on disposal	16a	**-**	**-**	**-**	**-**	**-**
Other Comprehensive Income for the year	16a	**12,927**	**770**	**-**	**-**	**13,697**
Capital Contribution received from Victorian Government	16b	**-**	**-**	**-**	**-**	**-**
Balance at 30 June 2017		**89,522**	**770**	**193,214**	**31,466**	**314,972**

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

Cash Flow Statement

Cash Flow Statement
For the financial year ended 30 June 2017

	Note	2017 $'000	2016 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		**472,671**	426,608
Capital Grants from Government		**10,443**	14,590
Patient and Resident Fees Received		**38,148**	36,019
Commonwealth Government - Residential Aged Care Subsidy		**3,065**	3,094
Interest Received		**801**	871
Dividends Received		**685**	604
Other Capital Receipts		**76**	62
Donations and Bequests Received		**92**	168
Capital Donations and Bequests Received		**2,916**	1,161
Other Receipts		**38,327**	37,031
Total receipts		**567,224**	520,208
Employee Expenses Paid		**(404,808)**	(385,452)
Non Salary Labour Costs Paid		**(6,661)**	(3,314)
Payments for Supplies & Consumables		**(127,273)**	(113,021)
Finance Costs Paid		**(417)**	(434)
Total payments		**(539,159)**	(502,221)
NET CASH FLOW FROM/(USED IN) OPERATING ACTIVITIES	17	**28,065**	17,987
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Investments		**-**	(3,000)
Payments for Non-Financial Assets		**(26,587)**	(22,659)
Proceeds from Sale of Non-Financial Assets		**1,988**	174
Proceeds from Sale of Investments		**-**	4,052
NET CASH FLOW FROM/(USED IN) INVESTING ACTIVITIES		**(24,599)**	(21,433)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from Borrowings		**4,075**	-
Repayment of Borrowings		**(536)**	(514)
NET CASH FLOW FROM/(USED IN) FINANCING ACTIVITIES		**3,539**	(514)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS HELD		**7,005**	(3,960)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		**16,840**	20,800
CASH AND CASH EQUIVALENTS AT END OF YEAR	5	**23,845**	16,840
Non-Cash Financing and Investing Activities		**-**	-

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

Notes to the Financial Statements for the financial year ended 30 June 2017

Note 1: Summary of Significant Accounting Policies

These annual financial statements represent the audited general purpose financial statements for Peninsula Health for the year ended 30 June 2017.

The purpose of the report is to provide users with information about the Health Service's 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 Australian Accounting Standards (AASs), which include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of *AASB 101 Presentation of Financial Statements*.

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

Peninsula Health is a not-for profit entity and therefore applies the additional Aus paragraphs applicable to 'not-for-profit' Health Services under the AASs.

The annual Financial Statements were authorised for issue by the Board of Directors of Peninsula Health on 29 August 2017.

(b) Reporting Entity

The Financial Statements include all the controlled activities of Peninsula Health.

Its principal address is:
Hastings Road (PO Box 52)
Frankston Victoria 3199

A description of the nature of Peninsula Health's operations and its principal activities are included in the report of operations, which does not form part of these Financial Statements.

Objectives and funding

Peninsula Health embraces an integrated and collaborative view of health, working with community and service partners to promote health and to plan for the future needs of the local community of Frankston and the Mornington Peninsula.

Peninsula Health provides acute care, sub acute care, residential care, mental health services and community health services, and is a major teaching centre.

Peninsula Health is predominantly funded by grants for the provision of outputs in these areas.

(c) Basis of accounting preparation and measurement

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

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

The going concern basis was used to prepare the Financial Statements.

These Financial Statements are presented in Australian dollars, the functional and presentation currency of the Health Service.

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

The Financial Statements are prepared in accordance with the historical cost convention, except for:

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

Historical cost is based on the fair values of the consideration given in exchange for assets.

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

(d) Scope and presentation of financial statements

Fund Accounting

Peninsula Health operates on a fund accounting basis and maintains three funds: Operating, Specific Purpose and Capital Funds. Peninsula Health's Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising activities conducted solely in respect of these funds.

Services Supported by Health Services Agreement and Services Supported by Hospital and Community Initiatives

Activities classified as Services supported by Health Services Agreement (HSA) are substantially funded by the Department of Health and Human Services and include Residential Aged Care Services (RACS) which are also funded from other sources such as the Commonwealth, patients and residents, while Services Supported by Hospital and Community Initiatives (H&CI) are funded by Peninsula Health's own activities or local initiatives and/or the Commonwealth.

Residential Aged Care Services

Carinya Nursing Home is a part of Peninsula Health operations and shares its resources. Where appropriate an apportionment of land and buildings has been made based on floor space. The results of these operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Note 2 and Note 3 to the Financial Statements. Carinya Nursing Home is substantially funded from Commonwealth bed-day subsidies.

Comparative Information

Where necessary, figures for the previous year have been reclassified to facilitate comparison where requested by the applicable accounting standards.

Rounding of Amounts

All amounts shown in the Financial Statements are expressed to the nearest $1,000 unless otherwise stated.

Goods and Services Tax

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

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

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

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

Note 2: Analysis of Revenue by Source

	Acute Care 2017 $'000	Acute Care 2016 $'000	**Mental Health 2017 $'000**	Mental Health 2016 $'000	**Residential Aged Care - Mental Health 2017 $'000**	Residential Aged Care - Mental Health 2016 $'000	**Aged Care 2017 $'000**	Aged Care 2016 $'000	**Primary Health 2017 $'000**	Primary Health 2016 $'000	**Other 2017 $'000**	Other 2016 $'000	**Total 2017 $'000**	Total 2016 $'000
Government grants	**404,877**	369,498	**39,845**	36,880	**3,065**	3,094	**19,651**	19,688	**22,371**	22,009	**-**	-	**489,809**	451,169
Indirect contributions by Department of Health and Human Services	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**4,130**	4,288	**4,130**	4,288
Patient and Resident Fees	**30,877**	30,117	**-**	-	**688**	591	**398**	452	**-**	-	**-**	-	**31,963**	31,160
Commercial Activities	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**10,642**	11,293	**10,642**	11,293
Other Revenue from Operating Activites	**4,749**	4,677	**428**	421	**-**	-	**3,115**	2,780	**4,831**	4,718	**454**	345	**13,577**	12,941
Total Revenue from Operating Activities	**440,503**	404,292	**40,273**	37,301	**3,753**	3,685	**23,164**	22,920	**27,202**	26,727	**15,226**	15,926	**550,121**	510,851
Interest	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**801**	871	**801**	871
Dividends	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**685**	604	**685**	604
Other Revenue from Non-Operating Activites	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**92**	168	**92**	168
Total Revenue from Non-Operating Activities	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1,578**	1,643	**1,578**	1,643
Capital Purpose Income (excluding interest)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**11,912**	14,874	**11,912**	14,874
Capital Donations & Bequests	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1,545**	1,161	**1,545**	1,161
Other Capital Purpose Income	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**76**	62	**76**	62
Total Capital Purpose Income	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**13,533**	16,097	**13,533**	16,097
Assets Received Free of Charge (refer Note 2b)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**260**	1,615	**260**	1,615
Available-for-Sale Revaluation Reserve Surplus Recognised	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	1,020	**-**	1,020
	-	-	**-**	-	**-**	-	**-**	-	**-**	-	**260**	2,635	**260**	2,635
Total Revenue	**440,503**	404,292	**40,273**	37,301	**3,753**	3,685	**23,164**	22,920	**27,202**	26,727	**30,597**	36,301	**565,492**	531,226

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

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 Peninsula Health and the income can be reliably measured at fair value. Unearned income at reporting date is reported as income received in advance.

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

Government Grants and Other Transfers of Income (other than Contributions By Owners)
In accordance with *AASB 1004 Contributions*, government grants and other transfers of income (other than contributions by owners) are recognised as income when Peninsula Health gains control of the underlying assets irrespective of whether conditions are imposed on the Health Service's use of the contributions.

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

Indirect Contributions from the Department of Health and Human Services
- Insurance is recognised as revenue following advice from the Department of Health and Human Services.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Hospital Circular 04/2017.

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

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

Revenue from Commercial Activities
Revenue from commercial activities such as commercial laboratory medicine is recognised at the time invoices are raised or accrued when a service is performed.

Donations and Other Bequests
Donations and bequests are recognised as revenue when received. If donations are for a special purpose, they may be appropriated to a surplus, such as the Specific Restricted Purpose Surplus.

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

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

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

Fair Value of Assets and Services Received Free of Charge or for Nominal Consideration.
Resources received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements.In the latter case, such transfer will be recognised at carrying value.

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

Other Income
Other income includes non-property rental, forgiveness of liabilities, and bad debt reversals.

Category Groups
Peninsula Health has used the following category groups for reporting purposes for the current and previous financial years:

Acute Care comprises all recurrent health revenue/ expenditure on admitted patient services, where services are delivered in public hospitals, or free standing day hospital facilities, or palliative care facilities, or rehabilitation facilities. It also includes revenue/expenditure on outpatient and emergency department services.

Mental Health comprises all recurrent health revenue/ expenditure on specialised mental health services (child and adolescent, general adult and community) managed or funded by the State, and includes: admitted patient services, outpatient services, community based services and ambulatory services.

Residential Aged Care comprises all recurrent revenue/ expenditure on high level and low level residential aged care facilities.

Residential Aged Care-Mental Health referred to in the past as psychogeriatric residential services, comprises those Commonwealth-licensed residential aged care services in receipt of supplementary funding from Department of Health and 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.

Aged Care comprises revenue/expenditure from Home and Community Care (HACC) programs, Allied Health, Aged Care Assessment and support services. This category also includes the MePACS personal alarm monitoring service.

MePACS provides personal alarm services to private clients, government funded (PAV) clients, and some research activities. Personal Alert Victoria (PAV) is a 24 hour personal monitoring service that responds to calls for assistance and is funded by the Victorian Government through the Department of Health and Human Services.

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

Other Services not reported elsewhere - (Other) comprises services not separately classified above, including Health and Community Initiatives.

Note 2a: Net Gain/Loss on Disposal

	2017 $'000	2016 $'000
Proceeds from Disposals of Non Financial Assets		
Furniture & Fittings	-	-
Plant & Equipment	2	-
Motor Vehicles	31	174
Total Proceeds from Disposal of Non Financial Assets	33	174
Less: Written Down Value of Non Financial Assets Sold		
Furniture & Fittings	-	-
Plant & Equipment	2	213
Motor Vehicles	4	3
Total Written Down Value of Non Financial Assets Sold	6	216
Net gains/(losses) on disposal of Non Financial Assets	27	(42)

Disposal of Non-Financial Assets

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

Impairment of Non-Financial Assets

All assets of Peninsula Health are assessed annually for indications of impairment, except for;

- inventories; and
- assets arising from construction contracts.

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

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

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

Note 2b: Assets Received Free of Charge

	2017 $'000	2016 $'000
During the reporting period, the fair value of assets received free of charge, was as follows:		
- Plant & Equipment	260	1,615
Total	260	1,615

Note 3: Analysis of Expenses by Source

	Acute Care 2017 $'000	Acute Care 2016 $'000	**Mental Health 2017 $'000**	Mental Health 2016 $'000	**Residential Aged Care - Mental Health 2017 $'000**	Residential Aged Care - Mental Health 2016 $'000	**Aged Care 2017 $'000**	Aged Care 2016 $'000	**Primary Health 2017 $'000**	Primary Health 2016 $'000	**Other 2017 $'000**	Other 2016 $'000	**Total 2017 $'000**	Total 2016 $'000
Employee expenses	**333,054**	313,707	**34,402**	32,752	**3,920**	3,877	**10,504**	9,640	**26,368**	25,807	**5,774**	4,976	**414,022**	390,759
Non Salary Labour Costs	**4,509**	1,618	**214**	57	**98**	28	**1,721**	1,466	**68**	84	**51**	61	**6,661**	3,314
Supplies & Consumables	**66,445**	60,742	**227**	241	**62**	84	**18**	27	**764**	494	**1,281**	1,140	**68,797**	62,728
Client Brokerage Costs	**832**	828	**2,175**	2,047	**-**	-	**4,651**	4,619	**1,416**	1,846		-	**9,074**	9,340
Other Expenses	**43,318**	39,187	**1,779**	1,754	**142**	156	**2,394**	1,886	**1,402**	1,053	**1,889**	1,023	**50,924**	45,059
Finance Costs - Self Funded Activity (refer Note 13)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**417**	434	**417**	434
Total Expenditure from Operating Activities	**448,158**	416,082	**38,797**	36,851	**4,222**	4,145	**19,288**	17,638	**30,018**	29,284	**9,412**	7,634	**549,895**	511,634
Depreciation & Amortisation (refer Note 4)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**27,484**	30,805	**27,484**	30,805
Impairment of Financial Assets (refer Note 18c)	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	395	**-**	395
Total Other Expenses	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**27,484**	31,200	**27,484**	31,200
Total Expenses	**448,158**	416,082	**38,797**	36,851	**4,222**	4,145	**19,288**	17,638	**30,018**	29,284	**36,896**	38,834	**577,379**	542,834

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;
- Termination payments;
- Workcover premiums; and
- Superannuation expenses, which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Other operating expenses

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

- **Supplies and consumables**
  Supplies and services costs 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 6 Receivables.

- **Other economic flows included in net result**
  Other economic flows are changes in the volume or value of assets or liabilities that do not result from transactions.

- **Net gain/(loss) on non-financial assets**
  Net gain/(loss) on non-financial assets and liabilities includes realised and unrealised gains and losses from revaluation gains/(losses) of non-financial physical assets (refer to Note 10 Property Plant and Equipment).

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

- **Net gain/(loss) on financial instruments includes:**
  - realised and unrealised gains and losses from revaluations of financial instruments at fair value;
  - impairment and reversal of impairment for financial instruments at amortised cost (refer to Note 7 Investments and other financial assets; and
  - disposals of financial assets and derecognition of financial liabilities.

- **Amortisation of non-produced intangible assets**
  Intangible non-produced assets with finite lives are amortised as an 'other economic flow' on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

- **Impairment of non-financial assets**
  All assets of Peninsula Health are assessed annually for indications of impairment, except for;
  - inventories; and
  - assets arising from construction contracts

Revaluations of financial instrument at fair value

Refer to Note 18 Financial instruments.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged, cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised as an expense in the comprehensive operating statement.

Note 3a: Analysis of Expense and Revenue by Internally managed and Specific Purpose Funds	**2017 Expense $'000**	2016 Revenue $'000	**2017 Revenue $'000**	2016 Revenue $'000
Commercial Activities				
Thoracic Medicine	**553**	463	**563**	496
Echo Cardiology/Angiography	**1,087**	1,012	**866**	807
Sleep Laboratory	**915**	892	**216**	210
Property Rental	**-**	-	**323**	196
Cafeteria & Catering Services	**1,324**	1,221	**1,521**	1,476
Car Park	**1,257**	891	**3,387**	3,197
Special Purpose Funds	**460**	396	**165**	1,265
Other Specific Purpose Funds	**3,582**	2,759	**3,601**	3,646
TOTAL	**9,178**	7,634	**10,642**	11,293

Note 4: Depreciation & Amortisation

	2017 $'000	2016 $'000
Depreciation		
Buildings	**14,412**	17,079
Plant & Equipment	**8,444**	8,031
Furniture & Fittings	**2,397**	3,512
Motor Vehicles	**186**	143
Total Depreciation	**25,439**	28,765
Amortisation		
Software	**2,045**	2,040
Total Amortisation	**2,045**	2,040
Total Depreciation and Amortisation	**27,484**	30,805

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

Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives, residual value and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health and Human Services. Assets with a cost in excess of $1,000 (2016: $1,000) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

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

	2017	2016
Buildings		
- Structure Shell Building Fabric	**45 to 60**	45 to 60
- Site Engineering Services and Central Plant	**20 to 30**	20 to 30
Central Plant		
- Fit Out	**20 to 30**	20 to 30
- Trunk Reticulated Building Systems	**20 to 30**	20 to 30
Plant & Equipment	**5 to 10**	5 to 10
Medical Equipment	**3 to 10**	3 to 10
Computers & Communication	**3**	3
Furniture and Fitting	**7 to 10**	7 to 10
Motor Vehicles	**4**	4
Leasehold Improvements	**8 to 10**	8 to 10
Other Equipment	**5 to 10**	5 to 10

As part of the Buildings valuation, building values were componentised and each component assessed for its useful life which is represented above.

Note 5: Cash and Cash Equivalents

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

	2017	2016
	$'000	$'000
Cash on Hand	**26**	26
Cash at Bank	**1,950**	5,366
Deposits at Call	**21,869**	11,448
TOTAL	**23,845**	16,840
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	**23,845**	16,840
TOTAL	**23,845**	16,840

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

For the cash flow statement presentation purposes, cash and cash equivalents includes bank overdrafts, which are included as current borrowings in the balance sheet.

Note 6: Receivables

	2017	2016
	$'000	$'000
CURRENT		
Contractual		
Inter Hospital Debtors	**202**	331
Trade Debtors	**3194**	6,676
Patient Fees	**6305**	6,671
Accrued Investment Income	**105**	137
Less Allowance for Doubtful Debts	**(395)**	(299)
	9,411	13,516
Statutory		
Accrued Revenue - Department of Health and Human Services	**-**	3,158
Long Service Leave - Department of Health and Human Services	**3,632**	3,632
GST Receivable	**1,168**	903
	4,800	7,693
TOTAL CURRENT RECEIVABLES	**14,211**	21,209
NON CURRENT		
Contractual		
Trade Debtors	**-**	-
Statutory		
Department of Health and Human Services – Long Service Leave	**17,758**	13,921
TOTAL NON-CURRENT RECEIVABLES	**17,758**	13,921
TOTAL RECEIVABLES	**31,969**	35,130

(a) Movement in Allowance for Doubtful Debts

	2017	2016
	$'000	$'000
Balance at beginning of year	**299**	74
Amounts written off during the year	**(310)**	(76)
Amounts recovered during the year	**-**	-
Increase/(decrease) in allowance recognised in profit or loss	**406**	301
Balance at end of year	**395**	299

(b) Ageing analysis of receivables

Please refer to Note 18(d) for the ageing analysis of receivables.

(c) Nature and extent of risk arising from receivables

Please refer to Note 18(d) for the nature and extent of credit risk from receivables.

Receivables consist of:

- Statutory receivables, which include predominantly amounts owing from the Victorian Government and Goods and Services Tax ("GST") input tax credits recoverable; and
- Contractual receivables, which includes mainly debtors in relation to goods and services and accrued investment income.

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

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

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

Doubtful debts

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed. Bad debt not written off by mutual consent and the allowance for doubtful debts are classified as *'other comprehensive income'* in the net result.

Note 7: Investments and Other Financial Assets

	Total 2017 $'000	Total 2016 $'000
Equities & Managed Investments Available for Sale at Fair Value		
VFMC Growth Fund	**13,375**	12,605
Total Current	**13,375**	12,605
Represented by:		
Operating Fund		
- Health Service Investments	**11,522**	11,344
Specific Purpose Fund		
Monies Held in Trust:		
- Patient Monies	**10**	7
- Accommodation Bonds (Refundable Entrance Fees)	**1,843**	1,254
TOTAL	**13,375**	12,605

(a) Ageing analysis of other financial assets

Please refer to note 18(d) for the ageing analysis of other financial assets.

(b) Nature and extent of risk arising from other financial assets

Please refer to note 18(d) 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.

Investments are classified in the following categories:
- Financial assets at fair value through profit or loss;
- Held-to-maturity;
- Loans and receivables; and
- Available-for-sale financial assets.

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

Peninsula Health assesses at each reporting date whether a financial asset or group of financial assets is impaired.

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

Derecognition of financial assets
A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired; or
- the Health Service retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a *'pass through'* arrangement; or
- the Health Service has transferred its rights to receive cash flows from the asset and either:

(a) has transferred substantially all the risks and rewards of the asset; or

(b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

The amount of the allowance is the difference between the financial asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate.

Where the fair value of an investment in an equity instrument at reporting date has reduced by 20 per cent or more than its cost price or where its fair value has been less than its cost price for a period of 12 or more months, the financial asset is treated as impaired.

In order to determine an appropriate fair value as at 30 June 2017 for its portfolio of financial assets, Peninsula Health used the quoted market price for each individual holding. The quoted market price has been advised by reputable financial institutions. The above valuation process was used to quantify the level of impairment on the portfolio of financial assets at year end.

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.

Note 8: Inventories

	2017 $'000	2016 $'000
Pharmaceuticals - at cost	**756**	720
Catering Supplies - at cost	**60**	62
Housekeeping Supplies - at cost	**-**	32
Medical and Surgical Lines - at cost	**1,624**	1,473
Administration Stores - at cost	**-**	4
TOTAL INVENTORIES	**2,440**	2,291

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

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

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

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

Note 9: Prepayments and Other Assets

	2017 $'000	2016 $'000
CURRENT		
Prepayments	**871**	597
TOTAL	**871**	597

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 10: Property, Plant & Equipment

(a) Gross carrying amount and accumulated depreciation

	2017 $'000	2016 $'000
Land		
- Land at Fair Value	**66,410**	71,817
Total Land	**66,410**	71,817
Buildings		
- Buildings at Fair Value	**357,735**	349,495
Less Accumulated Depreciation	**(105,978)**	(91,566)
Total Buildings	**251,757**	257,929
Plant and Equipment		
- Plant and Equipment at fair value	**85,852**	75,063
Less Accumulated Depreciation	**(50,545)**	(42,350)
Total Plant and Equipment	**35,307**	32,713
Furniture and Fittings		
- Furniture and Fittings at fair value	**31,230**	29,614
Less Accumulated Depreciation	**(24,472)**	(22,075)
Total Furniture and Fittings	**6,758**	7,539
Motor Vehicles		
- Motor Vehicles at fair value	**4,400**	4,184
Less Accumulated Depreciation	**(3,642)**	(3,735)
Total Motor Vehicles	**758**	449
Assets Under Construction		
- Assets under construction at cost	**8,562**	1,946
Total Assets Under Construction	**8,562**	1,946
TOTAL	**369,552**	372,393

(b) Note 10: Reconciliations of the carrying amounts of each class of asset

	Land	Buildings	Plant & Equipment	Furniture & Fittings	Motor Vehicles	Assets Under Construction	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2015	**63,289**	**263,209**	**29,714**	**9,544**	**347**	**2,186**	**368,289**
Additions	-	5,876	6,663	1,371	248	8,784	22,942
Disposals	-	-	(213)	-	(3)	-	(216)
Assets received free of charge	-	-	1,615	-	-	-	1,615
Transfers from Assets Under Construction	-	5,923	2,965	136	-	(9,024)	-
Net Transfers to Intangible Assets (Note 11)	-	-	-	-	-	-	-
Impairment Losses (recognised)/ reversed in Net Result	-	-	-	-	-	-	-
Revaluation increments/ (decrements)	8,528	-	-	-	-	-	8,528
Depreciation (Note 4)	-	(17,079)	(8,031)	(3,512)	(143)	-	(28,765)
Balance at 30 June 2016	**71,817**	**257,929**	**32,713**	**7,539**	**449**	**1,946**	**372,393**
Additions	-	4,958	9,966	1,578	498	10,750	27,750
Disposals	-	-	(2)	-	(3)	-	(5)
Transfer to Asset Held for Sale (Note 10a)	(18,334)	-	-	-	-	-	(18,334)
Assets received free of charge	-	-	260	-	-	-	260
Transfers from Assets Under Construction	-	3,282	814	38	-	(4,134)	-
Net Transfers to Intangible Assets (Note 11)	-	-	-	-	-	-	-
Impairment Losses (recognised)/ reversed in Net Result	-	-	-	-	-	-	-
Revaluation increments/ (decrements)	12,927	-	-	-	-	-	12,927
Depreciation (Note 4)	-	(14,412)	(8,444)	(2,397)	(186)	-	(25,439)
Balance at 30 June 2017	**66,410**	**251,757**	**35,307**	**6,758**	**758**	**8,562**	**369,552**

Land and buildings carried at valuation

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

Between each scheduled revaluation, fair value assessments are conducted in each annual reporting period. For 30 June 2017, a material movement occurred in the fair value of the Peninsula Health's land assets. A managerial revaluation of the carrying amount of that class of assets was performed. The compounded movement in the relevant indicators since the last scheduled revaluation was $12,927,041.

(c) Note 10: Fair value measurement hierarchy for assets as at 30 June 2016

	Carrying amount as at 30 June 2016	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
Land at fair value				
- Non-specialised land	3,970	-	3,970	-
- Specialised land	67,847	-	-	67,847
Total of land at fair value	71,817	-	3,970	67,847
Buildings at fair value				
- Specialised buildings	257,929	-	-	257,929
Plant and equipment at fair value				
- Plant and equipment	32,713	-	-	32,713
Furniture and Fittings at fair value				
- Office furniture, computers and leasehold improvements	7,539	-	-	7,539
Motor Vehicles at fair value				
- Vehicles (ii)	449	-	-	449
	370,447	**-**	**3,970**	**366,477**

(c) Note 10: Fair value measurement hierarchy for assets as at 30 June 2017

	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using:		
		Level 1 (i)	Level 2 (i)	Level 3 (i)
Land at fair value				
- Non-specialised land	**4,685**	-	4,685	-
- Specialised land	**61,725**	-	-	61,725
Total of land at fair value	**66,410**	-	4,685	61,725
Buildings at fair value				
- Specialised buildings	**251,757**	-	-	251,757
Plant and equipment at fair value				
- Plant and equipment	**35,307**	-	-	35,307
Furniture and Fittings at fair value				
- Office furniture, computers and leasehold improvements	**6,758**	-	-	6,758
Motor Vehicles at fair value				
- Vehicles (ii)	**758**	-	-	758
	360,990	-	4,685	356,305

Note
(i) Classified in accordance with the fair value hierarchy
(ii) Vehicles are categorised to Level 3 assets because the depreciated replacement cost is used in estimating the fair value.

There have been no transfers between levels during the period.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and also in future periods that are affected by the revision. Judgements and assumptions made by management in the application of AASs that have significant effects on the Financial Statements and estimates relate to the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 10(e)).

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

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

- **Level 1** – Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- **Level 2** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- **Level 3** – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

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

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

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

Peninsula Health, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required. Refer to Note 10 for a description of the valuation processes used.

(d) Note 10: Reconciliation of Level 3 fair value at 30 June 2016(i)

	Land	Buildings	Plant and Equipment	Furniture & Fittings	Motor Vehicles
Opening Balance at 1 July 2015	59,744	263,209	29,714	9,544	347
Purchases (sales)	-	11,799	11,030	1,507	245
Transfers in (out) of Level 3	-	-	-	-	-
Gains or losses recognised in net result					
- Depreciation	-	(17,079)	(8,031)	(3,512)	(143)
- Impairment loss	-	-	-	-	-
Subtotal	59,744	257,929	32,713	7,539	449
Items recognised in other comprehensive income					
- Revaluation	8,103	-	-	-	-
Subtotal	8,103	-	-	-	-
	67,847	257,929	32,713	7,539	449
Unrealised gains/(losses) on non-financial assets	-	-	-	-	-
Closing Balance at 30 June 2016	**67,847**	**257,929**	**32,713**	**7,539**	**449**

(d) Note 10: Reconciliation of Level 3 fair value at 30 June 2017(i)

	Land	Buildings	Plant and Equipment	Furniture & Fittings	Motor Vehicles
Opening Balance at 1 July 2016	67,847	257,929	32,713	7,539	449
Purchases (sales)	-	8,240	11,038	1,616	495
Transfers in (out) of Level 3	-	-	-	-	-
Gains or losses recognised in net result					
- Depreciation	-	(14,412)	(8,444)	(2,397)	(186)
- Impairment loss	-	-	-	-	-
Subtotal	67,847	251,757	35,307	6,758	758
Items recognised in other comprehensive income					
- Revaluation	12,212	-	-	-	-
Subtotal	12,212	-	-	-	-
	80,059	251,757	35,307	6,758	758
Unrealised gains/(losses) on non-financial assets	-	-	-	-	-
Transfer to Asset Held for Sale (Note 10a)	(18,334)	-	-	-	-
Closing Balance at 30 June 2017	**61,725**	**251,757**	**35,307**	**6,758**	**758**

Note: (i) Classified in accordance with the fair value hierarchy, see Note 10

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

For non-specialised land and non-specialised buildings, an independent valuation was performed by independent valuers, The Valuer-General Victoria (VGV) determines 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 was 30 June 2014.

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

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

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

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

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

A managerial revaluation of the carrying amount of Land assets was performed at 30 June 2017. The compounded movement in the new indicators published by the Valuer General since the last scheduled revaluation was $12,927,041.

Plant and equipment, Furniture & Fittings
Plant and equipment is held at carrying value (depreciated cost). When plant and equipment is specialised in use, such that it is rarely sold other than as part of a going concern, the depreciated replacement cost is used to estimate the fair value. Unless there is market evidence that current replacement costs are significantly different from the original acquisition cost, it is considered unlikely that depreciated replacement cost will be materially different from the existing carrying value.

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

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

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

e) Note 10: Description of significant unobservable inputs to Level 3 valuations 30 June 2017 and 30 June 2016:

	Valuation technique	Significant unobservable inputs (i)
Specialised land		
Specialised land	Market approach	Community Service Obligation (CSO) adjustment
Specialised buildings		
Hospital care facilities	Depreciated replacement cost	Direct cost per square metre
Residential building structures		
Community Centre (Hastings)		
Other sheds and halls		
All		Useful life of specialised buildings
Plant and equipment at fair value		
Plant and equipment	Depreciated replacement cost	Cost per unit
		Useful life of PPE
Vehicles		
Motor vehicles	Depreciated replacement cost	Cost per unit
		Useful life of Vehicles
Medical equipment at fair value		
Medical equipment	Depreciated replacement cost	Cost per unit
		Useful life of ME
Furniture and fittings at fair value		
Furniture and fittings	Depreciated replacement cost	Cost per unit
		Useful life of F&F

(i) A CSO adjustment of 20% was applied to reduce the market approach value for the Health Service's specialised land. The significant unobservable inputs have remain unchanged from 2016.

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

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

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

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

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

Revaluations of Non-current Physical Assets
Non-current physical assets are measured at fair value and are revalued in accordance with FRD 103F Non-current physical assets. This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values. Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined

in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

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

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

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

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

Note 10a: Non-financial physical assets classified as held for sale

(a) Non-financial physical assets classified as held for sale

	Total	Total
	2017	2016
	$'000	$'000
Freehold Land[(i)]	**18,334**	**-**
Total Non-Financial Physical Assets classified as Held for Sale	**18,334**	-

(i) Peninsula Health intends to dispose of freehold land it no longer utilise in the next 12 months. The land located in Mount Eliza was used until recently for Corporate Services and for Personal Alarm Call Service. All services have been relocated to other sites. A search is underway for a buyer. No impairment loss was recognised on reclassfication of the freehold land as held for sale or at the end of the reporting period.

(b) Fair value measurement of non-financial physical assets held for sale

	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using		
	$'000	Level 1(1)	Level 2(1)	Level 3(1)
Freehold Land held for sale[(ii)]	**18,334**	**-**	**-**	**18,334**
Total Non-Financial Physical Assets classified as Held for Sale	**18,334**	-	-	18,334

Notes
(1) Classified in accordance with the fair value hiearchy (Note 10).
(ii) Freehold land held for sale is carried at fair value less costs to disposal.

	Carrying amount as at 30 June 2017	Fair value measurement at end of reporting period using		
	$'000	Level 1(1)	Level 2(1)	Level 3(1)
Freehold Land held for sale[(ii)]	**-**	**-**	**-**	**-**
Total Non-Financial Physical Assets classified as Held for Sale	**-**	-	-	-

Notes
(1) Classified in accordance with the fair value hiearchy (Note 10).
(ii) Freehold land held for sale is carried at fair value less costs to disposal.

Note 11: Intangible Assets

	2017	2016
	$'000	$'000
Software	**11,894**	11,894
Less Accumulated Amortisation	**(7,183)**	(5,138)
Total Intangible Assets	**4,711**	6,756

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

	Software	
	2017	2016
	$'000	$'000
Balance at beginning of year	**6,756**	8,785
Additions	**-**	11
Net Transfers from Assets Under Construction (Note 10)	**-**	-
Disposals	**-**	-
Amortisation expense (Note 4)	**(2,045)**	(2,040)
Balance at end of year	**4,711**	6,756

Intangible Assets
Intangible assets represent identifiable non-monetary assets without physical substance such as computer software and development costs (where applicable).

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 Peninsula Health.

Intangible assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life.

Amortisation
Amortisation is allocated to intangible assets with finite useful lives on a systematic (typically straight-line) basis over the asset's useful life. Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The consumption of intangible 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.

Intangible assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life.

Any excess of the carrying amount over the recoverable amount is recognised as an impairment loss.

Intangible assets with finite useful lives are amortised over a three to seven year period (2016: 3 – 7 years).

Note 12: Payables

	2017	2016
	$'000	$'000
CURRENT		
Contractual		
Trade Creditors (i)	**3,601**	6,859
Salary Packaging	**1,857**	2,258
Accrued Expenses	**15,385**	9,590
	20,843	18,707
Statutory		
Department of Health and Human Services	**590**	-
TOTAL CURRENT	**21,433**	18,707

(i) The average credit period is 30 days.

(a) Maturity analysis of payables

Please refer to Note 18(e) for the ageing analysis of payables.

(b) Nature and extent of risk arising from payables

Please refer to Note 18(e) for the nature and extent of risks arising from contractual payables.

Payables consist of:

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

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

Note 13: Borrowings

	2017	2016
	$'000	$'000
CURRENT		
VicFleet	72	-
TCV borrowings	5,027	948
	5,099	948
NON CURRENT		
VicFleet	370	-
TCV borrowings	7,270	7810
	7,640	7,810
TOTAL BORROWINGS	12,739	8,758

The terms and conditions of the interest bearing borrowings include a 15 year repayment period at a fixed interest rate of 4.80%.

Finance costs of the Peninsula Health incurred during the year are accounted for as follows:

	2017	2016
Interest on long term borrowings (recognised as a finance cost – self funded activity)	**(417)**	(434)

(a) Maturity analysis of borrowings

Please refer to Note 18(e) for the ageing analysis of borrowings

(b) Nature and extent of risk arising from borrowings

Please refer to Note 18(e) for the nature and extent of risks arising from borrowings.

(c) Defaults and breaches

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

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

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

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

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

Finance Leases as a lessee
Finance leases are recognised as assets and liabilities at amounts equal to the fair value of the lease property or, if lower, the present value of the minimum lease payment, each determined at the inception of the lease. The lease asset is accounted for as a non-financial physical asset and is depreciated over the shorter of the estimated useful life of the asset or the term of the lease. If there is certainty that Peninsula Health will obtain the ownership of the lease asset by the end of the lease term, the asset shall be depreciated over the useful life of the asset. If there is no reasonable certainty that the lessee will obtain ownership by the end of the lease term, the asset shall be fully depreciated over the shorter of the lease term and its useful life. Minimum lease payments are apportioned between reduction of the outstanding lease liability, and the periodic finance expense which is calculated using the interest rate implicit in the lease, and charged directly to the comprehensive
operating statement. Contingent rentals associated with finance leases are recognised as an expense in the period in which they are incurred.

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

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

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

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

Finance costs include:

- interest on bank overdrafts and short-term and long-term borrowings (Interest expense is recognised in the period in which it is incurred);
- amortisation of discounts or premiums relating to borrowings; and
- amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Note 14: Provisions

Employee Benefits

	2017	2016
	$'000	$'000
CURRENT		
Employee Benefits (i) (Note 14(a))		
Annual Leave (Note 14(a))		
- Unconditional and expected to be settled within 12 months (iii)	**25,947**	24,530
- Unconditional and expected to be settled after 12 months (ii)	**4,329**	4,128
Long Service Leave (Note 14(a))		
- Unconditional and expected to be settled within 12 months (iii)	**5,933**	5,888
- Unconditional and expected to be settled after 12 months (ii)	**41,241**	36,098
Accrued Days Off (Note 14(a))		
- Unconditional and expected to be settled within 12 months (iii)	**1,006**	894
- Unconditional and expected to be settled after 12 months (ii)	**-**	-
Accrued Wages and Salaries	**11,286**	9,874
	89,742	81,412
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (iii)	**3,349**	3,190
- Unconditional and expected to be settled after 12 months (ii)	**4,963**	4,374
	8,312	7,564
Total Current Provisions	**98,054**	88,976
NON-CURRENT		
Employee Benefits (i) (Note 14(a))	**14,535**	15,000
Provisions related to Employee Benefit On-Costs (Note 14(a) and Note 14(b))	**1,511**	1,492
Total Non-Current Provisions	**16,046**	16,492
Total Provisions	**114,100**	**105,468**

(a) Employee Benefits and Related On-Costs

Current Employee Benefits and related on-costs		
Annual Leave Entitlements	**33,298**	31,519
Unconditional Long Service Leave Entitlement	**52,357**	46,596
Accrued Days Off	**1,113**	987
Accrued Wages and Salaries	**11,286**	9,874
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements	**16,046**	16,492
Total Employee Benefits and Related On-Costs	**114,100**	105,468

Notes:
(i) Employee benefits consist of annual leave and long service leave accrued by employees. On-costs such as superannuation and worker's compensation insurance are not employee benefits and are reflected as a separate provision.

(ii) The amounts disclosed are at present values.

(iii) The amounts disclosed are at nominal values.

(b) Movement in Long Service Leave:

Balance at start of year	**63,088**	57,011
Provision made during the year:		
-Revaluations	**(717)**	2,861
-Expense recognising employee service	**12,617**	9,751
Settlement made during the year	**(6,585)**	(6,535)
Balance at end of year	**68,403**	63,088

Provisions

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

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

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

Employee Benefits

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

Wages and Salaries, Annual Leave and Accrued Days Off

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

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

- Undiscounted value – if the health service expects to wholly settle within 12 months; or
- Present value – if the health service does not expect to wholly settle within 12 months.

Long Service Leave

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

Current Liability – unconditional LSL (representing 10 or more years of continuous service) is disclosed in the notes to the Financial Statements as a current liability even where Peninsula Health does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months. The components of this current LSL liability are measured at:

- Undiscounted value – if the health service expects to wholly settle within 12 months; and
- Present value – if the health service does not expect to wholly settle within 12 months.

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

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 bond interest rates for which it is then recognised as an other economic flow.

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

Peninsula Health recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

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

Note 14a: Superannuation

Contributions Paid or Payable for the Year

	2017	2016
	$'000	$'000
Defined benefit plans:		
Hospital Superannuation Fund	**353**	409
Government Superannuation Fund	**148**	161
Defined contribution plans:		
Hospital Superannuation Fund	**18,783**	18,927
Other Funds	**12,854**	11,399
Total	**32,138**	30,896
Contributions outstanding at the end of the financial year	**812**	616

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

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

Defined benefit superannuation plans
The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by Peninsula Health to the superannuation plans in respect of the services of current 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.

Superannuation liabilities
Peninsula Health does not recognise any unfunded defined benefit liability in respect of the superannuation plans because the Health Service has no legal or constructive obligation to pay future benefits relating to its employees; its only obligation is to pay superannuation contributions as they fall due.

Note 15: Other Liabilities

	2017	2016
	$'000	$'000
CURRENT		
*Trust Funds - Patient Monies held in Trust	**1,853**	1,261
	1,853	1,261
* Total Monies Held in Trust		
Represented by the following assets:		
- Cash Assets Held in Trust (refer to Note 7)	**10**	7
- Other Financial Assets Held at Trust (refer to Note 7)	**1,843**	1,254
TOTAL	**1,853**	**1,261**

Note 16: Equity

(a) Surpluses

	2017	2016
	$'000	$'000
Property, Plant & Equipment Revaluation Surplus 1		
Balance at the beginning of the reporting period	76,595	68,067
Revaluation increment/(decrement)	12,927	8,528
Impairment losses	-	-
Balance at the end of the reporting period	**89,522**	76,595
* Represented by:		
- Buildings	**47,691**	47,691
- Land	**41,831**	28,904
	89,522	76,595
Financial Asset Available-for-Sale Revaluation Surplus 2		
Balance at the beginning of the reporting period	**-**	1,114
Cumulative (gain)/loss transferred to Operating Statement on sale of financial assets	**-**	(1,020)
Cumulative (gain)/loss transferred to Operating Statement on impairment of financial assets	**-**	-
Valuation gain/(loss) recognised direct to equity	**770**	(94)
Balance at the end of the reporting period	**770**	-
Total Surpluses	**90,292**	76,595

1. The property, plant & equipment asset revaluation surplus arises on the revaluation of property, plant & equipment.
2. The financial assets available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets. Where a revalued financial asset is sold, that portion of the reserve which relates to the financial asset, and is effectively realised, is recognised in the net result. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in net result.

(b) Contributed Capital

Balance at the beginning of the reporting period	**193,214**	193,201
Capital Contribution received from Victorian Government		13
Balance at the end of the reporting period	**193,214**	193,214

(c) Accumulated Surpluses/(Deficits)

Balance at the beginning of the reporting period	**42,609**	54,259
Net Result for the Year	**(11,143)**	(11,650)
Balance at the end of the reporting period	**31,466**	42,609
Total Equity at the end of the reporting period	**314,972**	312,418

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

Financial Assets Available-for-Sale Revaluation Surplus
The available-for-sale revaluation surplus arises on the revaluation of available-for-sale financial assets.

Where a revalued financial asset is sold, that portion of the surplus which relates to that financial asset is effectively realised, and is recognised in the comprehensive operating statement. Where a revalued financial asset is impaired, that portion of the surplus which relates to that financial asset is recognised in the comprehensive operating statement.

Note 17: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	2017	2016
	$'000	$'000
Net Result for the Year	**(11,143)**	(11,650)
Non-cash movements		
Depreciation & Amortisation	**27,484**	30,805
Non-Cash Department of Health Capital Grants	**(98)**	(306)
Non-Cash Assets Available for Sale	**-**	(1,020)
Non-Cash Impairment of Financial Assets	**-**	395
Non-Cash Revaluation of Long Service Leave	**(717)**	-
Assets received free of charge	**(260)**	(1,615)
Movements included in investing and financing activities		
Net (Gain)/Loss from Sale of Plant and Equipment	**(27)**	42
(Gain)/Loss from Discontinued Operation	**-**	-
Movements in Assets & Liabilities		
- Increase/(Decrease) in Payables	**2,136**	4,291
- Increase/(Decrease) in Employee Benefits	**9,346**	4,489
- (Increase)/Decrease in Inventories	**(149)**	33
- (Increase)/Decrease in Receivables	**1,175**	(8,250)
- (Increase)/Decrease in Other Non Current Assets		
- (Increase)/Decrease in Prepayments	**(274)**	290
- Increase/(Decrease) in Other Liabilities	**592**	483
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**28,065**	17,987

Note 18: Financial Instruments

(a) Financial Risk Management Objectives & Policies

Peninsula Health's principal financial instruments comprise of cash assets, term deposits, receivables (excluding statutory receivables), investment in managed funds, payables (excluding statutory payables), accommodation bonds and borrowings.

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

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

Peninsula Health uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the Finance and Resources Committee of Peninsula Health.

The main purpose in holding financial instruments is to prudentially manage Peninsula Health's financial risks within government policy parameters.

(b) Risk management policies

Peninsula Health's risk management framework is based on the Australian Standard and has an overarching policy with 10 policies relating to specific areas such as clinical governance, financial risk, IT risk and building and infrastructure risk.

Risk management is seen as a core component of service delivery and high or extreme risks are managed at an appropriate level of seniority. A consistent risk assessment and management tool is used across all risk areas.

This is supported by a risk register which is regularly updated in conjunction with our internal auditors.

(c) Categorisation of financial instruments

Details of each category in accordance with AASB139

			Carrying Amount	Carrying Amount
			2017	2016
	Note	Category	$'000	$'000
Financial Assets				
Cash and cash equivalents	5	Loans and Receivables	**23,845**	16,840
Receivables	6	Loans and Receivables	**9,411**	13,516
Other Financial Assets	7	Available for sale financial assets	**13,375**	12,605
Total Financial Assets (i)			**46,631**	42,961
Financial Liabilities				
Payables	12	Financial liabilities measured at amortised cost	**20,843**	18,707
Borrowings	13	Financial liabilities measured at amortised cost	**12,739**	8,758
Accommodation Bonds	15	Financial liabilities measured at amortised cost	**1,843**	1,254
Other Liabilities	15	Financial liabilities measured at amortised cost	**10**	7
Total Financial Liabilities (ii)			**35,435**	28,726

(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 payable)

Net holding gain/(loss) on financial instruments by category	**Net holding gain/(loss)**	Total interest income / (expense)	Fee income / (expense)	Impairment loss	Total
	$'000	$'000	$'000	$'000	$'000
2017					
Financial Assets					
Cash and Cash Equivalents (i)	**-**	801	-	-	801
Loans and Receivables (i)	**-**	-	-	-	-
Available for Sale (i)	**770**	-	685	-	1,455
Total Financial Assets	**770**	**801**	**685**	**-**	**2,256**
Financial Liabilities					
At Amortised Cost (ii)	**-**	(417)	-	-	(417)
Total Financial Liabilities	**-**	(417)	-	-	(417)
2016					
Financial Assets					
Cash and Cash Equivalents (i)	**-**	871	-	-	871
Loans and Receivables (i)	**-**	-	-	-	-
Available for Sale (i)	**1,114**	-	604	(395)	1,323
Total Financial Assets	**1,114**	871	604	(395)	2,194
Financial Liabilities					
At Amortised Cost (ii)	**-**	(434)	-	-	(434)
Total Financial Liabilities	**-**	(434)	-	-	(434)

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

(ii) For financial liabilities measured at amortised cost, the net gain or loss is calculated by taking the interest expense, plus or minus foreign exchange gains or losses arising from the revaluation of financial liabilities measured at amortised cost.

(d) Credit Risk

Credit risk arises from the contractual financial assets of Peninsula Health, which comprise cash and deposits, non-statutory receivables and available for sale contractual financial assets. Peninsula Health's exposure to credit risk arises from the potential default of a counter party on their contractual obligations resulting in financial loss to Peninsula Health. Credit risk is measured at fair value and is monitored on a regular basis.
Credit risk associated with Peninsula Health's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is Peninsula Health's policy to only deal with entities with high credit ratings of a minimum Triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, Peninsula Health 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.

Provision of impairment for contractual financial assets is recognised when there is objective evidence that Peninsula Health 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 Peninsula Health's maximum exposure to credit risk without taking account of the value of any collateral obtained.

Ageing analysis of Financial Asset as at 30 June

	Carrying Amount	**Not Past Due and Not Impaired**	Past Due But Not Impaired				Impaired Financial Assets
			Less than 1 Month	1-3 Months	3 months - 1 Year	1-5 Years	
2017	**$'000**	**$'000**	$'000	$'000	$'000	$'000	$'000
Financial Assets							
Cash and Cash Equivalents	**23,845**	**23,845**	-	-	-	-	-
Receivables							
- Trade Debtors	**9,411**	**7,943**	1,140	188	535	-	(395)
Other Financial Assets							
- Managed Investments	**13,375**	**13,375**	-	-	-	-	-
Total Financial Assets (i)	**46,631**	**45,163**	1,140	188	535	-	(395)
2016							
Financial Assets							
Cash and Cash Equivalents	**16,840**	**16,840**	-	-	-	-	-
Receivables							
- Trade Debtors	**13,516**	**11,497**	1,188	456	674	-	(299)
Other Financial Assets							
- Managed Investments	**12,605**	**12,605**	-	-	-	-	-
Total Financial Assets	**42,961**	**40,942**	1,188	456	674	-	(299)

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired, and they are stated at the carrying amounts as indicated. The ageing analysis table above discloses the ageing only of contractual financial assets that are past due but not impaired. There are no material financial assets which are individually determined to be impaired.

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

	Financial institutions (AAA credit rating)	Financial Institutions (AA credit rating)	Government agencies (AAA credit rating)	Other (min BBB credit rating)	Total
2017	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets					
Cash and Cash Equivalents	**-**	**1,976**	21,869	-	23,845
Loans and Receivables	**-**	**-**	-	9,411	9,411
Available for sale					
- Managed Investments	**-**	**-**	13,375	-	13,375
Total Financial Assets (i)	**-**	**1,976**	**35,244**	**9,411**	**46,631**
2016					
Financial Assets					
Cash and Cash Equivalents	**-**	**5,392**	11,448	-	16,840
Loans and Receivables	-	-	-	13,516	13,516
Available for sale					
- Managed Investments	-	-	12,605	-	12,605
Total Financial Assets (i)	**-**	**5,392**	**24,053**	**13,516**	**42,961**

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

(e) Liquidity Risk

Liquidity risk is the risk that Peninsula Health would be unable to meet its financial obligations as and when they fall due. Peninsula Health operates under the Government's fair payments policy of settling financial obligations within 30 days and in the event of a dispute, making payments within 30 days from the date of resolution. Peninsula Health's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. Peninsula Health manages its liquidity risk through regular cash forecasts and ensuring sufficient available cash is held to meet its obligations.

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

Maturity analysis of Financial Liabilities as at 30 June

			Maturity Dates			
	Carrying Amount	Nominal Amount	Less than 1 Month	1-3 Months	3 months – 1 Year	1–13 Years
2017	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Liabilities						
At amortised cost						
Payables	**20,843**	**20,843**	**18,986**	**928**	**929**	**-**
Borrowings	**12,739**	**15,187**		**1,275**	**3,824**	**10,088**
Other Financial Liabilities						
- Accommodation Bonds	**1,843**	**1,843**	**1,843**	**-**	**-**	**-**
- Other	**10**	**10**	**10**	**-**	**-**	**-**
Total Financial Liabilities	**35,435**	**37,883**	**20,839**	**2,203**	**4,753**	**10,088**
2016						
Financial Liabilities						
At amortised cost						
Payables	18,707	18,707	16,081	1,497	1,129	-
Borrowings	8,758	11,614	-	237	711	10,666
Other Financial Liabilities						
- Accommodation Bonds	1,254	1,254	1,254	-	-	-
- Other	7	7	7	-	-	-
Total Financial Liabilities	28,726	31,582	17,342	1,734	1,840	10,666

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

(f) Market Risk

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

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

Interest Rate Risk
Exposure to interest rate risk might arise primarily through Peninsula Health's interest bearing financial assets. Minimisation of risk has been achieved by using fixed rate for financial liabilities.

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
2017		**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets					
Cash and Cash Equivalents	**1.74%**	**23,845**	**-**	**23,819**	**26**
Receivables(i)					
- Trade Debtors	**-**	**9,411**	**-**	**-**	**9,411**
Other Financial Assets					
- Managed Investments	**-**	**13,375**	**-**	**-**	**13,375**
		46,631	**-**	**23,819**	**22,812**
Financial Liabilities					
At amortised cost					
Payables(i)	**-**	**20,843**	**-**	**-**	**20,843**
Borrowings	**4.79%**	**12,739**	**12,739**	**-**	**-**
Other Financial Liabilities					
- Accommodation Bonds	**-**	**1,843**	**-**	**-**	**1,843**
- Other	**-**	**10**	**-**	**-**	**10**
		35,435	**12,739**	**-**	**22,696**
2016					
Financial Assets					
Cash and Cash Equivalents	2.06%	16,840	-	16,814	26
Receivables(i)					
- Trade Debtors	-	13,516	-	-	13,516
Other Financial Assets					
- Managed Investments	-	12,605	-	-	12,605
		42,961	-	16,814	26,147
Financial Liabilities					
At amortised cost					
Payables(i)	-	18,707	-	-	18,707
Borrowings	4.79%	8,758	8,758	-	-
Other Financial Liabilities					
- Accommodation Bonds	-	1,254	-	-	1,254
- Other	-	7	-	-	7
		28,726	8,758	-	19,968

(i) The carrying amount excludes statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

Sensitivity Disclosure Analysis

Taking into account past performance, future expectations, economic forecasts, the views of external consultants, and management's knowledge and experience of the financial markets, Peninsula Health believes the following movements are *'reasonably possible'* over the next 12 months (base rates are sourced from the Reserve Bank of Australia):

- A shift of +1% and -1% in market interest rates (AUD) from year-end rates of 1.75% (2017: 1.75%);
- A movement of 5% up and down (2017: 5%) for the top ASX 200 index.

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

		Interest Rate Risk				Other Price Risk			
		-1%		+1%		-5%		+5%	
	Carrying Amount	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
2017	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Financial Assets									
Cash and Cash Equivalents(i)	**23,845**	**(238)**	**(238)**	**238**	**238**	**-**	**-**	**-**	**-**
Receivables(ii)									
- Trade Debtors	**9,411**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Financial Assets									
- Managed Investments	**13,375**	**-**	**-**	**-**	**-**	**-**	**(669)**	**-**	**669**
Financial Liabilities									
At amortised cost									
Payables	**20,843**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Borrowings *(fixed rate)*	**12,739**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Other Financial Liabilities									
- Accommodation Bonds	**1,843**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
- Other	**10**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
		(238)	**(238)**	**238**	**238**	**-**	**(669)**	**-**	**669**
2016									
Financial Assets									
Cash and Cash Equivalents(i)	16,840	(168)	(168)	168	168	-	-	-	-
Receivables(ii)									
- Trade Debtors	13,516	-	-	-	-	-	-	-	-
Other Financial Assets									
- Managed Investments	12,605	-	-	-	-	-	(630)	-	630
Financial Liabilities									
At amortised cost									
Payables	18,707	-	-	-	-	-	-	-	-
Borrowings *(fixed rate)*	8,758	-	-	-	-	-	-	-	-
Other Financial Liabilities									
- Accommodation Bonds	1,254	-	-	-	-	-	-	-	-
- Other	7	-	-	-	-	-	-	-	-
		(168)	(168)	168	168	-	(630)	-	630

(i) eg. Sensitivity of cash and cash equivalents to a +1% movement in interest rates.
(ii) The carrying amount excludes statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

(g) 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
- **Level 2** - the fair value is determined using inputs other than quoted prices that are observable for the financial asset or liability, either directly or indirectly; and
- **Level 3** - the fair value is determined in accordance with generally accepted pricing models based on discounted cash flow analysis using unobservable market inputs.

There have been no transfers between levels during the period.

The financial assets include holdings in listed shares. The listed share assets are valued at fair value with reference to a quoted (unadjusted) market price from an active market. Peninsula Health categorises these instruments as Level 1.

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

Accordingly, the following table presents 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	**Fair Value Amount**	Carrying Amount	Fair Value Amount
	2017 $'000	**2017 $'000**	2016 $'000	2016 $'000
Financial Assets				
Cash and cash equivalents	**23,845**	**23,845**	16,840	16,840
Receivables	**9,411**	**9,411**	13,516	13,516
Other Financial Assets	**13,375**	**13,375**	12,605	12,605
Total Financial Assets	**46,631**	**46,631**	42,961	42,961
Financial Liabilities				
At amortised cost				
Payables	**20,843**	**20,843**	18,707	18,707
Borrowings	**12,739**	**13,655**	8,758	10,130
Accommodation Bonds	**1,843**	**1,843**	1,254	1,254
Other Liabilities	**10**	**10**	7	7
Total Financial Liabilities	**35,435**	**36,351**	28,726	30,098

Financial Assets measured at fair value

	Carrying Amount as at 30 June	**Fair value measurement at end of year using**		
		Level 1	**Level 2**	**Level 3**
2017	**$'000**	**$'000**	**$'000**	**$'000**
Financial assets at fair value				
Available for sale financial assets				
- Managed funds	**13,375**	**13,375**	-	-
Total Financial Assets	**13,375**	**13,375**	-	-
2016				
Financial assets at fair value				
Available for sale financial assets				
- Managed funds	**12,605**	**12,605**	-	-
Total Financial Assetrs	**12,605**	**12,605**	-	-

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

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

The following refers to financial instruments unless otherwise stated.

Categories of non-derivative financial instruments

Loans and receivables
Trade receivables, loans, term deposits with maturity greater than three months and other receivables are initially recognised at fair value plus any directly attributable transaction costs. Subsequent to initial measurement, loans and receivables are measured at amortised cost, using the effective interest method, less impairment. Term deposits with maturity greater than three 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.

Held-to-maturity investments
If Peninsula Health has the positive intent and ability to hold nominated investments to maturity, then such financial assets may be classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Peninsula Health makes limited use of this classification because any sale or reclassification of more than an insignificant amount of held-to-maturity investments not close to their maturity, would result in the whole category being reclassified as available-for-sale.
The Health Service would also be prevented from classifying investment securities as held-to-maturity for the current and the following two financial years.

Available-for-sale financial assets
Available-for-sale financial instrument assets are those designated as available-for-sale or not classified in any other category of financial instrument asset. Such assets are initially recognised at fair value. Subsequent to initial recognition, gains and losses arising from changes in fair value are recognised in 'other comprehensive income' until the investment is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in net result for the period. Fair value is determined in the manner described in Note 18(g).

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

Financial instrument liabilities measured at amortised cost include all of the Health Service's contractual payables, deposits held and advances received, and interest-bearing arrangements other than those designated at fair value through profit or loss.

Note 19: Commitments for Expenditure & Contingencies

	2017	2016
	$'000	$'000
Capital Expenditure Commitments		
Payable:		
- Land and Buildings	**10,364**	622
- Plant & Equipment	**550**	-
Total Capital Commitments	**10,914**	622
Not later than one year	**10,914**	622
Later than one year and not later than 5 years	**-**	-
Total Capital commitments inclusive of GST	**10,914**	622
Less GST recoverable from the Australian Tax Office	**992**	57
Total Capital commitments exclusive of GST	**9,922**	565
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
- Operating leases	**997**	707
- Finance leases	**442**	-
Total Lease Commitments	**1,439**	707
Operating Leases		
Non-Cancellable		
Not later than one year	**409**	447
Later than one year and not later than 5 years	**588**	260
Later than 5 years	**-**	-
Sub-total	**997**	707
Total Operating Lease commitments inclusive of GST	**997**	707
Finance Leases		
Commitments in relation to finance leases are payable as follows:		
Current	**85**	-
Non-current	**387**	-
Minimum Lease Payments	**472**	-
Less Future Finance Charges	**(30)**	-
Sub-total	**442**	-
Total Finance Lease commitments inclusive of GST	**442**	-
Less GST recoverable from the Australian Tax Office	**131**	64
Total Lease commitments exclusive of GST	**1,308**	643

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

Contingent Assets and Contingent Liabilities

As at 30 June 2017, Peninsula Health does not have any contingent assets or liabilities (2016: Nil). Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

Note 20: Segment Reporting

	Residential Aged Care Services	Residential Aged Care Services	**Pers. Alarm Call systems**	Pers. Alarm Call systems	**Acute Care**	Acute Care	**Mental Health**	Mental Health	**Aged Care**	Aged Care	**Primary Health**	Primary Health	**Other**	Other	**Total**	Total
	2017 $'000	2016 $'000	**2017 $'000**	2016 $'000	**2017 $'000**	2016 $'00	**2017 $'000**	2016 $'00	**2017 $'000**	2016 $'00	**2017 $'000**	2016 $'00	**2017 $'000**	2016 $'00	**2017 $'000**	2016 $'00
Revenue																
External Segment Revenue	**3,753**	3,685	**11,903**	11,645	**440,503**	404,292	**40,273**	37,301	**11,261**	11,275	**27,202**	26,727	**15,226**	15,926	**550,121**	510,851
Unallocated Revenue	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**13,625**	16,265	**13,625**	16,265
Total Revenue	**3,753**	3,685	**11,903**	11,645	**440,503**	404,292	**40,273**	37,301	**11,261**	11,275	**27,202**	26,727	**28,851**	32,191	**563,746**	527,116
Expenses																
External Segment Expenses	**4,222**	4,145	**9,404**	8,046	**448,158**	416,082	**38,797**	36,851	**9,884**	9,592	**30,018**	29,284	**8,995**	7,200	**549,478**	511,200
Unallocated Expense	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**27,484**	30,805	**27,484**	30,805
Total Expenses	**4,222**	4,145	**9,404**	8,046	**448,158**	416,082	**38,797**	36,851	**9,884**	9,592	**30,018**	29,284	**36,479**	38,005	**576,962**	542,005
Net Result from ordinary activities	**(469)**	(460)	**2,499**	3,599	**(7,655)**	(11,790)	**1,476**	450	**1,377**	1,683	**(2,816)**	(2,557)	**(7,628)**	(5,814)	**(13,216)**	(14,889)
Interest and dividend Income	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**1,486**	1,475	**1,486**	1,475
Finance costs	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**(417)**	(434)	**(417)**	(434)
Assets Received Free of Charge	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**260**	1,615	**260**	1,615
Net Gain/(Loss) on Non-Financial Assets	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**27**	(42)	**27**	(42)
Revaluation of Long Service Leave	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**717**	-	**717**	-
Gain/(Loss) from Discontinued Operation	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-
Available-for-Sale Revaluation Reserve Surplus recognised	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	1,020	**-**	1,020
Impairment of Financial Assets	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	-	**-**	(395)	**-**	(395)
Net Result for Year	**(469)**	(460)	**2,499**	3,599	**(7,655)**	(11,790)	**1,476**	450	**1,377**	1,683	**(2,816)**	(2,557)	**(5,555)**	(2,575)	**(11,143)**	(11,650)
Other Information																
Segment Assets	**3,173**	1,584	**10,063**	4,382	**372,421**	394,696	**34,049**	15,410	**9,521**	1,298	**22,998**	17,450	**12,873**	11,792	**465,097**	446,612
Total Assets	**3,173**	1,584	**10,063**	4,382	**372,421**	394,696	**34,049**	15,410	**9,521**	1,298	**22,998**	17,450	**12,873**	11,792	**465,097**	446,612
Segment Liabilities	**1,024**	2,157	**3,248**	2,831	**120,211**	98,882	**10,990**	9,067	**3,073**	2,071	**7,423**	6,557	**4,155**	12,629	**150,125**	134,194
Total Liabilities	**1,024**	2,157	**3,248**	2,831	**120,211**	98,882	**10,990**	9,067	**3,073**	2,071	**7,423**	6,557	**4,155**	12,629	**150,125**	134,194
Acquisition of property, plant and equipment	**47**	114	**3,553**	2,022	**20,996**	20,599	**2,982**	59	**36**	32	**136**	116	**-**	-	**27,750**	22,942
Assets Received Free of Charge	**-**	-	**-**	-	**260**	1,615	**-**	-	**-**	-	**-**	-	**-**	-	**260**	1,615
Revaluation of Non-Financial Assets	**-**	-	**-**	-	**12,927**	7,951	**-**	577	**-**	-	**-**	-	**-**	-	**12,927**	8,528
Depreciation expense	**85**	88	**2,035**	1,549	**24,054**	27,869	**460**	449	**78**	71	**564**	571	**208**	208	**27,484**	30,805

Business Segments

Residential Aged Care Services (RACS)

The Commonwealth Government regulates and partly funds the provision of residential care for older people who can no longer live independently in their own home. Carinya is a 30-bed purpose built Aged Persons Mental Health Residential Care Facility designed to provide high level specialist nursing care to residents with complex mental health diagnoses.

Personal Alarm Call Systems (MEPACS)

MEPACS provides personal alarm services to private clients as well as government funded (PAV) clients. Personal Alert Victoria (PAV) is a 24 hour personal monitoring service that responds to calls for assistance and is funded by the Victorian Government through the Department of Health and Human Services. This segment reporting note excludes some corporate costs and significant capital expenditure items.

Acute Care

Peninsula Health provides inpatient and outpatient care within the areas of general and specialty medical and surgical services, maternity, paediatric and emergency services.

Mental Health

Peninsula Mental Health Service provides a range of mental health services including aged and adult acute inpatient services, community liaison early intervention acute and recovery services (CLEARS), consultation liaison inpatient psychiatric services (CLIPS) and community care units (residential care).

Aged Care

Peninsula Health provides a range of inpatient, interim care and domiciliary aged care and rehabilitation services as well as palliative care and Hospital in the Home services.

Primary Health

Peninsula Health provides support for the community in the areas of speech pathology and audiology, counselling, dental, nutrition, podiatry, physiotherapy, occupational therapy, cardiac rehabilitation, diabetes education, health education and health promotion.

Geographical Segment

Peninsula Health operates predominantly in Melbourne (South Eastern Suburbs and Mornington Peninsula), Victoria. Peninsula Health's revenue, net surplus from ordinary activities and segment assets relate to operations in that area.

Note 21: Responsible Persons Disclosures

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

	Period	
Responsible Ministers		
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	**1-Jul-2016**	**30-Jun-2017**
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	**1-Jul-2016**	**30-Jun-2017**
Governing Board		
Ms Nancy Hogan	**1-Jul-2016**	**30-Jun-2017**
Mr Naim Melhem	**1-Jul-2016**	**30-Jun-2017**
Professor Henry Ekert AM	**1-Jul-2016**	**30-Jun-2017**
Mr Jonathan Tribe	**1-Jul-2016**	**30-Jun-2017**
Ms Erika Wilke	**1-Jul-2016**	**30-Jun-2017**
Ms Bronwyn Lewis	**1-Jul-2016**	**30-Jun-2017**
Dr Nathan Pinskier	**1-Jul-2016**	**30-Jun-2017**
Ms Peta Murphy	**11-Oct-2016**	**30-Jun-2017**
Ms Allison Smith	**1-Jul-2016**	**30-Jun-2017**
Accountable Officer		
Sue Williams	**1-Jul-2016**	**30-Jun-2017**

(b) Remuneration of responsible Persons & Accountable Officer

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

	2017	2016
	No.	No.
Income Band		
$0 - $9,999	**-**	1
$10,000 - $19,999	**1**	2
$20,000 - $29,999	**7**	4
$40,000 - $49,999	**1**	-
$50,000 - $59,999	**-**	1
$390,000 - $399,999	**1**	-
$410,000 - $419,999	**-**	1
Total Numbers	**10**	9

	$'000	$'000
Total remuneration for the reporting period for Responsible Persons included above amounted to:	**614**	599

Amounts relating to Responsible Ministers are reported in the financial statements of the Department of Premier and Cabinet. 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**.

Note 22: Executive Officer Disclosures

Executive Officer Remuneration

The number of executive officers, other than Ministers and Accountable Officers, and their Remuneration is shown in the table below.

Remuneration under *FRD 21C* is disaggregated and separately disclosed according to the nature of the payment, consistent with the requirements of *AASB 124*.

Remuneration (i)	**2017 ($'000)**
Short term employee benefits	**1 562**
Post-employment benefits	**127**
Other long-term benefits	**41**
Termination benefits	**-**
Share based payments	**n/a**
Total remuneration (ii)	**1 730**
Total number of executives(ii)	**7**
Total annualised employee equivalent (iv)	**6.4**

NB: Includes two acting arrangements in remuneration figures

(i) No comparatives have been reported because remuneration in the prior year was determined in line with the basis and definition under *FRD 21B*. Remuneration previously excluded non-monetary benefits and comprised any money, consideration or benefit received or receivable, excluding reimbursement of out-of-pocket expenses, including any amount received or receivable from a related party transaction. Refer to prior year's financial statements for executive remuneration for the 2015-16 reporting period.

(ii) Remuneration represents the expenses incurred by the entity in the current reporting period for the employee, in accordance with *AASB 119 Employee Benefits*.

(iii) The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) under *AASB 124 Related Party Disclosures* and are also reported within the related parties note disclosure.

(iv) Annualised employee equivalent is based on the time fraction worked during the reporting period. This is calculated as the total number of days the employee is engaged to work during the week by the total number of full-time working days per week (this is generally five full working days per week).

Note 23: Related Parties

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

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

All related party transactions have been entered into on an arm's length basis. Peninsula Health recorded the following major Expenditure transactions with other Government Entities:

Related entity	Nature of transaction	Category	Note	2017 '$000
DHHS	Government Grants	Income	2	**439 939**
	Long Service Leave	Debtors	6	**21 390**
	MEPACS Advance	Payables	12	**590**
Alfred Health	Payment for Renal Dialysis Services	Expenses	3	**1 429**
		Payables	12	**470**
Monash Health	Payment for Food Supplies	Expenses	3	**1 368**
Ambulance Victoria	Payment for Patient Transport	Expenses	3	**1 283**
		Payables	12	**131**
TCV	Payment of Interest on Loan	Expenses	3	**417**
	TVC Borrowings	Borrowings	13	**12 297**

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

Compensation	2017 ($'000)
Short term employee benefits	**2 141**
Post-employment benefits	**162**
Other long-term benefits	**41**
Termination benefits	**-**
Share based payments	**-**
Total Key Management Personnel Compensation	**2 344**
Total Number of Key Management Personnel	**17**

NB: Includes two acting arrangements in remuneration figures

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 Peninsula Health, there were no other related party transactions that involved key management personnel, their close family members and their personal business interests. No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Note 24: Remuneration of Auditors

	2017 $'000	2016 $'000
Audit Fees Paid or Payable to the Victorian Auditor-General's		
Office for Audit of Peninsula Health's financial statements:		
- Paid and Payable as at 30 June	99	107
Total Paid and Payable	**99**	**107**

Note 25: Ex Gratia Payments

	2017 $'000	2016 $'000
Peninsula Health has made the following ex gratia payments:		
- Ex gratia payments	5	20
Total Paid	**5**	**20**

Note 26: Subsequent Events

There have been no events subsequent to reporting date that require additional disclosure.

Note 27: Economic dependency

The Health Service is reliant on the Department of Health and Human Services for a substantial part of its revenue.

Going concern

Notwithstanding the operating deficit from continuing operations for the year of $11,143,000 (2016: deficit of $11,650,000) and working capital deficiency of $53,363,000 (2016: $56,350,000) the Financial Statements have been prepared on a going concern basis.

Peninsula Health generated cash flows from operations in the financial year of $28,065,000 (2016: $17,987,000) and has a reporting date net asset position of $314,972,000 (2016: $312,418,000). A breakeven result is budgeted in the 2018/19 financial year.

The extent to which current liabilities exceed current assets is regularly reviewed by the Board of Directors using an adjusted working capital ratio which reflects the expected settlement date of employee entitlement liabilities. This adjusted measure of liquidity further supports the going concern basis adopted by the Board.

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Peninsula Health

We are proudly inclusive.