WESTERN HEALTH

ANNUAL REPORT

2014–15

Western Health

OUR VISION

Together, caring for the West, our patients, staff, community and environment.

OUR PURPOSE

Working collaboratively to provide quality health and well-being services for the people of the West.

OUR VALUES

Compassion - consistently acting with empathy and integrity.
Accountability - taking responsibility for our decisions and actions.
Respect - for the rights, beliefs and choice of every individual.
Excellence - inspiring and motivating innovation and achievement.
Safety - prioritising safety as an essential part of everyday practice.

OUR PRIORITIES

Safe and effective patient care
People and culture
Community and partnerships
Research and learning
Self-sufficiency and sustainability

Acknowledgement of Traditional Owners:
Western Health respectfully acknowledges the traditional owners of the land on which its sites stand as the Boon Wurrung and the Wurundjeri people of the greater Kulin Nation.

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BOARD CHAIR AND CEO MESSAGE

INTRODUCTION

WESTERN HEALTH IS A POWERHOUSE OF HEALTH CARE, EDUCATION AND RESEARCH SERVING MELBOURNE'S WESTERN SUBURBS. WE ARE THE LARGEST HEALTH PROVIDER IN THE FASTEST GROWING REGION OF AUSTRALIA.

The vitality, diversity and challenges of our multicultural community inspire us to be innovative; they anchor our proud identity and tradition as a health service created by and for the people of the west.

We celebrated these themes of innovation and tradition in two landmark events this year.

Western Health won the Premier's Metropolitan Health Service of the Year in the 2014 Victorian Public Healthcare Awards (along with Eastern Health). This achievement reflected the outstanding efforts of our staff in improving health care and services for our local communities and transforming our health service to one with high levels of staff satisfaction.

We also celebrated a milestone in Western Health's history, by marking the 60th birthday of Western Hospital. The hospital began as Footscray and District Hospital, after decades of struggle last century by a coalition of local citizens, known as The Hospital Movement, who campaigned to get an acute care public hospital built in the western suburbs. In October 2014, the Board changed Western Hospital's name to Footscray Hospital after deciding the 60th anniversary was a fitting time to return to the essence of the hospital's original name.

It was remarkable to be concurrently celebrating the 120th anniversary of Williamstown Hospital during the year. Williamstown continues to play an important role in the provision of healthcare to patients from across the Western suburbs, particularly in its role as an elective surgery hub.

FINANCIAL SUSTAINABILITY

Today, recognising the need to be a strong and sustainable health service with the capacity to respond to extraordinary demands, our Board places a high value on Western Health remaining financially responsible and this is once again evident in our financial results. We have recorded a surplus of $1.4m in the 2014/15 year in a budget of $610 million and we continue to have a strong cash position.

The following achievements highlight the initiatives and progress we made this year to improve health care for the people of the west, making the best possible use of the resources available to us.

INVESTING IN BETTER BUILDINGS AND FACILITIES

2014-15 saw one of the greatest milestones in the history of Western Health, with the introduction of the full range of ICU and cardiac services at Sunshine, backed by the establishment on site of a range of acute specialty services. The commencement of these services marked the transition of Sunshine Hospital to become a major acute hospital. Critical care services were officially opened at Sunshine in March 2015 by the Parliamentary Secretary for Health, Mary-Anne Thomas, on behalf of the Minister for Health, The Hon Jill Hennessy. At the opening event, it was noted that it was a great day for the patients of our region. Sunshine Hospital was the largest hospital in the state without an intensive care unit and had the largest number of Emergency Department presentations of any hospital without an ICU – well over 70,000 a year. Sunshine Hospital has one of the busiest emergency departments in the state and the ability to have patients cared for onsite, without being transferred to Footscray Hospital or elsewhere around the city, is a major benefit for the patients and families of the region.

Our staff achieved something quite remarkable in establishing this new facility – they opened the critical care services only eight months after receiving confirmation of State Government funding. Creating fully built, fully operational, fully staffed units in such a short time - including recruiting staff into some of the hardest to fill nursing vacancies in health worldwide – was no small feat.

Having an ICU at Sunshine now provides an invaluable support for the third largest maternity service in Victoria, with well over 5,000 births a year. New mothers needing critical care can be treated at Sunshine, rather than being transferred to another hospital and separated from their newborn babies.

Earlier this year, Western Health was extremely pleased to receive confirmation, through the Andrews Government's 2015 Budget, that $200 million had been committed for the development of the Western Women's and Children's Hospital. This new building will be crucial to our ability to meet the demands of our region's soaring population of young families. It will provide 237 beds, 39 special care nursery cots, four procedure rooms and additional clinics, and will free up space in the existing Sunshine Hospital wards and theatres to support the needs of our broader patient population. Planning is well underway, with construction expected to be completed in late 2018.

Our children's ward at Sunshine Hospital was redeveloped and opened to patients from December 2014, thanks to the efforts of The Western Health Foundation and the extraordinary generosity of a number of major donors from the Western suburbs of Melbourne. The renovated ward has a family room, kitchen, laundry, quiet room, lounge and play room for parents and siblings.

A BEACON FOR RESEARCH, EDUCATION AND TRAINING

In June 2015, we were honoured to be shortlisted as Employer of the Year in the Victorian Training Awards, alongside some unlikely colleagues - McDonalds and AirServices Australia. This is the first time that a health service has been shortlisted for this award in Victoria. Our nomination was based on our growing reputation for excellence in training and staff development, supported by our own Registered Training Organisation, which has enabled 40% of our staff to receive a nationally recognised qualification, with half of those staff gaining their new qualification during the past year.

In recent years, we've become a magnet for Victoria's brightest medical graduates. All of the first year interns who started work with us this year came from the top quartile of almost 1000 medical graduates who applied for internships in Victoria's hospitals.

Our reputation for research has also grown once again through 2014-15, with some of our clinicians playing important roles in research studies which have achieved international recognition in some of the world's most prestigious journals, including the Lancet.

Western Health researchers had more than 350 journal articles published during the year. They delivered more than 240 seminar and conference presentations, in Australia and overseas. Together with our university and other research partners, we were awarded or held a total of $30.3 million worth of research grants. Further details about our research achievements can be found in our annual Research Report, which will be released in September 2015 and published on our website (westernhealth.org.au).

We are gaining a national reputation as a leader in environmental sustainability. This past year has seen a reduction in waste to landfill by 38% compared to 2007/08 baselines. Our projects included the installation of 3,000 LED replacement lamps, the roll out of a Green Office Program, and the commissioning of a recycling system to minimise food waste. More details are available via the annual Sustainability Report on the Western Health website.

INNOVATIONS TO BOOST QUALITY AND EFFICIENCY OF PATIENT CARE

Western Health's eHealth Gateway, an electronic data initiative that sends patients' hospital discharge summaries automatically to each patient's GP, began in May 2015.

By June this year, 46 practices and 350 GPs had signed up, with very positive feedback from GPs. The suite of information has expanded to include pharmacy medication summaries, dates patients are admitted and discharged, receipt of GP referrals, and outcomes of triage, waiting listing and specialist clinical appointments.

In partnership with CSIRO, we produced an innovative iPad application to address the challenge of timely and effective initial allied health assessment for patients from non-English speaking backgrounds, when an interpreter is not available. It contains key phrases and accompanying images, audio and video content to convey key concepts between clinicians and patients.

Our surgical teams are continuing to develop more efficient theatre processes, to treat more patients more quickly. We are trialling our first electronic surgical operating record to improve data collection and evaluation in surgical care. We have also installed new technology to enable live streaming of theatre cases from the Williamstown Hospital to enhance the training of our medical students and staff.

Over the last year, the "*Strengthening Hospitals in Melbourne's West*" program has been developed to enable close cooperation between Western Health, Djerriwarrh Health Services and Werribee Mercy Hospital. The program has focused on the regional priority areas of service planning, elective surgery, maternity and paediatric services. Significant achievements to-date have included development of a regional maternity referral form, development of a renal colic pathway, and service flow mapping.

We use a Best Care Framework to provide high-quality, safe, patient-focused care. The Framework has four dimensions and the following section highlights some examples of progress achieved in each dimension:

PERSON CENTRED CARE (*"I AM SEEN AND TREATED AS A PERSON"*).

A nutrition toolkit has been developed to help staff assess patients' nutritional needs and support patients who require assistance with meals.

We increased the number of consumers on our committees, conducted an *"I Don't Think They See Me – Patient Risk Summit"*, introduced a formal process for using patient stories to improve care, and rolled out name badges for staff and volunteers.

BOARD CHAIR AND CEO MESSAGE

[CONT.]

Western Health's Division of Subacute and Aged Care was selected to be part of a state-wide project led by the Victorian Department of Health and Human Services on the Care of Older People in Hospital. "Enabling Greater Engagement of Older People in their Care Experience" aims to determine best practice evidence for patient involvement and to develop materials that support greater engagement of older people in hospital.

CO-ORDINATED CARE (*"I RECEIVE HELP, TREATMENT AND INFORMATION WHEN I NEED IT AND IN A CO-ORDINATED WAY"*)

Our innovative Digital Medical Record system has expanded over the past year to improve co-ordinated patient care. More than 85% of medical record documentation is now either uploaded from source systems or able to be directly entered. This compares with 50% a year ago.

We improved the way our clinical teams communicate with each other. New video conferencing facilities have been installed for clinical meetings between our two Intensive Care Units at Footscray and Sunshine Hospitals, and for Cancer Services meetings between campuses and other organisations. We have also implemented an intelligent Cardiovascular Information System to improve decision-making and evidence-based medicine for cardiology staff.

RIGHT CARE (*"I RECEIVE CARE THAT MAKES ME FEEL BETTER"*)

Providing right care involves educating patients and carers about their conditions but also training our own staff to ensure their competence in the provision of care.

To enable our staff to meet the changed care requirements at Sunshine Hospital, hundreds of training sessions were conducted over the six months leading up to the critical services and acute specialty services opening. These sessions were managed and led through internal resources and our Centre for Education and presented a huge logistics challenge, as they were being undertaken in and around a hospital at full capacity.

SAFE CARE (*"I FEEL SAFE"*)

Responding to a deteriorating patient is a critical component of provision of safe care and over the past year there have been a number of initiatives aimed at improving how this is managed at Western Health. After months of development and planning during 2014-15, a Call For Help service for patients and their families, is now ready to be launched. The aim of this immediate response service is to provide an avenue for patients (or their families) to call for assistance if they feel there is a change in their condition and the healthcare team is not recognising this concern.

In another initiative, senior surgeons now provide scenario-based teaching to junior staff at Western Health's simulation training facilities, and this approach has reduced the incidence of patient deterioration and attracted interest from other health services.

REACHING OUT: A STRONGER FOCUS ON COMMUNITY PARTNERSHIPS

A prime example of our commitment to community linkages is our partnership with two Medicare Locals Macedon Ranges and North Western Melbourne, and South Western Melbourne to assist patients with Chronic Kidney Disease. Under the program, GPs receive support from Nephrology specialists and a CKD nurse from Western Health. Twenty-two General Practices are involved in the program, covering a population of more than 170,000 people.

Western Health's active role in the *Better Health Plan for the West* continued over the past year. As part of the ten-year plan to improve the way 20 local services work together:

- Western Health medical students took part in a very successful community day, attended by more than 700 people, as part of the "Building Healthy Communities in Melbourne's West" program,
- We opened a Patient Health Information Centre at Sunshine Hospital in September 2014. More than 100 patients and carers visit the Centre each month to access health information websites, language specific brochures and books.
- Western health doctors and nurses volunteered to deliver free health checks at a number of community events, including "Emerge in the West 2015", an event celebrating the culture of the African community in the West.

Our close relationship with the Western Bulldogs continued during the year with Western Health supporting the "*Sons of the West Men's Health Program*", a 12-week program to help men living and working in Melbourne's West to live healthier, eat healthier and drop a shirt size. Health outcomes for the 2014 program have been positive,

Disadvantaged groups in our community are a focus of our community outreach strategies. We completed an audit to assess our current practices against internationally developed standards on equity in health care for migrants and other vulnerable groups. Our first target for improvement based on the audit's findings is ensuring that these patients get access to services and resources after they are discharged from hospital.

We are targeting maternity and early childhood health care for families of refugee background via the "*Bridging the Gap*" partnership program. It brings together clinicians and managers, policy makers and researchers. As part of the program, Western Health has been working with the Murdoch Children's Research Institute, the City of Wyndham and Maternal Child Health to provide community based antenatal education and maternity care to women from the local Burmese Karen community.

AWARDS: HIGHLIGHTS

Many of our staff and volunteers won awards this year for their inspirational work and dedication in caring for others. Some of the highlights included Western Health's Symptom Urgent Review Clinic (SURC) winning the 2014 Victorian Health Association (VHA) Annual Award. The clinic was developed to improve cancer patient confidence in managing chemotherapy symptoms at home and to provide patients with direct access to nursing and medical staff to discuss concerns during their treatment period.

Our Symptom Management Assessment and Referral Team (SMART) Clinic claimed top honours at the 2014 Palliative Care Victorian Quality Initiative Awards. The clinic provides support for palliative care patients with pain and symptom management, medication support and education, and links patients to community palliative care.

The 600 members of our Western Health Volunteer Team play a crucial role in supporting patient-centred care. This year's Minister for Health Volunteer Awards marked a record sixth successive year of recognition for the team, with Western Health volunteers winning both a Team Award for Innovation and an Individual Award for Improving the Patient Experience.

A NEW STRATEGIC PLAN

During the first six months of 2015, we began to develop a new strategic plan, to map out our priorities for the next three to five years. We started by listening to the communities we serve and to those who provide the care – our staff – as well as interacting with our community partners. After more than 120 hours of one-on-one interviews, meetings and focus groups involving more than 1,000 people, we reflected on what we had heard and where to from here. We heard that we have improved significantly over the last five years but there are still areas for improvement, particularly in reducing the wait for services; matching services to the diverse needs of our community; providing better facilities; delivering consistent care.

As a health service, we are already gearing up for a major focus on providing timely care in our Emergency Departments, because our performance is not in line with our commitment to provide the best possible care for our patients. Tackling this very difficult problem will be a key priority for the entire organisation over the coming year.

Now we commence the work to address these priorities.

THANK YOU

Finally, we would like to thank Western Health's staff; volunteers; our many community stakeholders – including our local members of parliament at both the State and Commonwealth levels; the Department of Health and Human Services and the Victorian Government; and financial donors, through the Western Health Foundation. Your support is greatly appreciated and makes an incredible difference to the care we are able to provide. We look forward to working with you over the next year.

In accordance with the Financial Management Act 1994, we are pleased to present the Report of Operations for Western Health for the year ending 30 June 2015.

The Hon Bronwyn Pike
Chair of the Board, Western Health

Associate Professor Alex Cockram
Chief Executive, Western Health

ABOUT WESTERN HEALTH

WESTERN HEALTH (WH) MANAGES THREE ACUTE PUBLIC HOSPITALS: FOOTSCRAY HOSPITAL, SUNSHINE HOSPITAL AND THE WILLIAMSTOWN HOSPITAL. IT ALSO OPERATES THE SUNBURY DAY HOSPITAL AND A TRANSITION CARE PROGRAM AT HAZELDEAN IN WILLIAMSTOWN. A WIDE RANGE OF COMMUNITY BASED SERVICES ARE ALSO MANAGED BY WESTERN HEALTH, ALONG WITH A LARGE HEALTH AND ADDICTION MEDICINE SERVICE.

Services are provided to the western region of Melbourne which has a population of approximately 800,000 people.

Western Health provides a comprehensive, integrated range of services from its various sites; ranging from acute tertiary services in areas of emergency medicine, intensive care, medical and surgical services, through to subacute care and specialist ambulatory clinics. Western Health provides a combination of hospital and community-based services to aged, adult and paediatric patients and newborn babies.

Employing more than 6,200 staff Western Health has a strong philosophy of working with its local community to deliver excellence in patient care.

Western Health has long-standing relationships with health providers in the western region of Melbourne and strong affiliations with numerous colleges and academic institutions. We continue to develop academic partnerships with the University of Melbourne and Victoria University, making full use of the state of the art facilities we have jointly developed at the Sunshine campus.

Our community:

- is growing at an unprecedented rate
- is among the fastest growth corridors in Australia
- covers a total catchment area of 1,569 square kilometres
- has a population of approximately 800,000 people
- is ageing, with frailty becoming an increasing challenge to independent healthy living
- has high levels of cancer, heart disease, stroke and mental illness, with diabetes and depression also significant population health issues
- has a diverse social and economic status
- is one of the most culturally diverse communities in the State
- speaks more than 110 different languages/dialects
- provides a significant number of our staff
- has a strong history of working collaboratively with Western Health to deliver excellence in patient care.

Western Health's catchment includes the following local government municipalities:

- Brimbank
- Hobsons Bay
- Maribyrnong
- Melton
- Moonee Valley
- Moorabool
- Hume
- Wyndham

Western Health provides a range of higher level services to the patients who are also serviced by health services such as Werribee Mercy and Djerriwarrh at Bacchus Marsh.

OUR FACILITIES

FOOTSCRAY HOSPITAL

Footscray Hospital is an acute teaching hospital with approximately 300 beds. It provides acute elective and acute emergency services. Patients are provided with a range of inpatient and outpatient services including acute general medical and surgical, intensive and coronary care, sub-specialty medicine, surgical services, and related clinical support.

SUNSHINE HOSPITAL

Sunshine Hospital is an acute teaching hospital with approximately 600 beds. Over recent months Sunshine Hospital has commenced critical care services to support the people of the West. The hospital provides acute elective and acute emergency services with a range of inpatient and outpatient services including intensive care and coronary care, acute medical and surgical services and sub-specialty medicine and surgical services.

Sunshine Hospital's emergency department, incorporating a paediatric service, is one of the busiest general emergency departments in the state.

Sunshine Hospital also has a comprehensive range of women's and children's services, with maternity services continuing to grow to meet the increasing demand within the community. Sunshine Hospital now has the third highest number of births of any hospital site in the state.

SUNSHINE HOSPITAL RADIATION THERAPY CENTRE

The Sunshine Hospital Radiation Therapy Centre, a partnership between Western Health and the Peter MacCallum Cancer Centre, provides a state-of-the-art radiation planning system and two linear accelerators to deliver treatment to patients with a range of cancers.

WILLIAMSTOWN HOSPITAL

Williamstown Hospital is a 90 bed facility providing emergency services, surgical services, rehabilitation and geriatric evaluation and management services, renal dialysis services and community rehabilitation and transition care services.

SUNBURY DAY HOSPITAL

The Sunbury Day Hospital provides day medical, day surgical, day chemotherapy and haemodialysis treatment and a number of specialist clinics.

DRUG HEALTH AND ADDICTION MEDICINE

Drug Health and Addiction Medicine Services provide a diverse range of services for individuals and their families affected by drug and alcohol related problems. Drug and Alcohol Services is a community based program of Western Health and offers innovative and client centred recovery programs that include specialist programs for Adult, Women and Children's Services, Youth and Family and Residential Withdrawal Services. Addiction Medicine provides inpatient treatment for complex drug and alcohol patients and toxicology services.

WESTERN CENTRE FOR HEALTH RESEARCH AND EDUCATION

Located at Sunshine Hospital, the Western Centre for Health Research and Education provides a range of purpose built, state-of-the-art teaching and research facilities. The Centre is the result of the partnerships with the University of Melbourne and Victoria University and plays a pivotal role in staff and student education and research activities. Available within the Centre is a 200 seat auditorium, a 100 seat lecture theatre, library facilities, simulation centres and a number of seminar and tutorial rooms. The Centre is home to the Western Clinical School for Medicine and Allied Health in partnership with the University of Melbourne and also houses researchers, academics and educators from Western Health, Victoria University and the University of Melbourne. The Centre has enabled a number of collaborative projects and opportunities researching diseases that affect our local communities and has placed Western Health as a centre of excellence in academic and research fields.

Western Health maintains strong partnerships with a number of lead universities including the University of Melbourne, La Trobe, Monash, RMIT and Victoria Universities for medical, nursing and midwifery and allied health training.

HAZELDEAN TRANSITION CARE

Hazeldean Transition Care is located close to the Williamstown Hospital and provides Transition Care Program services to the people of the West. The Transition Care Program provides goal oriented, time limited and therapy focused care to help older people at the conclusion of their hospital stay.

STATEMENT OF PRIORITIES

EACH YEAR, WESTERN HEALTH IDENTIFIES HOW IT WILL CONTRIBUTE TO THE PRIORITIES IN THE VICTORIAN GOVERNMENT'S HEALTH PRIORITIES FRAMEWORK 2012-2022. THE FOLLOWING TABLE LISTS OUTCOMES AGAINST DELIVERABLES FOR 2014/15 AGREED BETWEEN OUR HEALTH SERVICE AND THE MINISTER FOR HEALTH.

PRIORITY	ACTION	WESTERN HEALTH DELIVERABLE	OUTCOME
Developing a system that is responsive to people's needs	Develop an organisational policy for the provision of safe, high quality end of life care in acute and subacute settings, with clear guidance about the role of, and access to, specialist palliative care	End of Life pathway active, with advanced care directives developed for patients going to residential facilities	**COMPLETED & ONGOING** End of Life pathway active, with education sessions undertaken & ongoing to establish knowledge of the advanced care planning documentation and process at Western Health. WH is monitoring that a conversation about end of life care is occurring with families, patients and carers.
	Progress partnerships with other services to improve outcomes for regional patients	Western metropolitan regional working groups commenced and informing the development of a Regional Sustainable Hospitals Plan	**COMPLETED & ONGOING** Working groups commenced, with the CEOs of Djerriwarrh Health Service, Werribee Mercy and Western Health presenting the first six months of outcomes of regional planning to the Department of Health and Human Services. The particular focus at this stage is on maternity, paediatric services and urology pathways.
	Configure and distribute services to address the health care needs of the local population	Capital works completed and bed management and service delivery changes implemented to support Critical Care at Sunshine Hospital	**COMPLETED** Capital works completed and changes to the bed model and service location have been delivered. The Critical Care package is operational at Sunshine Hospital.
Improving every Victorian's health status and experiences	Use consumer feedback to improve person and family centred care, health service practice and patient experience	WH Framework for Patient Experience in place, with programs active and able to be monitored against Picker patient satisfaction ratings	**COMPLETED** Patient Experience Framework signed off, with a patient experience dashboard developed. Framework implementation has included introduction of a patient story program and "First Impressions" program.
	Identify service users who are marginalised or vulnerable to poor health, and develop interventions that improve their outcomes relative to other groups, for example, Aboriginal people	WH Aboriginal Health Plan progressed and informing improved Aboriginal patient identification and staff engagement in cultural awareness training	**COMPLETED** WH Aboriginal Health Plan progressed, with increasing numbers of Aboriginal patients identified, an increase in Aboriginal staff and staff engagement in cultural awareness training.
	Support local implementation of the Victorian Health and Wellbeing Plan 2011-2015 through collaboration with key partners such as Local Government, Medicare Locals, community health services and other agencies	Medicare Local collaborative project support for General Practitioner (GP) management of diabetes completed and evaluated	**COMPLETED** Diabetes project implemented, with Diabetes nurse educators visiting selected GPs as well as managing a hotline based at WH.

PRIORITY	ACTION	WESTERN HEALTH DELIVERABLE	OUTCOME
Expanding service, workforce and system capacity	Work collaboratively with the Department of Health and Human Services (DHHS) on service and capital planning to develop service and system capacity	DHHS commissioned Changing Health for a Changing West Capital Business Case completed	**COMPLETED** "Changing Health for a Changing West" Business Case approved by Western Health Board, with a State budget commitment for the capital development of a Women's and Children's building at Sunshine Hospital.
	Develop and implement a workforce immunisation plan that includes pre-employment screening and immunisation assessment for existing staff that work in high risk areas in order to align with Australian infection control and immunisation	Trial of revised pre-employment immunisation screening process completed and rolled out to high risk areas across Western Health	**COMPLETED & ONGOING** Process implemented to update the WH immunisation database and follow-up staff working in high risk areas who do not have an immunisation history.
	Build workforce capacity and sustainability by supporting formal and informal clinical education and training for staff and health students, in particular inter-professional learning	Best Practice Clinical Learning Environment in place and partnerships further developed for post graduate nursing education	**COMPLETED** Best Practice Clinical Learning Environment working group established and action plan implemented. Targeted numbers of post graduate enrolments have been met.
Increase the system's financial sustainability and productivity	Identify and implement practice change to enhance asset management	Commercial offers completed to enhance retail precincts within Footscray and Sunshine Hospitals	**COMPLETED** Commercial offers approved for expanded retail precincts at Footscray and Sunshine Hospitals, with early works construction planning commenced.
	Reduce health service administrative costs	SharePoint human resources workflow process automation project implemented, with employee self-service functionality active	**SIGNIFICANTLY PROGRESSED** SharePoint document management environment live. E-leave management is being deployed in partnership with Melbourne Health.
Implementing continuous improvements and innovation	Develop a focus on 'system thinking' to drive improved integration and networking across health care settings	Patient flow improvement projects identified and implemented following 'Voice of the Customer' evaluation	**COMPLETED & ONGOING** 'Voice of the Customer' program ongoing, with 150 consumers interviewed to-date. Discharge planning was the major project to result from consultation, with a pilot project launched on 3 wards to address this area for patient flow improvement
	Drive improved health outcomes through a strong focus on patient-centred care in the planning, delivery and evaluation of services, and the development of new models for putting patients first	Process Improvement Modules in place against targeted elements of care, including nutrition and pressure injuries, with measures identified to track impact	**COMPLETED & ONGOING** Process improvement modules in place against the targeted elements of care focus areas of nutrition and pressure injuries, with further development occurring in the areas of falls, cognition and continence management. Outcome measures identified as part of the development of the modules.

STATEMENT OF PRIORITIES

[CONT.]

PRIORITY	ACTION	WESTERN HEALTH DELIVERABLE	OUTCOME
Increasing transparency and accountability	Undertake an annual board assessment to identify and develop board capability to ensure all board members are well equipped to effectively discharge their responsibilities	Online Board information portal active as major action from new annual board assessment process introduced in 2013; annual process repeated in 2014	**COMPLETED** Online Board information portal active and Board level meetings now paperless. Annual process for online board governance assessment repeated in 2014.
	Increase transparency and accountability in reporting of accurate and relevant information about the organisation's performance	Financial, workforce and patient activity reporting schemas aligned with the WH Monitoring and Performance (MaP) system, enabling seamless reporting across datasets	**COMPLETED** Work in all operational divisions completed to develop financial, workforce and patient activity reporting schemas, with processes and procedures formalised.
Improving utilisation of e-health and communications technology	Trial, implement and evaluate strategies that use e-health as an enabler of better patient care	e-Messaging Gateway active with suite of outbound messaging notifications including discharge summaries rolled out to wider WH General Practitioner (GP) community	**COMPLETED** e-Messaging Gateway active, with expansion beyond pilot groups of GPs on an opt in basis. Suite of outbound messaging notifications includes pharmacy medication summaries and discharge summaries.
	Ensure local ICT strategic plans are in place	WH Digital Hospital e-vision and roadmap developed and covering the next 3-5 years	**COMPLETED** Electronic Medical Record (EMR) Options Assessment Review undertaken which has significantly informed a WH Digital Hospital Vision.

WESTERN HEALTH SERVICES

EMERGENCY, MEDICINE AND CANCER SERVICES

- Addiction Medicine
- Dermatology
- Endocrinology & Diabetes
- Elective Booking Services
- Emergency Medicine
- Gastroenterology
- General Medicine
- Haematology
- Hospital In The Home
- Immunology
- Infectious Diseases
- Medical Oncology
- Migrant Screening Program
- Nephrology
- Neurology
- Renal Dialysis
- Respiratory and Sleep Disorders
- Rheumatology
- Palliative Care
- Stroke Service

PERIOPERATIVE AND CRITICAL CARE SERVICES

- Anaesthetics and Pain Management
- Cardiology Services
- Central Sterilising Services
- Colorectal and General Surgery
- Elective Booking Service
- General, Breast and Endocrine Surgery
- Intensive Care Services (incorporating ICU Liaison)
- Neurosurgery
- Ophthalmology
- Orthopaedic Surgery
- Otolaryngology, Head, Neck Surgery
- Paediatric Surgery
- Plastic, Reconstructive and Facio-Maxillary Surgery
- Preadmission Service
- Thoracic Surgery
- Upper Gastro Intestinal and General Surgery
- Urology Surgery
- Vascular Surgery

SUBACUTE AND AGED CARE SERVICES

- Subacute and Nonacute Assessment and Pathways Service
- Geriatric Medicine - Acute
- Geriatric Evaluation and Management
- Rehabilitation
- Restorative Care
- Palliative Care (inpatient service)
- Hazeldean Transition Care

WOMEN'S AND CHILDREN'S SERVICES

- Gynaecology
- Obstetric Services
- Maternal Fetal Medicine
- Special Care Nursery
- Paediatric Medicine

ALLIED HEALTH

- Audiology
- Exercise Physiology
- Language Services
- Neuropsychology
- Nutrition and Dietetics
- Occupational Therapy
- Pastoral Care
- Physiotherapy
- Podiatry
- Psychology
- Social Work
- Speech Pathology

CARE COORDINATION

- Aged Care Assessment Service
- Immediate Response Service
- Hospital Admission Risk Program

CLINICAL SUPPORT AND SPECIALIST CLINIC SERVICES

- Specialist Clinics (Adult)
- Interventional Radiology
- Medical Imaging
- Pathology
- Pharmacy

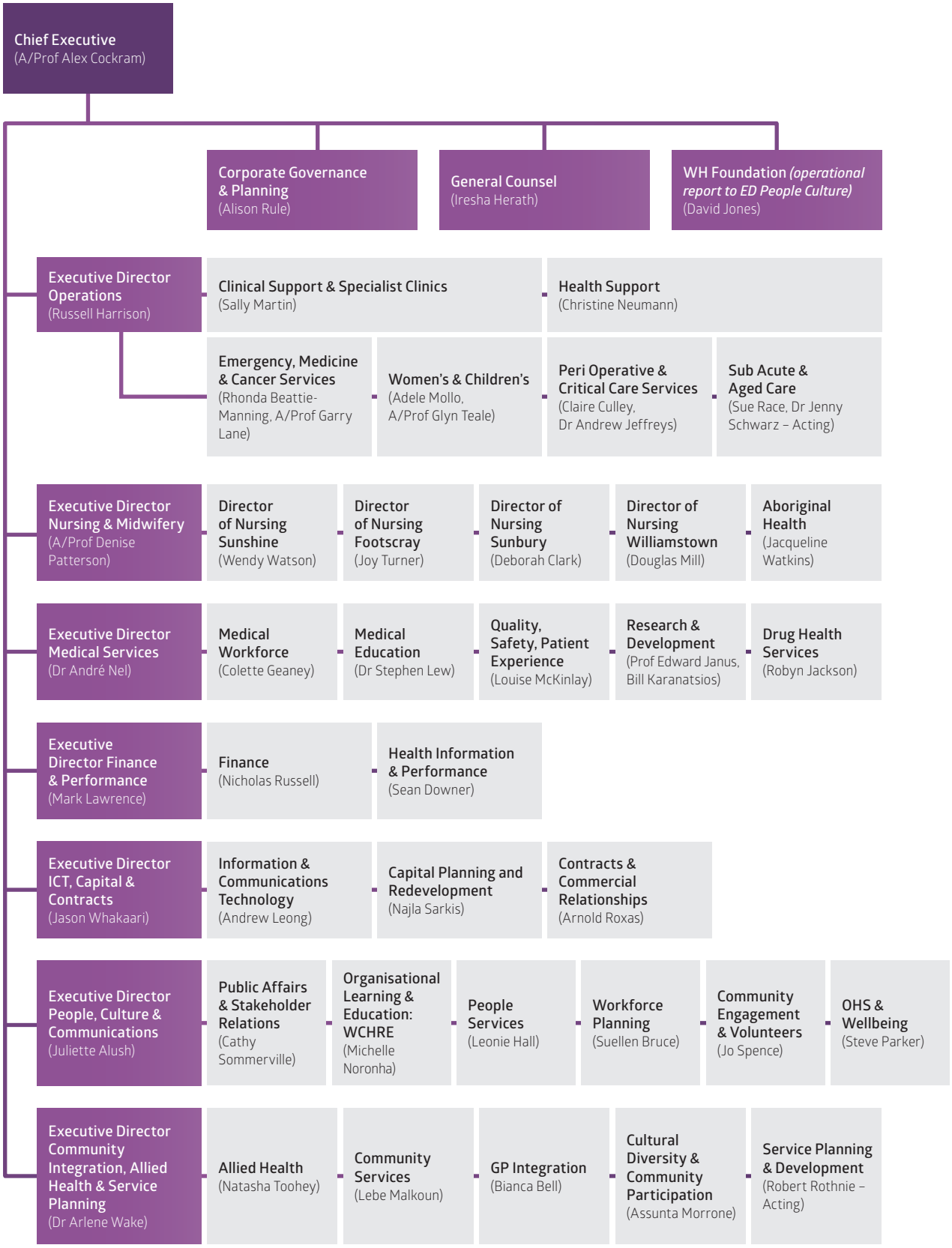
COMMUNITY & AMBULATORY CARE SERVICES

- Aboriginal Health, Policy and Planning
- Children's Allied Health Service
- Chronic Wound and Diabetic Foot Services
- Community Nursing and Allied Health Service
- Cognition, Dementia and Memory Services
- Community Based Rehabilitation
- Community Transition Care Program
- Continence Clinic
- Falls Clinic
- GP Integration Unit
- Movement Disorders Service
- Parkinson's Disease Service
- Post Acute Care Program

DRUG AND HEALTH SERVICES

- Youth and Family Services
- Adult and Specialist Services
- Community Residential Withdrawal Services

ORGANISATIONAL STRUCTURE



CORPORATE GOVERNANCE

THE BOARD OF WESTERN HEALTH CONSISTS OF INDEPENDENT NON-EXECUTIVE MEMBERS FROM A RANGE OF BACKGROUNDS AND WITH LOCAL TIES TO MELBOURNE'S WEST. THE BOARD CONSISTS OF TEN DIRECTORS. DIRECTORS ALSO HAVE A ROLE ON BOARD COMMITTEES.

Western Health is incorporated as a metropolitan health service pursuant to the Health Services Act 1988 (VIC). Western Health operates under the authority of the Act and its own by-laws.

Western Health is governed by the Board of Directors appointed by the Governor in Council on the recommendation of the Minister for Health. The Board's role is to govern the health service, consistent with applicable legislation and the terms and conditions attached to the funds provided to it.

The Board is responsible to the Minister for Health for setting the strategic direction of Western Health, within the framework of government policy, and ensuring that the health service:

- is effective and efficiently managed
- provides high quality care and service delivery
- meets the needs of the community; and
- meets financial and non-financial performance targets

Over the period 1 July 2014 to 30 June 2015, the Board comprised of ten members, including the Chair.

THE HON BRONWYN PIKE

CHAIR

The Hon Bronwyn Pike is a former Victorian Minister for Housing, Aged Care, Community Services, Health, Education, Skills and Workforce Participation. Her 13 year parliamentary career included 11 as a Minister, making her the longest serving female minister in Victoria's history.

Prior to entering parliament in 1999, Bronwyn headed up the Uniting Church welfare program in Victoria, now known as UnitingCare, which provided children, youth , family and aged care services. She trained as a secondary school teacher and taught in Adelaide and Darwin and at RMIT.

Having left Parliament in 2012, Bronwyn is working with Telstra Health, Renewal SA, and a range of NGO's. She commenced in the role as Board Chair of Western Health on 1 July 2014.

The Hon Bronwyn Pike is a member of Western Health's Finance Committee, Governance and Remuneration Committee, Quality and Safety Committee and the Audit and Risk Committee.

Appointed July 2014

MRS ELLENI BEREDED-SAMUEL

MED, GRAD DIP COUNSELLING, GRAD CERT IN MANAGEMENT, BA (FOREIGN LANGUAGES AND LITERATURE AND ENGLISH AS A SECOND LANGUAGE)

Elleni Bereded-Samuel was born in Ethiopia. Mrs Bereded-Samuel has focused her life's work on strengthening education, training and employment for Culturally and Linguistically Diverse (CALD) communities in Australia. Her dynamic leadership has resulted in new solutions for community to access and participate in society. Mrs Bereded-Samuel is currently employed with Australian Unity as Strategic Development Manager.

For six years Mrs. Bereded-Samuel served as a Commissioner of the Victorian Multicultural Commission and on the Board of Directors of The Women's Hospital and chaired the Community Advisory Committee. Mrs. Bereded-Samuel also served for three years as the inaugural member of the Australian Social Inclusion Board and for five years as a Director of the SBS Board.

Mrs Bereded-Samuel is one of 40 Australian champions independently selected as the People of Australia Ambassadors appointed by the Prime Minister. Mrs. Bereded-Samuel has been recognized as one of the hundred most influential African Australians and inducted into the Hall of Fame for her exceptional work in assisting the Australian community. In 2014 Mrs Bereded-Samuel was inducted into the Westpac & Financial Review Award as one of 100 Women of Influence in Australia.

Mrs Bereded-Samuel is Chair of the Cultural Diversity and Community Advisory Committee and Member of the Education, Research and Development Committee.

Appointed July 2011

MR GERARD BLOOD

BEng (Civil), MBA (London), MIEAust, MICE, CPEng, MAICD

Gerard Blood is a senior finance, investment and operational executive with 21 years success in creating, managing and restructuring infrastructure and development projects in Australia, UK, Canada, Middle East, North Africa and Asia. He was the Managing Director of Bilfinger Berger and delivered the new Royal Women's Hospital Public Private Partnership in Melbourne.

He has worked globally and more recently in 16 countries where he has gained exposure to a variety of different health systems. This experience has challenged his views on healthcare delivery and has led to his desire to contribute

CORPORATE GOVERNANCE

[CONT.]

this knowledge and experience as a member of the Western Health Board.

Gerard has a strong sense of community and believes that a great healthcare system relies on trust between the people it serves and those delivering the care.

Mr Blood is a Member of the Finance and Resources Committee.

Appointed August 2013

PROFESSOR COLIN CLARK

BBUS, DIP ED, MBA, PHD, FCPA, FCA, FIPAA, FAICD

Colin Clark is Dean of Business and Professor of Accounting at Victoria University.

He has been active within CPA Australia having been a member of the Victorian Council, including as State President, and also a member of the board of CPA Australia including serving as Vice President. He has undertaken a range of research and consulting projects in Australia and overseas. His area of specialisation is public sector accounting and corporate governance.

Professor Clark is Chair of the Finance and Resources Committee.

Appointed July 2010

DR ROBERT MITCHELL

LLB, MPHIL, GRAD DIP TAX, MTHST, PhD

Robert (Bob) Mitchell has been a solicitor for 25 years, and was a Tax Partner at PricewaterhouseCoopers for 14 years. He has served on boards of several not-for-profit organisations including BlueCare, The Timor Children's Foundation, the PwC Foundation, World Relief Australia, and the Global Health and Development Network.

Dr Mitchell has a strong interest in international development work and justice issues. He has served in senior executive roles with World Vision Australia and is the CEO of Anglican Overseas Aid.

Bob is also an ordained Anglican Minister, and has served as a member of the Federal Attorney-General's International Pro Bono Advisory Group.

Dr Mitchell is Chair of the Audit and Risk Committee and Chair of the Governance and Remuneration Committee

Appointed July 2010

DR VLADIMIR VIZEC

MBBS (Monash)

With over 35 years of experience across aged care, refugee health, family and industrial medicine, Dr. Vizec has been providing medical services to the community of the West for several generations. He has managed multi-disciplinary medical centres, worked in London under the NHS, and is now in private part-time practice in Williamstown.

Dr. Vizec is on the Board of Australian Medical Association Victoria Services, the Chair of the Committee of Management of Australian Croatian Community Services, and member of the Advisory Committee of the South West Melbourne Medicare Local.

Dr. Vizec's experience and continuing involvement with a range of organisations gives him a broad understanding of the needs and challenges faced by health service providers and community members in the West.

Dr Vizec is a Member of the Quality and Safety Committee and a Member of the Cultural Diversity and Community Advisory Committee.

Appointed October 2013

MRS PATRICIA VEJBY

JP, CMC

Patricia (Trish) Vejby is a Full Member of Heritage Victoria and has previously held Board positions which include a member of the Board of Directors, Manor Court Aged Care Hostel for over 15 years (Life Governor), Commissioner to Board of the Legal Aid Commission of Victoria, and Director, Royal Victorian Association of Honorary Justices Board.

She is a long-time resident of the western suburbs and is currently a Justice of the Peace and is a founding Chairperson of the Royal Victorian Association Honorary Justices, Wyndham Branch. Memberships include Australian Institute of Company Directors, Biznet Wyndham, Women's Health Service Western Region, the Swedish Church Abroad, Melbourne and Trish is involved in various community activities.

Mrs Vejby enjoys her role as a Civil Celebrant/ Commonwealth Authorised Marriage Celebrant

Mrs Vejby is Chair of the Primary Care and Population Health Advisory Committee.

Appointed July 2011

ASSOCIATE PROFESSOR CASSANDRA SZOEKE

GAICD, Ph.D, FRACP, MBBS, BSc (HONS)

Associate Professor Cassandra Szoeke has devoted her career to public health. She is a practicing neurologist, and has many years of experience with the public health system. She is currently the director of the Healthy Ageing Program at the Australian Healthy Ageing Organisation and the Women's Healthy Ageing Project at the University of Melbourne. She led the research program in Neurodegenerative Diseases, Mental Disorders and Brain Health at the Australian Commonwealth Science and Industry Organisation (CSIRO) and then became a Clinical Consultant to the Preventive Health Flagship in CSIRO. She brings together high level management and communication skills with scientific expertise and clinical experience.

Her qualifications include an honours degree in Genetics and Pharmacology, MBBS and FRACP with specialisation in Neurology. Her PhD thesis in Epidemiology and public health led her to her postdoctoral studies in the Department of Health Research and Policy at Stanford University. She has been in clinical research for over a decade with numerous publications and both national and international awards for her research work. She is invited to chair and speak at international and national conferences, sits on consulting committees, international roundtables and advisory councils.

Associate Professor Szoeke is Chair of the Quality and Safety Committee and Chair of the Education, Research and Development Committee

Appointed August 2012
Term Completed June 2015

MR MALCOLM PEACOCK AM

MAICD

Malcolm Peacock is a life long resident of the Melton City where he was a farmer for many years.

He served as a councillor for 10 years and was Shire President for 2 years. He has held many positions and demonstrated leadership in agribusiness in restructuring of organisations to meet the new business environment.

Malcolm was an active Director in the Private and Public sector. This included the Djerriwarrh Health Services, Animal Health Australia, Australian Animal Health Laboratory (Geelong), International Egg Commission (Financial Controller), Victoria University of Technology (Melton Campus).

At present he is the Operations Officer for Emergency Services in the Western Suburbs for the Australian Red Cross.

Mr Peacock is a Member of the Audit and Risk Committee and a Member of the Governance and Remuneration Committee.

Appointed October 2012
Term Completed June 2015

DR MIMMIE CLAUDINE NGUM CHI WATTS

PhD (LaTrobe), MPH (UniMelb)

Dr Mimmie Ngum Chi Watts is a Public Health expert and an Academic at Victoria University, Melbourne Australia.

Dr Ngum Chi Watts has a PhD (Public Health) from La Trobe University and a Master's of Public Health from the University of Melbourne, Australia. Dr Ngum Chi Watts has a diverse range of skills and interests particularly in the areas of International/Global Health; Gender and Health inequalities; Migrant Health; Advocacy, Health Policy; Chronic Disease Management and Prevention; Research and Curriculum Development. Dr Ngum Chi Watts has presented at many national and international conferences; has served on and continues to serve on several committees and Boards. Dr Ngum Chi Watts has been recognised at local and national level for her research and community engagement activities in Australia. Dr Ngum Chi Watts is the current Convener for the International Health Special Interest Group for the State of Victoria for the Public Health Association of Australia.

Dr Ngum Chi Watts is a Member of the Primary Care and Population Health Committee and a Member of the Education, Research and Development Committee.

Appointed February 2014

BOARD COMMITTEES

The Board has established several standing committees to assist it in carrying out its responsibilities.

AUDIT AND RISK COMMITTEE

The Audit and Risk Committee is responsible for ensuring that the financial and related reporting systems produce timely, accurate and relevant reports on the financial operations of the health service and that sufficient resources are allocated to identifying and managing organisational risk.

CORPORATE GOVERNANCE

[CONT.]

CULTURAL DIVERSITY AND COMMUNITY ADVISORY COMMITTEE

The role of the Cultural Diversity and Community Advisory Committee is to advise the Board on relevant structures, processes, key priority areas and issues to ensure effective consumer and community participation at all levels of service planning and delivery. It also advises the Board on matters involving access and equity for patients and their families from culturally and linguistically diverse backgrounds.

FINANCE AND RESOURCES COMMITTEE

The Finance and Resources Committee is responsible for advising the Board on matters relating to financial strategies and the financial performance, capital management and sustainability of Western Health.

GOVERNANCE AND REMUNERATION COMMITTEE

The role of the Governance and Remuneration Committee is to advise the Board and monitor matters involving organisational governance and administration, and executive and senior staff recruitment, remuneration and performance.

PRIMARY CARE AND POPULATION HEALTH ADVISORY COMMITTEE

The Primary Care and Population Health Advisory Committee provides advice and recommendations to the Board on health issues affecting the population served by Western Health.

QUALITY AND SAFETY COMMITTEE

The Quality and Safety Committee is responsible for ensuring that quality monitoring activities are systematically performed at all levels of the organisation and that deviations from quality standards are acted upon in a timely and effective manner.

EDUCATION, RESEARCH AND DEVELOPMENT COMMITTEE

The role of the Education, Research and Development Committee is to oversee the development of plans and strategies that enable staff education and training to be linked with workforce needs, and the integration and alignment of these needs with patient care. It also oversees and monitors the development of strategy and activities which encourage, promote and support research across all levels of the organisation.

BOARD MEETING ATTENDANCE 2014–15

DIRECTORS	MEETINGS ATTENDED/ MEETINGS HELD
Hon Bronwyn Pike	10/11
Elleni Bereded-Samuel	11/11
Gerard Blood	10/11
Prof Colin Clark	10/11
Dr Robert Mitchell	10/11
Dr Mimmie Ngum Chi Watts	11/11
Malcolm Peacock	11/11
A/Prof Cassandra Szoeke	9/11
Patricia Vejby	10/11
Dr Vladimir Vizec	10/11

ATTESTATION ON DATA INTEGRITY

I, Alex Cockram, Chief Executive certify that Western Health has put in place appropriate internal controls and processes to ensure that reported data reasonably reflects actual performance. Western Health has critically reviewed these controls and processes during the year.

Associate Professor Alex Cockram
Chief Executive
11 August 2015

ATTESTATION FOR COMPLIANCE WITH MINISTERIAL STANDING DIRECTION 4.5.5.1 – INSURANCE

I, Alex Cockram, Chief Executive certify that that Western Health has complied with Ministerial Direction 4.5.5.1 – Insurance.

Associate Professor Alex Cockram
Chief Executive
11 August 2015

14.1.4 ATTESTATION FOR COMPLIANCE WITH THE AUSTRALIAN/NEW ZEALAND RISK MANAGEMENT STANDARD

I, Alex Cockram, Chief Executive certify that Western Health has risk management processes in place consistent with the AS/NZS ISO 31000:2009 and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. Western Health verifies this assurance and that the risk profile of Western Health has been critically reviewed within the last 12 months.

Associate Professor Alex Cockram
Chief Executive 11 August 2015

THE FREEDOM OF INFORMATION ACT

The Freedom of Information (FOI) Act (Vic) 1982 grants the public a legally enforceable right to access documents in the possession of public health services, including clinical and non-clinical records. Western Health processes all requests for access to documents in accordance with the provisions of the FOI Act.

TOTAL REQUESTS 2014/15	1370
Full Access	1221
Partial Access	7
Access Denied	2
Applications Withdrawn	123
No Documents	24
Applications Not Processed	331
VCAT Appeal	1
Appeal Withdrawn	0
Transfers received	4
Time of Births	9
Attendance letter	8

OCCUPATIONAL HEALTH AND SAFETY 2014/15

To minimise risk and promote staff health and wellbeing, the following programs and activities were provided:

- Regular reports provided to the Western Health Board of Directors, Executive and the Occupational Health and Safety Committee detailing OH&S and WorkCover performance.
- OH&S training courses for managers and supervisors – as part of a Diploma Unit - Manage Workplace Health and Safety (WHS) Processes.
- OH&S training provided to targeted staff groups.
- Efficient and effective staff rehabilitation and return to work processes embedded into organisational standard practice.
- Education and training provided to staff in relation to managing risks i.e. patient handling, general manual handling, occupational violence management, workstation ergonomics, gas cylinder storage and handling, hospital danger tags, chemical handling storage, ChemAlert chemical data base, and Hazstop chemical information.
- The ongoing maintenance and development of a comprehensive intranet site to facilitate an easy reference source for obtaining information on OH&S, wellbeing and emergency management for staff.
- A proactive approach adopted and maintained to minimise and control risks by management, in conjunction with staff Health and Safety representatives (HSRs).
- Ongoing support for staff Health and Safety Representatives including initial and annual refresher training and the use of a resource package to support newly elected representatives.
- The use of a HSR monthly report card, which is designed to encourage a proactive risk management approach working with management to ensure a safe working environment for staff in designated work areas.
- Ensuring dangerous goods and hazardous substances manifests and information are readily available and up to date.
- Introduction and revision of OH&S related policies and procedures to ensure systematic standardised and effective processes.
- Annual OH&S Awards which acknowledge significant contributions in improving the health, safety or well-being by Health and Safety Representatives (HSR's), staff members, Back 4 Life trainers, management and groups.
- Psychological support made available to staff offering critical incident stress management, employee assistance programs and counselling services.
- Promotion of staff well-being and fitness.

CORPORATE GOVERNANCE

[CONT.]

WORKCOVER CLAIMS AND WORKSAFE NOTIFIABLE INCIDENTS

Forty six (46) standard WorkCover claims (21 x Footscray Hospital, 21 x Sunshine Hospital, 4 x Williamstown Hospital) and two (2) minor claims were recorded for the year. From these claims, thirteen (13) were rejected and two (2) were pended by the insurer and some of these may undergo an appeal process which could affect the liability outcome.

Forty nine (49) standard claims, (including the rejected claims and pended claims), were registered by WH's insurer, which were the standard claims received for the year and minor claims converting to standard claims from previous years.

There were six (6) Notifiable Incidents [where either the injury or event is deemed as serious defined from section 38 (3) OH&S Act 2004 and regulation 904 Equipment (Public Safety) Regulations 2007] which resulted in one (1) Improvement Notice issued by WorkSafe Victoria.

OPEN ACCESS BOARD MEETING

An Open Access Board Meeting was held in March 2015 at the Footscray Town Hall, with the theme of consumer engagement in strategic planning – what a positive patient experience would look like by 2020.

Fifty-six people joined the Western Health Board at the meeting. The most common themes from group discussion on focus areas for a positive patient experience towards 2020 were:

- **Communication** – between patients, families and staff, between staff to inform and deliver high quality care, and between WH and the community to ensure continuity of care.
- **Wait** – reducing waiting times, predominantly in our emergency departments but also with a strong focus on outpatient service waits
- **Co-ordination** – at all stages of the patient journey, including following discharge.
- **Patient/Experience** – considering care from the perspective of the patient and their carers and providing a consistent care experience that is reflective of this consideration.
- **Services/Care** – determining the health services best provided by Western Health (in hospital and in the community), primary care, and other health services where there are specialist health needs.
- **Discharge** – supporting patients to transition from hospital to home and partnering with community services and particularly General Practitioners (GPs) to ensure continuity of care.
- **Community** – partnering with the community to provide the best possible Care; understanding and meeting the health needs of our culturally diverse community, including the needs of those with chronic disease.
- **Ehealth** – supporting one health record that facilitates communication and coordination across the patient journey and minimises duplication.
- **Different** – being innovative about how Western Health can provide person-centred, outcome focused healthcare.

The above themes have been fed into a broader strategic planning consumer consultation initiative intended to support the development of a new Strategic Plan for Western Health.

STATEMENT OF MERIT AND EQUITY

Further to the requirements of the Public Sector Administration Act 2004, Western Health has established that the organisational values of caring, accountability, respect, excellence and safety align with the public sector values of responsiveness, integrity, impartiality, accountability, respect, leadership and human rights.

Western Health is committed to the application of the public sector employment principles and has reviewed employment processes to ensure that employment decisions are based on merit. All employees are treated fairly and reasonably, equal employment opportunity is provided and employees are afforded a structured grievance procedure for redress against unfair or unreasonable treatment.

Western Health has an established Code of Conduct, which aligns with and supports the public sector employment principles.

BUILDING ACT 1993

Western Health fully complied with the building and maintenance provisions of the Building Act 1993 for the period 1 July 2014 to 30 June 2015. Where applicable, the appropriate Building Permits and Certificates of Occupancy were obtained in line with the requirements of the Building Act 1993.

PROTECTED DISCLOSURE ACT

In accordance with Part 9 of the Protected Disclosure Act (Vic) 2012, Western Health has developed procedures and guidelines to facilitate the handling of a disclosure, the making a disclosure and to ensure that the person making such disclosure is protected from detrimental action. To ensure awareness, the procedure and guidelines are available on the Western Health intranet.

In accordance with the provisions of section 21 (2) of the Act, no disclosures were received and notified to IBAC during the 2014/15 financial year.

VICTORIAN INDUSTRY PARTICIPATION POLICY

Western Health complies with the intent of the Victorian Industry Participation Policy Act (Vic) 2003 which is to encourage, where possible, local industry participation in the supply of goods and services to government agencies.

2014-15 – New/Completed Victorian Industry Participation Projects

PROCUREMENT NAME	SUNSHINE HOSPITAL ICU & CATH LABS	SUNSHINE HOSPITAL KITCHEN
Value of Procurement	$5,796,500	$3,185,000
Project Location	Metro	Metro
Local Content (%)	72.9%	50.55%
Commencement Date	31/01/2014	17/4/2014
Completion Date	22/12/2014	31/08/2015 (expected)
Total Contracted Jobs	22	37
Total Actual Jobs	5	7
Total Contracted Apprentices/ trainees	4	4
Total Actual Apprentices/ trainees	2	6
Skill/technology transfer achieved	100%	100%

NATIONAL COMPETITION POLICY

Western Health has implemented, and continues to comply with, the National Competition Policy and the requirements of the Victorian Government's Competitive Neutrality Policy.

ADDITIONAL INFORMATION

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

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

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

(c) Details of publications produced by Western Health about itself, and how these can be obtained;

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

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

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

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

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

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

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

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

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

KEY PERFORMANCE STATISTICS

SAFETY AND QUALITY PERFORMANCE

Key performance indicator	Target	2014-15 Actuals
Patient Experience and Outcomes		
Victorian Healthcare Experience Survey	Full compliance	Full compliance
Healthcare associated infection surveillance	No outliers	No outliers
ICU central line associated blood stream infections (ICU CLABSI)	No outliers	No outliers
SAB rate per occupied bed days	<2/10,000	0.6/10,000
Maternity – Percentage of women with prearranged postnatal home care	100	99
Governance, Leadership and Culture		
Patient safety culture	80	90
Safety and Quality		
Health service accreditation	Full compliance	Full compliance
Cleaning standards (Overall)	Full compliance	Full compliance
Cleaning standards (AQL-A)	90	Achieved
Cleaning standards (AQL-B)	85	Achieved
Cleaning standards (AQL-C)	85	Achieved
Hand hygiene (rate) – quarter 2	75	85
Hand hygiene (rate) – quarter 3	77	89
Hand hygiene (rate) – quarter 4	80	88
Healthcare worker immunisation - influenza	75	76

FINANCIAL PERFORMANCE

Key performance indicator	Target	2014-15 Actuals
Finance		
Percentage of WIES (public and private) performance to target	100	101.0
Asset Management		
Basic asset management plan	Full compliance	Full compliance

ACCESS PERFORMANCE

Key performance indicator	Target	Footscray	Sunshine	Williamstown
Emergency Care				
Percentage of operating time on hospital bypass	3	4.3	3.8	0.0
Percentage of ambulance transfers within 40 minutes	90	86	85	100
Percentage of Triage Category 1 emergency patients seen immediately	100	100.0	100.0	100.0
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80	72.9	58.4	84.7
NEAT – Percentage of emergency patients to physically leave the emergency department for admission to hospital, be referred to another hospital for treatment, or be discharged within four hours	81	47.7	51.7	90.2
Number of patients with length of stay in the emergency department greater than 24 hours	0	34	62	0

Key performance indicator	Target	2014-15 Actuals
Elective Surgery		
NEST - Percentage of Urgency Category 1 elective patients treated within 30 days	100	100.0%
NEST – Percentage of Urgency Category 2 elective surgery patients treated within 90 days	88	89.4%
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days	97	97.7%
Number of patients on the elective surgery waiting list (waiting list as at 30 June 2015)	4,165	4,097
Number of Hospital Initiated Postponements per 100 scheduled admissions	≤8	7.1
Number of patients admitted from the elective surgery waiting list – quarter 1	3,482	3,601
Number of patients admitted from the elective surgery waiting list – quarter 2	3,227	3,379
Number of patients admitted from the elective surgery waiting list – quarter 3	3,327	3,131
Number of patients admitted from the elective surgery waiting list – quarter 4	3,429	3,629
Number of patients admitted from the elective surgery waiting list – annual total	13,465	13,740
Critical Care		
Adult ICU number of days below the agreed minimum operating capacity – Footscray Hospital	0	14
Adult ICU number of days below the agreed minimum operating capacity – Sunshine Hospital	0	4

KEY PERFORMANCE STATISTICS [CONT.]

ACTIVITY AND FUNDING

Funding Type	2014-15 Activity Achievement
Acute Admitted	
WIES Public	72,825
WIES Private	5,939
WIES (Public and Private)	78,764
WIES DVA	832
WIES TAC	233
WIES TOTAL	79,829
Subacute & Non-Acute Admitted	
Rehab Public	18,721
Rehab Private	3,110
Rehab DVA	352
GEM Public	35,140
GEM Private	5,705
GEM DVA	1,805
Palliative Care Public	5,423
Palliative Care Private	536
Palliative Care DVA	75
Transition Care - Beddays	12,135
Transition Care - Homeday	10,185
Subacute non-admitted	
Health Independence Program	86,738
Aged Care	
Aged Care Assessment Service	4,915
Mental Health and Drug Services	
Drug Services	1,895
Primary Health	
Community Health / Primary Care Programs	not avail.

DISCLOSURE INDEX

THE ANNUAL REPORT OF WESTERN HEALTH IS PREPARED IN ACCORDANCE WITH ALL RELEVANT VICTORIAN LEGISLATION. THIS INDEX HAS BEEN PREPARED TO FACILITATE IDENTIFICATION OF WESTERN HEALTH'S COMPLIANCE WITH STATUTORY DISCLOSURE REQUIREMENTS.

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FINANCIAL SNAPSHOT

WORKFORCE FULL TIME EQUIVALENT (FTE) PER ANNUAL ACCOUNTS

Labour Category	JUNE Current Month Average FTE		JUNE YTD Average FTE	
	2014	2015	2014	2015
Nursing	1759	1914	1796	1815
Administration and Clerical	527	605	546	568
Medical Support	320	352	320	318
Hotel and Allied Services	264	390	259	378
Medical Officers	112	115	113	107
Hospital Medical Officers	438	429	446	298
Sessional Clinicians	94	73	83	70
Ancillary Staff (Allied Health)	340	339	369	318
Total	**3853**	**4218**	**3932**	**3873**

FINANCIAL SNAPSHOT

$'000	2014/15	2013/14	2012/13	2011/12	2010/11
Total Revenue	644, 174	607,881	571,686	585,579	566,530
Total Expenses	657,369	627,039	592,161	570,352	523,254
Net Result for the Year (inc. Capital and Specific Items	**(13,195)**	**(19,158)**	**(20,475)**	**15,227**	**43,276**
Retained Surplus/(Accumulated Deficit)	**37,636**	**51,799**	**71,667**	**92,713**	**77,427**
Total Assets	679,764	684,698	640,413	658,515	629,085
Total Liabilities	142,636	134,359	122,814	120,441	106,297
Net Assets	**537,128**	**550,339**	**517,599**	**538,074**	**522,788**
TOTAL EQUITY	**537,128**	**550,339**	**517,599**	**538,074**	**522,788**

FINANCIAL PERFORMANCE

Operating Result	Target	2014/15 Actuals
Annual Operating result ($'m)	$1.0	$1.4

Cash Management / Liquidity	Target	2014/15 Actuals
Creditors (days)	<60	48
Debtors (days)	<60	42

CONSULTANCIES

Over $10,000

Name	Particulars	Start Date	End Date	Total Project Fees (Excl GST)	Amount Incurred (Excl GST)	Future Commitments (Excl GST)
CSIRO	Mobile Cultural Key Phrases tool	27/6/14	7/8/15	$110,991	$75,856	$0
DWB Trust	Wellness team effectiveness assessment, report and education	1/5/15	12/5/15	$51,000	$51,000	$0
Ernst & Young	Tender evaluation analysis of the proposed retail precinct at Sunshine Hospital development	15/8/14	15/12/14	$45,000	$45,000	$0
Ernst & Young	Review of outpatient funding	15/11/14	19/2/15	$54,460	$54,460	$0
Outware Systems Pty Ltd	Graphical interface design for the Cultural Key Phrases app	30/9/14	30/4/15	$21,900	$21,900	$0
Price Waterhouse Coopers	Assistance and submission of ICT business case to the Board	19/12/14	31/3/15	$47,370	$47,370	$0
Protiviti Pty Limited	Business Impact Analysis for Business Continuity Plan	7/6/15	22/6/15	$14,000	$14,000	$0
	Total			**$344,721**	**$309,586**	**$0**

Under $10,000

In 2014-15, Western Health engaged 18 consultants where the total fees payable to the consultants were less than $10,000, with total expenditure of $36,724 (excl. GST).

REVENUE INDICATORS

Average Collection Days	2014/15	2013/14
Private	63	64
Transport Accident Commission	147	137
Victorian Workcover Authority	187	128
Other Compensable*	18	43
Nursing Home	120	42

Debtors Outstanding as at 30 June 2015	Under 30 Days	31-60 Days	61-90 Days	Over 90 Days	Total 2015
Private	699	263	117	234	1313
Transport Accident Commission	40	14	6	95	155
Victorian Workcover Authority	265	23	40	704	1032
Other Compensable*	635	389	152	1250	2426
Nursing Home	0	0	0	6	6
	1639	**689**	**315**	**2289**	**4932**

FINANCIAL STATEMENTS & ACCOMPANYING NOTES

FOR THE YEAR ENDED 30TH JUNE 2015

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BOARD MEMBER'S, ACCOUNTABLE OFFICER'S AND CHIEF FINANCIAL OFFICER'S DECLARATION

FOR THE YEAR ENDED 30TH JUNE 2015

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

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement Of Changes In Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30th June 2015 and the financial position of Western Health at 30th June 2015.

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

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

Hon Bronwyn Pike
Board Chairperson

Melbourne
11th August 2015

Associate Professor Alex Cockram
Chief Executive Officer

Melbourne
11th August 2015

Mark Lawrence
Chief Finance Officer

Melbourne
11th August 2015

COMPREHENSIVE OPERATING STATEMENT

FOR THE YEAR ENDED 30TH JUNE 2015

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	Note	2015 $'000	2014 $'000
Revenue from Operating Activities	2	615,962	579,956
Revenue from Non-operating Activities	2	2,630	2,782
Employee Expenses	3	(454,785)	(420,824)
Non Salary Labour Expenses	3	(8,599)	(7,768)
Supplies & Consumables	3	(86,993)	(81,229)
Other Expenses	3	(66,807)	(68,688)
Net Result Before Capital & Specific Items		**1,408**	**4,229**
Capital Purpose Income	2	25,582	25,143
Expenditure for Capital Purpose	3	(905)	(1,171)
Depreciation and Amortisation	4	(39,280)	(47,359)
NET RESULT FOR THE YEAR		**(13,195)**	**(19,158)**
Other comprehensive income			
Revaluation increment on Non Financial Physical Assets	15a	-	51,898
COMPREHENSIVE RESULT FOR THE YEAR		**(13,195)**	**32,740**

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

BALANCE SHEET

FOR THE YEAR ENDED 30TH JUNE 2015

	Note	2015 $'000	2014 $'000
Current Assets			
Cash and Cash Equivalents	5	56,448	59,717
Receivables	6	11,922	11,136
Inventories	7	2,404	1,499
Non-Financial Assets Classified as Held For Sale	8	-	946
Other Current Assets	9	1,123	385
Total Current Assets		**71,897**	**73,683**
Non-Current Assets			
Receivables	6	10,951	8,309
Property, Plant and Equipment	10	595,290	601,576
Intangible Assets	11	1,626	1,130
Total Non-Current Assets		**607,867**	**611,015**
TOTAL ASSETS		**679,764**	**684,698**
Current Liabilities			
Payables	12	21,164	23,233
Provisions	13	108,808	100,598
Total Current Liabilities		**129,972**	**123,831**
Non-Current Liabilities			
Provisions	13	12,664	10,528
Total Non-Current Liabilities		**12,664**	**10,528**
TOTAL LIABILITIES		**142,636**	**134,359**
NET ASSETS		**537,128**	**550,339**
EQUITY			
Property, Plant & Equipment Revaluation Surplus	15a	294,114	294,114
Restricted Specific Purpose Reserve	15a	2,398	1,446
Contributed Capital	15b	202,980	202,980
Accumulated Surplus	15c	37,636	51,799
TOTAL EQUITY	**15d**	**537,128**	**550,339**
Commitments For Expenditures	18		
Contingent Assets and Contingent Liabilities	19		

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

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30TH JUNE 2015

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	Note	Property, Plant & Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed by Owners	Accumulated Surpluses/ (Deficits)	Total
		$'000	$'000	$'000	$'000	$'000
Balance at July 1st 2013		**242,216**	**736**	**202,980**	**71,667**	**517,599**
Net result for the year	15c	-	-	-	(19,158)	(19,158)
Other comprehensive income for the year	15a	51,898	-	-	-	51,898
Transfer from accumulated surplus	15c	-	710	-	(710)	-
Balance at June 30th 2014		**294,114**	**1,446**	**202,980**	**51,799**	**550,339**
Net result for the year	15c	-	-	-	(13,195)	(13,195)
Other comprehensive income for the year	15a	-	-	-	-	-
Share of joint venture accumulated surplus	15a	-	(16)	-	-	(16)
Transfer from accumulated surplus	15c	-	968	-	(968)	-
Balance at June 30th 2015		**294,114**	**2,398**	**202,980**	**37,636**	**537,128**

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30TH JUNE 2015

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	Note	2015 $'000	2014 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		548,752	512,108
Patient and Resident Fees Received		15,919	20,903
Private Practice Fees Received		19,407	17,642
Donations and Bequests Received		2,461	1,222
GST Received from ATO		9,548	8,930
Recoupment from Private Practice		604	448
Interest Received		2,881	2,913
Other Receipts		25,916	24,699
Employee Expenses		(450,375)	(412,343)
Non Salary Labour Expenses		(9,119)	(8,269)
Supplies & Consumables Expenses		(93,031)	(92,199)
Other Payments		(66,797)	(61,525)
Cash Generated from Operations		**6,166**	**14,529**
Capital Grants from Government		25,964	30,623
Capital Grants from Non-Government		-	-
NET CASH INFLOW FROM OPERATING ACTIVITIES	**16**	**32,130**	**45,152**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(34,433)	(33,650)
Proceeds from Sale of Property, Plant & Equipment		(966)	(69)
Purchase of Investments		-	-
Proceeds from Sale of Investments		-	25,126
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(35,399)**	**(8,593)**
NET INCREASE/(DECREASE) IN CASH HELD		**(3,269)**	**36,559**
Cash and Cash Equivalents at beginning of the year		59,717	23,158
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**5**	**56,448**	**59,717**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Western Health (the "Health Service"), for the period ending 30th June 2015. The purpose of the report is to provide users with information about the Health Service's stewardship of the 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) and 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.

These 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.

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

The annual financial statements were authorised for issue by the Board of Western Health on 11th August 2015.

(B) 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 events are reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30th June 2015 and the comparative information presented in these financial statements for the year ended 30th June 2014.

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

These financial statements are presented in Australian dollars which is 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:

- Non-current physical assets, which subsequent to acquisition, are measured at the revalued amount, being their fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent impairment losses. Revaluations are made and are reassessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values.
- The fair value of assets, other than land and buildings, is the depreciated acquisition cost.

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

Consistent with AASB 13 Fair Value Measurement, the Health Service 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, the Health Service 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, the Health Service 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 the Health Service's independent valuation agency in respect of land and buildings.

The Health Service, 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. VGV supply land and building indices which the health service uses for fair value assessment, with adjustments made where applicable.

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 if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

- the fair value of land, buildings, infrastructure, plant and equipment (refer to Note 1(j));
- superannuation expense (refer to Note 1(g)); and
- actuarial assumptions for employee benefit provisions based on likely tenure of existing staff, patterns of leave claims, future salary movements and future discount rates (refer to Note 1(k)).

(C) REPORTING ENTITY

The financial statements include all the controlled entities of the Health Service. The only controlled entity is the Western Health Foundation Limited.

The principle address of Western Health is:

Gordon Street, Footscray
Victoria 3011

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

OBJECTIVES AND FUNDING

The Health Service's overall objective is the provision of health services, as well as to improve the quality of life of Victorians.

The Health Service is predominantly funded by activity based funding directly related to the provision of outputs.

(D) PRINCIPLES OF CONSOLIDATION

In accordance with AASB 10 Consolidated Financial Statements, the consolidated financial statements of the Health Service incorporates the assets and liabilities of all entitles controlled by the Health Service as at 30th June 2015 and their income and expenses for that part of the reporting period in which control existed. Control exists when the Health Service has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the controlled entities listed in note 24, namely the Western Health Foundation Limited.

In the process of preparing consolidated financial statements for the Health Service, all material transactions and balances between consolidated entities are eliminated.

JOINTLY CONTROLLED ASSETS AND OPERATIONS

Interests in jointly controlled assets or operations are not consolidated by the Health Service, but are accounted for in accordance with the policy outlined in Note 1(j) Assets. The Victorian Comprehensive Cancer Centre (VCCC) is the only jointly controlled asset and operation.

(E) SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

FUND ACCOUNTING

The Health Service operates on a fund accounting basis and maintains three funds:

Operating, Specific Purpose and Capital Funds. The Health Service's Capital and Specific Purpose Funds include unspent capital donations and receipts from fund-raising activities conducted solely in respect of those funds.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[CONT.]

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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 Victorian Department of Health and Human Services (DHHS) and are also funded from other sources such as the Commonwealth, patients and residents. Services supported by Hospital and Community Initiatives (H&CI) are funded by the Health Service's own activities or local initiatives and/or the Commonwealth.

COMPREHENSIVE OPERATING STATEMENT

The comprehensive operating statement includes the subtotal titled 'Net Result Before Capital & Specific Items' to enhance the understanding of the financial performance of the Health Service. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, expenditure using capital purpose income and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services. The 'Net Result Before Capital & Specific Items' is used by the management of the Health Service, the Department of Health and Human Services and the Victorian Government to measure the ongoing operating performance of health services.

Capital and specific items, which are excluded from this sub-total, comprise:

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1 (f)). Consequently the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is received.
- Specific income/expense, comprises non-current asset revaluation increments.
- Impairment of financial and non-financial assets, includes all impairment losses, (and reversal of previous impairment losses), which have been recognised in accordance with Note 1 (j).
- Depreciation and amortisation, as described in Note 1 (g).
- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold or does not meet asset recognition criteria and therefore does not result in the recognition of an asset in the balance sheet, where funding for that expenditure is from capital purpose income.

BALANCE SHEET

Assets and liabilities are categorised either as current or non-current, (non-current being those assets or liabilities expected to be recovered/settled more than twelve months after reporting period), are separately disclosed in the notes where relevant.

The net result is equivalent to profit or loss derived in accordance with AASs.

STATEMENT OF CHANGES IN EQUITY

The statement of changes in equity presents reconciliations of changes in equity from opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period. It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income.

CASH FLOW STATEMENT

Cash flows are classified according to whether or not they arise from operating activities, investing activities, or financing activities. This classification is consistent with requirements under AASB 107 Statement of Cash Flows.

ROUNDING

All amounts shown in the financial statements are expressed to the nearest $1,000. Minor discrepancies in tables between totals and sum of components are due to rounding.

AASB 10 CONSOLIDATED FINANCIAL STATEMENTS

AASB 10 provides a new approach to determine whether an entity has control over another entity, and therefore must present consolidated financial statements. The new approach requires the satisfaction of **(all) three criteria** for control to exist over an entity for financial reporting purposes:

(a) The investor has power over the investee;

(b) The investor has exposure, or rights to variable returns from its involvement with the investee; and

(c) The investor has the ability to use its power over the investee to affect the amount of investor's returns.

Based on the new criteria prescribed in AASB 10, the Health Service management has reviewed the existing arrangements to determine if there are any additional entities that need to be consolidated into the group. An assessment of control was performed and it was concluded that the Health Service has control over the Western Health Foundation being the sole member controlling its total voting rights.

The objective of Western Health Foundation is the management of all fundraising and philanthropic activities for and on behalf of the Health Service.

AASB 11 JOINT ARRANGEMENTS

In accordance with AASB 11, there are two types of joint arrangements, i.e. joint operations and joint ventures. Joint operations arise where investors have rights to the assets and obligations for the liabilities of an arrangement. A joint operator accounts for its shares of the assets, liabilities, revenue and expenses. Joint ventures arise where the investors have rights to the net assets of the arrangement; joint ventures are accounted for under the equity method. Proportionate consolidation of joint ventures is no longer permitted.

The Health Service has reviewed its existing contractual arrangements with other entities to ensure they are aligned with the new classifications under AASB 11 and has concluded that the Victorian Comprehensive Cancer Centre (VCCC) is a joint operation.

The Health Service is a member of the VCCC joint venture and retains joint control over the arrangement, which it has classified as a joint operations. The vision of the VCCC is to save lives through the integration of cancer research, education and patient care. The VCCC is a not-for-profit organisation and has been recognised by the Australian Taxation Office as a Health Promotion Charity.

All members of the VCCC hold an equal 1/9th share in the assets, liabilities, revenue and expenses of the VCCC. The members own the VCCC assets as tenants in common and are severally responsible for the joint venture costs in the same proportions as their interests. Accordingly, assets, liabilities, income and expenses are consolidated in proportion to the Health Service's contractually specified share.

Interests in the VCCC are not transferable and are forfeited on withdrawal from the joint venture. Distributions are not able to be paid to members and excess property, on winding up, will be distributed to other charitable organisations with objectives similar to those of the VCCC.

Financial risk through membership of the VCCC is limited to the contributions made by the Health Service. Reputational risk through membership is addressed through the appointment of representatives to the governing bodies of the VCCC. The risks associated with the VCCC have not changed from previous reporting periods.

The principal place of business for the VCCC is Level 3, 766 Elizabeth Street, Melbourne, Victoria.

The Health Service further worked cooperatively with a group of Affiliated Organisations, including the University of Melbourne, public health services, research institutes and the Bio21 Cluster to develop a health science centre in Melbourne known as the Melbourne Academic Centre for Health (MACH). An unincorporated joint venture was formed on 28th April 2014 to achieve the aims of MACH, including delivering better health outcomes for Victorian communities, provide improved educational support and drive the translation and application of health research into the delivery of healthcare. The joint venture has remained inactive with no transactions as at 30th June 2015.

AASB 12 DISCLOSURE OF INTERESTS IN OTHER ENTITIES

AASB 12 Disclosure of Interests in Other Entities prescribes the disclosure requirements for an entity's interests in subsidiaries, associates and joint arrangements; and extends to the entity's association with unconsolidated structured entities

The Health Service has disclosed information about its interests in joint ventures, including any significant judgement and assumptions used in determining the type of joint arrangement in which it has an interest.

(F) INCOME FROM TRANSACTIONS

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

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[CONT.]

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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 the Health Service gains control of the underlying assets irrespective of whether conditions are imposed on the Health Service's use of the contributions.

Contributions received are treated 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 (DHHS)

- Insurance premiums paid by DHHS on behalf of the Health Service are recognised as revenue following advice from the DHHS.
- Long Service Leave (LSL) grants are recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 05/2013 (update for 2013-14). The grant is intended to partly reimburse the health service for LSL expenditure.

PATIENT AND RESIDENT FEES

Patient and resident fees revenue is calculated by adding unbilled fees for patients not discharged at year end to fees billed to date less accrued fees in the previous year.

PRIVATE PRACTICE FEES

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

REVENUE FROM COMMERCIAL ACTIVITIES

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

DONATIONS AND BEQUESTS

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

INTEREST REVENUE

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

(G) EXPENSE RECOGNITION

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

COST OF GOODS SOLD

Cost 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
- annual leave
- sick leave
- long service leave
- superannuation, which is reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Defined Contribution Superannuation Plans

In relation to defined contribution, (i.e. accumulation), superannuation plans the associated expense is 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 the Health Service to the superannuation plans in respect of the services of current Health Service staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

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

The names and details of the major employee superannuation funds and contributions made by the Health Service are disclosed in Note 14: Superannuation.

DEPRECIATION

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

Intangible produced assets with finite lives are depreciated as an expense from transactions on a systematic basis over the asset's useful life. Depreciation is 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 annually and adjustments are made where appropriate. The depreciation charge is not funded by the Department of Health and Human Services. Assets with a cost in excess of $2,500 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives.

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

	2015	2014
Buildings		
- Structures Shell Building Fabric	40-52 years	40-52 years
- Site Engineering Services and Central Plant	23-40 years	23-40 years
Central Plant		
- Fit Out	15-40 years	15-40 years
- Trunk Reticulated Building System	21-40 years	21-40 years
Plant and Equipment	10 Years	10 Years
Medical Equipment	7-10 Years	7-10 Years
Non Medical Equipment	10 Years	10 Years
Furniture and Fittings	10 Years	10 Years
Motor Vehicles	4 Years	4 Years
Computers and Communication	3 Years	3 Years

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

AMORTISATION

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 amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed annually. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the asset concerned is tested as to whether its carrying value exceeds its recoverable amount.

Intangible assets with finite useful lives are amortised over a 3 year period (2014: 3 years).

OTHER OPERATING EXPENSES

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

- **Supplies and consumables**
  Supplies and services costs which are recognised as an expense in the reporting period in which they are incurred. The carrying amounts of any inventories held for distribution are expensed when distributed.
- **Bad and doubtful debts**
  Refer to Note 1(j) Impairment of Financial Assets.
- **Fair value of assets, services and resources provided free of charge or for nominal consideration**
  Contributions of resources provided free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another agency as a consequence of a restructuring or administrative arrangements. In the latter case, such a transfer will be recognised at its carrying value.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[CONT.]

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(H) OTHER COMPREHENSIVE INCOME

Other comprehensive income measures the change in volume or value of assets or liabilities that do not result from transactions.

NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS

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

- **Revaluation gains/(losses) on non-financial physical assets**
  Refer to Note 1(j) Revaluations of non-financial physical assets.
- **Net gain/(loss) on disposal of non-financial assets**
  Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.
- **Revaluation of financial instrument at fair value**
  Refer to Note 1(i) Financial Instruments.
- **Share of net profits/(losses) of jointly controlled entities, excluding dividends**
  Refer to Note 1(d) Basis of Consolidation.

(I) FINANCIAL INSTRUMENTS

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Health Service'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 the Health Service, Goods and Services Tax ("GST") - receivables and DHHS Grants 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 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

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

Loans and receivables includes cash and deposits (refer to Note 1(j)), trade receivables, loans and other receivables, but not statutory receivables.

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 and loss.

(J) ASSETS

CASH AND CASH EQUIVALENTS

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 and are subject to insignificant risk of changes in value.

RECEIVABLES

Receivables consist of:

- contractual receivables, which includes mainly debtors in relation to goods and services and accrued investment income; and
- statutory receivables, which includes predominantly amounts owing from the Victorian Government and GST input tax credits recoverable.

Receivables that are contractual are classified as financial instruments and are 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. For the Health Service, GST receivables and certain DHHS Grants fall into this category.

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 not to be collectible 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.

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; and
- loans and receivables.

The Health Service 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.

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

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

INVENTORIES

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 are measured at the lower of cost and net realisable value.

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

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

NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD FOR SALE

Non-financial physical assets and disposal groups and related liabilities are treated as current and are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset's sale (or disposal group) is expected to be completed within 12 months from the date of classification and the asset is available for immediate use in the current condition.

Non-financial physical assets (including disposal groups) classified as held for sale are treated as current and are measured at the lower of carrying amount and fair value less costs of disposal, and are not subject to depreciation or amortisation.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[CONT.]

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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.

More details about the valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 10 Property, Plant and Equipment.

Land and Buildings are recognised initially at cost and are 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.

REVALUATIONS OF NON-FINANCIAL PHYSICAL ASSETS

Non-financial physical assets are measured at fair value and are revalued in accordance with FRD 103F Non-Financial Physical Assets. A revaluation process for land and buildings 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 the scheduled revaluations of land and buildings 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 added 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 transferred to accumulated funds on derecognition of the relevant asset.

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

INTANGIBLE ASSETS

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

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

Expenditure in research activities is recognised as an expense in the period in which it is incurred.

When the recognition criteria in AASB 138 Intangible Assets are met, internally generated intangible assets are recognised and measured at cost less accumulated amortisation and impairment.

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following are demonstrated:

(a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;

(b) an intention to complete the intangible asset and use or sell it;

(c) the ability to use or sell the intangible asset;

(d) the intangible asset will generate probable future economic benefits;

(e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

(f) the ability to measure reliably the expenditure attributable to the intangible asset during its development.

PREPAYMENTS

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.

DISPOSAL OF NON-FINANCIAL ASSETS

Any gain or loss on the sale of non-financial assets is recognised in the comprehensive operating statement. Refer to note 1(h) - "comprehensive income".

IMPAIRMENT OF NON-FINANCIAL ASSETS

All other non-financial assets are assessed annually for indications of impairment, except for:

- inventories;
- non-current physical assets held for sale; 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 deducted from an asset revaluation surplus amount applicable to that same class of asset.

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

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

INVESTMENTS IN JOINT OPERATIONS

In respect of any interest in joint operations, the Health Service recognises in the financial statements:

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

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.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[CONT.]

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IMPAIRMENT OF FINANCIAL ASSETS

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

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.

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.

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.

(K) LIABILITIES

PAYABLES

Payables consist of:

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

PROVISIONS

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

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

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

EMPLOYEE BENEFITS

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

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

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

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

- undiscounted value - if the Health Service expects to wholly settle within 12 months; or
- present value - if the Health Service does not expect to wholly settle within 12 months.

Long Service Leave (LSL)

The liability for LSL is recognised in the provision for employee benefits.

Unconditional LSL is disclosed in the notes to the financial statements as a current liability, even where the Health Service does not expect to settle the liability within 12 months because it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months.

The components of this current LSL liability are measured at:

- undiscounted value - if the Health Service expects to wholly settle within 12 months; and
- present value - if the Health Service does not expect to wholly settle within 12 months.

Conditional LSL is disclosed as a non-current liability. There is an unconditional right to defer the settlement of the entitlement until the employee has completed the requisite years of service. This non-current LSL liability is measured at present value.

Any gain or loss following revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in 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 accepts an offer of benefits in exchange for the termination of employment.

The Health Service recognises termination benefits when it is demonstrably committed to either terminating the employment of a current employee 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.

EMPLOYEE BENEFIT ON-COSTS

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

SUPERANNUATION LIABILITIES

The Health Service 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.

DERECOGNITION OF FINANCIAL LIABILITIES

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

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.

(L) LEASES

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.

FINANCE LEASES

The Health Service does not hold any finance lease arrangements, either as a lessor or as a lessee, with other parties.

OPERATING LEASES

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.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

[CONT.]

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(M) EQUITY

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 by owners that have been designated as contributed capital are also treated as contributed capital. Contributed capital consists of grants received from the owners i.e. the DHHS, no contributed capital was received in the 2014/15 financial year.

PROPERTY, PLANT & EQUIPMENT REVALUATION SURPLUS

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

SPECIFIC RESTRICTED PURPOSE SURPLUS

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

(N) COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note (refer to Note 18) 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.

(O) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

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.

(P) GOODS AND SERVICES TAX ("GST")

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

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the 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 operating cash flow.

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

(Q) FOREIGN CURRENCY

All foreign currency transactions during the financial year are brought to account using the exchange rate in effect at the date of the transaction. Foreign monetary items existing at the end of the reporting period are translated at the closing rate at the date of the end of the reporting period. Non-monetary assets carried at fair value that are denominated in foreign currencies are translated to the functional currency at the rates prevailing at the date when the fair value was determined.

(R) AUSTRALIAN ACCOUNTING STANDARDS (AASS) ISSUED THAT ARE NOT YET EFFECTIVE

Certain new Australian accounting standards have been published that are not mandatory for the 30th June 2015 reporting period. The Department of Treasury and Finance assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where required.

As at 30th June 2015, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. The Health Service has not and does not intend to adopt these standards early.

STANDARD / INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING OR ENDING ON	IMPACT ON FINANCIAL STATEMENTS
AASB 9 Financial instruments	The key changes include the simplified requirements for the classification and measurement of financial assets, a new hedging accounting model and a revised impairment loss model to recognise impairment losses earlier, as opposed to the current approach that recognises impairment only when incurred.	1 Jan 2018	The assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 14 Regulatory Deferral Accounts	AASB 14 permits first-time adopters of Australian Accounting Standards who conduct rate-regulated activities to continue to account for amounts related to rate regulation in accordance with their previous GAAP.	1 Jan 2016	The assessment has indicated that there is no expected impact, as those that conduct rate-regulated activities have already adopted Australian Accounting Standards.
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1 Jan 2017 (Exposure Draft 263 – potential deferral to 1 Jan 2018)	The changes in revenue recognition requirements in AASB 15 may result in changes to the timing and amount of revenue recorded in the financial statements. The Standard will also require additional disclosures on service revenue and contract modifications. A potential impact will be the upfront recognition of revenue from licences that cover multiple reporting periods. Revenue that was deferred and amortised over a period may now need to be recognised immediately as a transitional adjustment against the opening returned earnings if there are no former performance obligations outstanding.
AASB 1056 Superannuation Entities	AASB 1056 replaces AAS 25 Financial Reporting by Superannuation Plans. The standard was developed in light of changes in recent years, developments in the superannuation industry and Australia's adoption of IFRS. Some of the key changes in AASB 1056 include: - the level of integration between AASB 1056 and other AASB standards - a revised definition of a superannuation entity - revised and consistent content for the financial statements - use of fair value rather than net market value for measuring assets and liabilities - revised member liability recognition and measurement requirements - revised disclosure principles	1 Jul 2016	The assessment has indicated that there will be no impact on the entity, as the Accounting Standard only affects superannuation entities' own reporting.
AASB 2014-1 Amendments to Australian Accounting Standards [Part E Financial Instruments]	Amends various AASs to reflect the AASB's decision to defer the mandatory application date of AASB 9 to annual reporting periods beginning on or after 1 January 2018 as a consequence of Chapter 6 Hedge Accounting and to amend reduced disclosure requirements.	1 Jan 2018	This amending standard will defer the application period of AASB 9 to the 2018-19 reporting period in accordance with the transition requirements.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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STANDARD / INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING OR ENDING ON	IMPACT ON FINANCIAL STATEMENTS
AASB 2014-4 Amendments to Australian Accounting Standards - Clarification of Acceptable Methods of Depreciation and Amortisation [AASB 116 & AASB 138]	Amends AASB 116 Property, Plant and Equipment and AASB 138 Intangible Assets to: - establish the principle for the basis of depreciation and amortisation as being the expected pattern of consumption of the future economic benefits of an asset; - prohibit the use of revenue-based methods to calculate the depreciation or amortisation of an asset, tangible or intangible, because revenue generally reflects the pattern of economic benefits that are generated from operating the business, rather than the consumption through the use of the asset.	1 Jan 2016	The assessment has indicated that there is no expected impact as the revenue based method is not used for depreciation and amortisation.
AASB 2014-9 Amendments to Australian Accounting Standards - Equity Method in Separate Financial Statements [AASB 1, 127 & 128]	Amends AASB 127 Separate Financial Statements to allow entities to use the equity method of accounting for investments in subsidiaries, joint ventures and associates in their separate financial statements.	1 Jan 2016	The assessment indicates that there is no expected impact as the entity will continue to account for the investment in subsidiaries, joint ventures and associates using the cost method as mandated if separate financial statements are presented in accordance with FRD 113A.
AASB 2014-10 Amendments to Australian Accounting Standards - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture [AASB 10 & AASB 128]	AASB 2014-10 amends AASB 10 Consolidated Financial Statements and AASB 128 Investments in Associates to ensure consistent treatment in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require that: - a full gain or loss to be recognised by the investor when a transaction involves a business (whether it is housed in a subsidiary or not); and - a partial gain or loss to be recognised by the parent when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.	1 Jan 2016	The assessment has indicated that there is limited impact, as the revisions to AASB 10 and AASB 128 are guidance in nature.
AASB 2015-6 Amendments to Australian Accounting Standards - Extending Related Party Disclosures to Not-for-Profit Public Sector Entities [AASB 10, AASB 124 & AASB 1049]	The Amendments extend the scope of AASB 124 Related Party Disclosures to not-for-profit public sector entities. A guidance has been included to assist the application of the Standard by not-for-profit sector entities.	1 Jan 2016	The amending standard will result in extended disclosures on the entity's key management personnel (KMP) and the related party transactions.

In addition to the new standards and amendments above, the AASB has issued a list of other amending standards that are not effective for the 2014-15 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting.

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments
- AASB 2014-3 Amendments to Australian Accounting Standards - Accounting for Acquisitions of Interests in Joint Operations [AASB 1 & AASB 11]
- AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15
- AASB 2014-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014)
- AASB 2014-8 Amendments to Australian Accounting Standards arising from AASB 9 (December 2014) - Application of AASB 9 (December 2009) and AASB 9 (December 2010) [AASB 9 & 2010)]
- AASB 2015-2 Amendments to Australian Accounting Standards - Disclosure Initiative: Amendments to AASB 101 [AASB 7, AASB 101, AASB 134 & AASB 1049]
- AASB 2015-3 Amendments to Australian Accounting Standards arising from the Withdrawal of AASB 1031 Materiality

(S) CATEGORY GROUPS

The Health Service has used the following category groups for reporting purposes for the current and previous financial years.

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

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

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

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

Primary, Community and Dental Health comprises a range of home based, community based, 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: Public Health Services including laboratory testing, blood borne viruses / sexually transmitted infections clinical services, Koori liaison officers, immunisation and screening services, drugs services including drug withdrawal, counselling and the needle and syringe program, disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development and various support services. Health and Community Initiatives also fall into this category group.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2: ANALYSIS OF REVENUE BY SOURCE

2015	Admitted Patients $'000	Non Admitted $'000	EDS[i] $'000	Aged Care $'000	RAC[ii] $'000	Others $'000	Total $'000
Government Grants	435,403	42,766	53,116	9,823	-	6,621	547,729
Indirect contributions by Department of Health and Human Services	2,388	276	529	26	-	-	3,219
Patient and Resident Fees	15,779	1,019	1,105	409	-	-	18,312
Private Practice Fees	1,335	5,609	615	-	-	11,551	19,110
Commercial Activities and Specific Purpose Funds	261	246	13	-	-	8,133	8,653
Other Revenue from Operating Activities	12,229	1,238	1,869	171	-	3,432	18,939
Total Revenue from Operating Activities	**467,395**	**51,154**	**57,247**	**10,429**	**-**	**29,737**	**615,962**
Interest	2,579					51	2,630
Other Revenue from Non-Operating Activities	-	-	-	-	-	-	-
Total Revenue from Non-Operating Activities	**2,579**	**-**	**-**	**-**	**-**	**51**	**2,630**
Capital Purpose Income	-	-	-	-	-	25,545	25,545
Capital Interest	-	53	-	-	-	-	53
Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2a)	-	-	-	-	-	(16)	(16)
Total Capital Purpose Income	**-**	**53**	**-**	**-**	**-**	**25,529**	**25,582**
Total Revenue	**469,974**	**51,207**	**57,247**	**10,429**	**-**	**55,317**	**644,174**

2014	Admitted Patients $'000	Non Admitted $'000	EDS[i] $'000	Aged Care $'000	RAC[ii] $'000	Others $'000	Total $'000
Government Grants	410,059	40,877	49,836	9,776	1,767	6,436	518,751
Indirect contributions by Department of Health and Human Services	1,384	59	238	12	-	-	1,693
Patient and Resident Fees	15,779	1,064	1,086	413	385	-	18,727
Private Practice Fees	1,832	3,679	595	-	-	11,050	17,156
Commercial Activities and Specific Purpose Funds	320	234	12	-	-	6,264	6,830
Other Revenue from Operating Activities	11,301	1,117	1,690	222	1	2,468	16,799
Total Revenue from Operating Activities	**440,675**	**47,030**	**53,457**	**10,423**	**2,153**	**26,218**	**579,956**
Interest	2,747	-	-	-	-	35	2,782
Other Revenue from Non-Operating Activities	-	-	-	-	-	-	-
Total Revenue from Non-Operating Activities	**2,747**	**-**	**-**	**-**	**-**	**35**	**2,782**
Capital Purpose Income	-	-	-	-	-	25,271	25,271
Capital Interest	-	-	-	-	-	-	-
Net Gain/(Loss) on Disposal of Non-Financial Assets (refer note 2a)	-	-	-	-	-	(128)	(128)
Total Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**25,143**	**25,143**
Total Revenue	**443,422**	**47,030**	**53,457**	**10,423**	**2,153**	**51,396**	**607,881**

Indirect contributions by Department of Health and Human Services: The Department of Health and Human Services makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording the receipt from the Department of Health and Human Services as revenue and service/supply as an expense.

(i) Emergency Department Services
(ii) Residential Aged Care - ceased services on 31st March 2014

NOTES TO THE FINANCIAL STATEMENTS

NOTE 2A: NET GAIN/(LOSS) ON DISPOSAL OF NON-FINANCIAL ASSETS

	2015 $'000	2014 $'000
Proceeds from Disposal of Non-Current Assets		
Land	693	-
Building	224	-
Medical Equipment	49	15
Non Medical Equipment	-	30
Furniture and Fittings	-	-
Motor Vehicles	-	24
Total Proceeds from Disposal of Non-Current Assets	**966**	**69**
Less: Written Down Value of Non-Current Assets Disposed		
Land	693	-
Building	253	-
Medical Equipment	36	91
Non Medical Equipment	-	56
Furniture and Fittings	-	50
Motor Vehicles	-	-
Total Written Down Value of Non-Current Assets Disposed	**982**	**197**
Net gains/(losses) on Disposal of Non-Current Assets	**(16)**	**(128)**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3: ANALYSIS OF EXPENSES BY SOURCE

2015	Admitted Patients $'000	Non Admitted $'000	EDS[i] $'000	Aged Care $'000	RAC[ii] $'000	Others $'000	Total $'000
Employee Expenses	340,944	30,191	54,867	9,310	-	19,473	454,785
Non Salary Labour Expenses	6,962	730	602	92	-	213	8,599
Supplies & Consumables	71,163	5,007	8,755	578	-	1,490	86,993
Other Expenses	49,138	4,763	7,962	1,466	-	3,478	66,807
Total Expenditures from Operating Activities	**468,207**	**40,691**	**72,186**	**11,446**	**-**	**24,654**	**617,184**
Expenditure for Capital Purposes	-	-	-	-	-	905	905
Depreciation & Amortisation (refer note 4)	28,627	3,056	3,480	814	-	3,303	39,280
Total Other Expenses	**28,627**	**3,056**	**3,480**	**814**	**-**	**4,208**	**40,185**
Total Expenses	**496,834**	**43,747**	**75,666**	**12,260**	**-**	**28,862**	**657,369**

2014	Admitted Patients $'000	Non Admitted $'000	EDS[i] $'000	Aged Care $'000	RAC[ii] $'000	Others $'000	Total $'000
Employee Expenses	315,319	27,035	50,067	8,576	1,884	17,943	420,824
Non Salary Labour Expenses	6,648	400	383	63	28	246	7,768
Supplies & Consumables	66,021	4,599	8,441	619	138	1,411	81,229
Other Expenses from Continuing Operations	49,214	6,630	7,404	1,597	215	3,628	68,688
Total Expenditures from Operating Activities	**437,202**	**38,664**	**66,295**	**10,855**	**2,265**	**23,228**	**578,509**
Expenditure for Capital Purposes	-	-	-	-	-	1,171	1,171
Depreciation & Amortisation (refer note 4)	34,514	3,684	4,195	982	-	3,984	47,359
Total Other Expenses	**34,514**	**3,684**	**4,195**	**982**	**-**	**5,155**	**48,530**
Total Expenses	**471,716**	**42,348**	**70,490**	**11,837**	**2,265**	**28,383**	**627,039**

(i) Emergency Department Services
(ii) Residential Aged Care

NOTES TO THE FINANCIAL STATEMENTS

NOTE 3A: ANALYSIS OF EXPENSE AND REVENUE BY INTERNALLY MANAGED AND RESTRICTED SPECIFIC PURPOSE FUNDS

	Expense		Revenue	
	2015 $'000	2014 $'000	2015 $'000	2014 $'000
Commercial Activities				
Diagnostic Imaging	13,765	13,904	10,827	10,477
Car Parking	713	652	3,511	3,181
Property	1	1	301	315
Internal and Specific Purpose Funds	932	1,329	2,885	2,120
Other	38	43	443	347
Other Activities				
Fundraising and Community Support	1,416	1,042	2,461	1,222
Research	2,466	1,659	1,964	1,548
TOTAL	**19,331**	**18,630**	**22,392**	**19,210**

NOTE 4: DEPRECIATION AND AMORTISATION

	2015 $'000	2014 $'000
Depreciation		
Buildings	27,696	34,722
Plant and Equipment	1,597	1,330
Medical Equipment	6,501	6,657
Computers and Communication	1,343	2,009
Furniture and Fittings	598	581
Non Medical Equipment	419	428
Total Depreciation	**38,154**	**45,727**
Amortisation		
Intangibles Assets	1,126	1,632
Total Amortisation	**1,126**	**1,632**
Total Depreciation and Amortisation	**39,280**	**47,359**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 5: CASH AND CASH EQUIVALENTS

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

	2015 $'000	2014 $'000
Cash on Hand	14	14
Cash at Bank	56,261	24,576
Deposits at Call	173	35,127
Total Cash and Cash Equivalents	**56,448**	**59,717**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	56,448	59,717
Total Cash and Cash Equivalents	**56,448**	**59,717**

NOTE 6: RECEIVABLES

	2015 $'000	2014 $'000
CURRENT		
Contractual		
Inter Hospital Debtors	487	592
Trade Debtors	1,404	1,109
Patient Fees	4,932	4,327
Accrued Investment Income	5	203
Accrued Revenue	6,202	4,408
less Allowance for Doubtful Debts		
- Inter Hospital Debtors	-	-
- Trade Debtors	-	-
- Patient Fees	(1,960)	(1,314)
	11,070	**9,325**
Statutory		
GST Receivable	852	994
Accrued Revenue - Department of Health/Department of Health and Human Services	-	817
	852	**1,811**
TOTAL CURRENT RECEIVABLES	**11,922**	**11,136**
NON CURRENT		
Statutory		
Long Service Leave - Department of Health/Department of Health and Human Services	10,951	8,309
TOTAL NON CURRENT RECEIVABLES	**10,951**	**8,309**
TOTAL RECEIVABLES	**22,873**	**19,445**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 6: RECEIVABLES

[CONT.]

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(A) MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS

	2015 $'000	2014 $'000
Balance at beginning of year	1,314	1,740
Amounts written off during the year	(748)	(2,022)
Increase/(decrease) in allowance recognised in net result	1,394	1,596
Balance at end of year	**1,960**	**1,314**

(B) AGEING ANALYSIS OF RECEIVABLES

Refer to note 17 for the ageing analysis of contractual receivables.

(C) NATURE AND EXTENT OF RISK ARISING FROM RECEIVABLES

Refer to note 17 for the nature and extent of credit risk arising from contractual receivables.

NOTE 7: INVENTORIES

	2015 $'000	2014 $'000
Pharmaceuticals		
At cost	2,236	1,305
Radiology		
At cost	168	194
TOTAL INVENTORIES	**2,404**	**1,499**

NOTE 8: NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD FOR SALE

	2015 $'000	2014 $'000
CURRENT		
Land	-	694
Buildings	-	252
TOTAL NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD FOR SALE	**-**	**946**

NOTE 9: PREPAYMENTS AND OTHER ASSETS

	2015 $'000	2014 $'000
CURRENT		
Prepayments	1,123	385
TOTAL OTHER ASSETS	**1,123**	**385**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: PROPERTY, PLANT & EQUIPMENT

(A) GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION

	2015 $'000	2014 $'000
Land		
Land at Fair Value	66,425	66,425
Total Land	**66,425**	**66,425**
Buildings		
Buildings under Construction at Cost	36,831	13,903
Buildings at Fair Value	469,685	467,097
Less Accumulated Depreciation	(27,696)	-
Total Buildings	**478,820**	**481,000**
Plant and Equipment		
Plant and Equipment at Fair Value	22,269	20,090
Less Accumulated Depreciation	(8,964)	(7,367)
Total Plant and Equipment	**13,305**	**12,723**
Medical Equipment		
Medical Equipment at Fair Value	81,424	79,261
Less Accumulated Depreciation	(51,933)	(45,799)
Total Medical Equipment	**29,491**	**33,462**
Non Medical Equipment		
Non Medical Equipment at Fair Value	5,314	5,081
Less Accumulated Depreciation	(3,199)	(2,780)
Total Non Medical Equipment	**2,115**	**2,301**
Computers and Communication		
Computers and Communication at Fair Value	16,041	14,939
Less Accumulated Depreciation	(14,561)	(13,287)
Total Computers and Communications	**1,480**	**1,652**
Furniture and Fittings		
Furniture and Fittings at Fair Value	6,451	6,212
Less Accumulated Depreciation	(2,797)	(2,199)
Total Furniture and Fittings	**3,654**	**4,013**
Motor Vehicles		
Motor Vehicles at Fair Value	93	117
Less Accumulated Depreciation	(93)	(117)
Total Motor Vehicles	**-**	**-**
TOTAL PROPERTY, PLANT & EQUIPMENT	**595,290**	**601,576**

Share of jointly controlled assets included in property, plant and equipment are separately disclosed in Note 20 jointly controlled operations and assets.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: PROPERTY, PLANT & EQUIPMENT

[CONT.]

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(B) RECONCILIATIONS OF THE CARRYING AMOUNTS OF EACH CLASS OF ASSET

	Land	Buildings	Buildings Under Constn	Plant and Equipment	Medical Equipment	Non Medical Equipment	Computer and Comm	Furniture and Fittings	Motor Vehicles	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Balance at 1 July 2013	**38,604**	**399,989**	**79,043**	**8,288**	**31,357**	**2,539**	**1,924**	**3,891**	**-**	**565,635**
Additions	-	835	14,456	6,120	8,024	246	511	721	-	30,913
Disposals	-	-	-	-	(91)	(56)	-	(50)	-	(197)
Asset classified as held for sale	(694)	(252)	-	-	-	-	-	-	-	(946)
Revaluation increments/ (decrements)	28,515	23,383	-	-	-	-	-	-	-	51,898
Net transfer between classes	-	77,864	(79,596)	(355)	829	-	1,226	32	-	-
Depreciation and Amortisation (note 4)	-	(34,722)	-	(1,330)	(6,657)	(428)	(2,009)	(581)	-	(45,727)
Balance at 1 July 2014	**66,425**	**467,097**	**13,903**	**12,723**	**33,462**	**2,301**	**1,652**	**4,013**	**-**	**601,576**
Additions	-	769	18,754	9,158	2,566	233	205	219	-	31,904
Disposals	-				(36)	-	-	-	-	(36)
Asset classified as held for sale	-	-	-	-	-	-	-	-	-	-
Revaluation increments/ (decrements)	-	-	-	-	-	-	-	-	-	-
Net transfer between classes	-	1,819	4,174	(6,979)	-	-	966	20	-	-
Depreciation and Amortisation (note 4)	-	(27,696)	-	(1,597)	(6,501)	(419)	(1,343)	(598)	-	(38,154)
Balance at 30 June 2015	**66,425**	**441,989**	**36,831**	**13,305**	**29,491**	**2,115**	**1,480**	**3,654**	**-**	**595,290**

Land and buildings carried at valuation

An independent valuation of the Health Service's land and buildings was performed by the Valuer-General Victoria to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30th June 2014. Subsequent to this valuation, the Health Service assessed the carrying amounts of land and buildings based on indices made available by the Valuer-General Victoria to establish whether they materially approximate fair value at 30th June 2015. Indices applied to the carrying amount of land and buildings indicated that the balances in respect of land and buildings does approximate fair value.

A fair value assessment of plant and equipment was conducted by management as to whether the fair value of plant and equipment differs materially from its carrying amount at 30th June 2015. The outcome indicated that the carrying amount of plant and equipment does approximate fair value.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: PROPERTY, PLANT & EQUIPMENT

[CONT.]

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(C) FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AS AT 30 JUNE 2015

	Carrying amount as at 30th June 2015	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Land at Fair Value				
Specialised land	66,425	-	5,822	60,603
Total Land at fair value	**66,425**	**-**	**5,822**	**60,603**
Buildings at fair value				
Buildings under Construction at Cost	36,831	-	-	36,831
Buildings at Fair Value	469,685	-	484	469,201
Less Accumulated Depreciation	(27,696)	-	(33)	(27,663)
Total Buildings	**478,820**	**-**	**451**	**478,369**
Plant and Equipment				
Plant and Equipment at Fair Value	22,269	-	-	22,269
Less Accumulated Depreciation	(8,964)	-	-	(8,964)
Total Plant and Equipment	**13,305**	**-**	**-**	**13,305**
Medical Equipment				
Medical Equipment at Fair Value	81,424	-	-	81,424
Less Accumulated Depreciation	(51,933)	-	-	(51,933)
Total Medical Equipment	**29,491**	**-**	**-**	**29,491**
Non Medical Equipment				
Non Medical Equipment at Fair Value	5,314	-	5,314	-
Less Accumulated Depreciation	(3,199)	-	(3,199)	-
Total Non Medical Equipment	**2,115**	**-**	**2,115**	**-**
Computers and Communication				
Computers and Communication at Fair Value	16,041	-	16,041	-
Less Accumulated Depreciation	(14,561)	-	(14,561)	-
Total Computers and Communications	**1,480**	**-**	**1,480**	**-**
Furniture and Fittings				
Furniture and Fittings at Fair Value	6,451	-	6,451	-
Less Accumulated Depreciation	(2,797)	-	(2,797)	-
Total Furniture and Fittings	**3,654**	**-**	**3,654**	**-**
Motor Vehicles				
Motor Vehicles at Fair Value	93	-	93	-
Less Accumulated Depreciation	(93)	-	(93)	-
Total Motor Vehicles	**-**	**-**	**-**	**-**
TOTAL PROPERTY, PLANT & EQUIPMENT	**595,290**	**-**	**13,522**	**581,768**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: PROPERTY, PLANT & EQUIPMENT

[CONT.]

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Specialised Land and Specialised Buildings

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

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

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

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

Plant and Equipment

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.

There were no changes in valuation techniques throughout the period to 30th June 2015.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: PROPERTY, PLANT & EQUIPMENT

[CONT.]

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(C) FAIR VALUE MEASUREMENT HIERARCHY FOR ASSETS AS AT 30 JUNE 2014

	Carrying amount as at 30th June 2014	Fair value measurement at end of reporting period using:		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Land at Fair Value				
Specialised land	66,425	-	5,822	60,603
Total Land at fair value	**66,425**	**-**	**5,822**	**60,603**
Buildings at fair value				
Buildings under Construction at Cost	13,903	-	-	13,903
Buildings at Fair Value	467,097	-	484	466,613
Less Accumulated Depreciation	-	-	-	-
Total Buildings	**481,000**	**-**	**484**	**480,516**
Plant and Equipment				
Plant and Equipment at Fair Value	20,090	-	-	20,090
Less Accumulated Depreciation	(7,367)	-	-	(7,367)
Total Plant and Equipment	**12,723**	**-**	**-**	**12,723**
Medical Equipment				
Medical Equipment at Fair Value	79,261	-	-	79,261
Less Accumulated Depreciation	(45,799)	-	-	(45,799)
Total Medical Equipment	**33,462**	**-**	**-**	**33,462**
Non Medical Equipment				
Non Medical Equipment at Fair Value	5,081	-	5,081	-
Less Accumulated Depreciation	(2,780)	-	(2,780)	-
Total Non Medical Equipment	**2,301**	**-**	**2,301**	**-**
Computers and Communication				
Computers and Communication at Fair Value	14,939	-	14,939	-
Less Accumulated Depreciation	(13,287)	-	(13,287)	-
Total Computers and Communications	**1,652**	**-**	**1,652**	**-**
Furniture and Fittings				
Furniture and Fittings at Fair Value	6,212	-	6,212	-
Less Accumulated Depreciation	(2,199)	-	(2,199)	-
Total Furniture and Fittings	**4,013**	**-**	**4,013**	**-**
Motor Vehicles				
Motor Vehicles at Fair Value	117	-	117	-
Less Accumulated Depreciation	(117)	-	(117)	-
Total Motor Vehicles	**-**	**-**	**-**	**-**
TOTAL PROPERTY, PLANT & EQUIPMENT	**601,576**	**-**	**14,272**	**587,304**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 10: PROPERTY, PLANT & EQUIPMENT

[CONT.]

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(D) RECONCILIATION OF LEVEL 3 FAIR VALUE

2015	Land	Buildings	Buildings Under Constn	Plant and Equipment	Medical Equipment	Total
			$'000	$'000	$'000	$'000
Opening Balance	**60,603**	**466,613**	**13,903**	**12,723**	**33,462**	**587,304**
Purchases (sales)	-	769	18,754	9,158	2,566	31,247
Transfers in (out) of Level 3		1,819	4,174	(6,979)	(36)	(1,022)
Gains/(losses) recognised in net result	-	-	-	-	-	-
Depreciation	-	(27,663)	-	(1,597)	(6,501)	(35,761)
	60,603	**441,538**	**36,831**	**13,305**	**29,491**	**581,768**
Unrealised gains/(losses) on non-financial assets revaluation	-	-	-	-	-	-
Balance at 30 June 2015	**60,603**	**441,538**	**36,831**	**13,305**	**29,491**	**581,768**

(E) DESCRIPTION OF SIGNIFICANT UNOBSERVABLE INPUTS TO LEVEL 3 VALUATIONS:

	Valuation technique	Significant unobservable inputs	Range (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
Specialised land				
- Footscray Hospital	Market approach	Community Service Obligation (CSO) adjustment	20%	A significant increase or decrease in the CSO adjustment would result in a significantly lower or higher fair value.
- Sunshine Hospital			20%	
- Williamstown Hospital			20%	
- Sunbury Day Hospital			20%	
Specialised buildings				
- Footscray Hospital	Depreciated replacement cost	Direct Cost per square metre	$893-$7517/m² ($1902/m²)	A significant increase or decrease in direct cost per square metre adjustment would result in a significantly higher or lower fair value.
- Sunshine Hospital			$1000 - $5809/m² ($1934/m²)	
- Williamstown Hospital			$893 - $6033/m² ($1875/m²)	
- Sunbury Day Hospital			$940 - $2350/m² ($1728/m²)	
- Hazeldean Transition Care, Williamstown			$610 - $1721/m² ($1502/m²)	
- Footscray Hospital		Useful life of specialised buildings	0 - 46 years (18 years)	A significant increase or decrease in the estimated useful life of the asset would result in a significantly higher or lower valuation.
- Sunshine Hospital			5 - 52 years (27 years)	
- Williamstown Hospital			2 - 46 years (24 years)	
- Sunbury Day Hospital			22 - 52 years (34 years)	
- Hazeldean Transition Care, Williamstown			3 - 13 years (8 years)	
Assets under construction at fair value	Depreciated replacement cost	Cost per unit	$4,327-$6,589/m² ($5,458/m²)	A significant increase or decrease in direct cost per square metre adjustment would result in a significant higher or lower fair value
Plant and equipment at fair value	Depreciated replacement cost	Useful life of plant and equipment	10 years	Increase/(decrease) in the estimated useful life of the asset would result in a significantly higher/(lower) fair value.
Medical equipment at fair value	Depreciated replacement cost	Useful life of medical equipment	7 - 10 years	Increase/(decrease) in the estimated useful life of the asset would result in a significantly higher/(lower) fair value.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 11: INTANGIBLE ASSETS

	2015 $'000	2014 $'000
Software	11,159	9,537
Less Accumulated Amortisation	(9,533)	(8,407)
Total Intangible Assets	**1,626**	**1,130**

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

	Software $'000	Total $'000
Balance at 1st July 2013	**1,793**	**1,793**
Additions	969	969
Amortisation (note 4)	(1,632)	(1,632)
Balance at 1st July 2014	**1,130**	**1,130**
Additions	1,622	1,622
Amortisation (note 4)	(1,126)	(1,126)
Balance at 30th June 2015	**1,626**	**1,626**

NOTE 12: PAYABLES

	2015 $'000	2014 $'000
CURRENT		
Contractual		
Trade Creditors	2,058	5,716
Accrued Expenses	9,593	7,251
Salary Packaging	1,620	1,991
Amounts payable to Governments and Agencies:		
- Melbourne Health	6,000	6,744
Other	1,524	1,531
	20,795	**23,233**
Statutory		
Repayable Grants - Department of Health and Human Services	369	-
	369	**-**
TOTAL PAYABLES	**21,164**	**23,233**

(A) MATURITY ANALYSIS OF PAYABLES

Refer to note 17 (c) for the ageing analysis of payables

(B) NATURE AND EXTENT OF RISK ARISING FROM PAYABLES

Refer to note 17 (c) for the nature and extent of risk arising from contractual payables

NOTES TO THE FINANCIAL STATEMENTS

NOTE 13: PROVISIONS

	2015 $'000	2014 $'000
Current Provisions		
Employee Benefits (i)		
Annual Leave (Note 13 (A))		
- Unconditional and expected to be settled within 12 months	29,858	27,923
- Unconditional and expected to be settled after 12 months(ii)	4,991	4,624
Long Service Leave (Note 13 (A))		
- Unconditional and expected to be settled within 12 months	5,542	4,952
- Unconditional and expected to be settled after 12 months(ii)	39,923	36,950
Employee Termination Benefits		
- Unconditional and expected to be settled within 12 months	17,915	16,317
- Unconditional and expected to be settled after 12 months(ii)	-	-
	98,229	**90,766**
Provisions Related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months	4,740	4,427
- Unconditional and expected to be settled after 12 months(ii)	5,839	5,405
Total Current Provisions	**108,808**	**100,598**
Non-Current Provisions		
Employee Benefits (i)	11,207	9,317
Provisions related to Employee Benefit On-Costs (Note 13 (a))	1,457	1,211
Total Non-Current Provisions	**12,664**	**10,528**
Total Provisions	**121,472**	**111,126**
(A) EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Current Employee Benefits and related on-costs		
Annual Leave Entitlements	39,379	36,778
Accrued Wages and Salaries	15,388	13,852
Accrued Days Off	943	1,085
Unconditional Long Service Leave Entitlements	51,376	47,349
Superannuation	1,462	1,275
Other	260	259
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements(ii)	12,664	10,528
Total Employee Benefits and Related On-Costs	**121,472**	**111,126**
(B) MOVEMENTS IN PROVISIONS		
Movement in Long Service Leave:		
Balance at start of year	**57,877**	**53,184**
Provision made during the year		
- Revaluations	302	278
- Expense recognising Employee Service	12,099	9,986
Settlement made during the year	(6,239)	(5,571)
Balance at end of year	**64,039**	**57,877**

Notes:

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

(ii) The amounts disclosed are at present values.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 14: SUPERANNUATION

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

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

However superannuation contributions paid or payable for the reporting period are included as part of employee benefits in the comprehensive operating statement of the Health Service. The name, details and amounts expense in relation to the major employee superannuation funds and contributions made by the Health Service are as follows:

	Paid Contribution for the Year		Contribution Outstanding at Year End	
	2015 $'000	**2014 $'000**	**2015 $'000**	**2014 $'000**
Defined benefit plans(i):				
State Superannuation Fund - revised and new	582	663	17	28
Defined contribution plans:				
First State Super	33,788	30,751	1,445	1,247
	34,370	**31,414**	**1,462**	**1,275**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 15: EQUITY

	2015 $'000	2014 $'000
(A) SURPLUSES		
Property, Plant and Equipment Revaluation Surplus[1]		
Balance at the beginning of the reporting period	294,114	242,216
Revaluation Increment/(Decrement)		
- Land	-	28,515
- Buildings	-	23,383
Balance at the end of the reporting period	**294,114**	**294,114**
Represented by:		
- Land	54,250	54,250
- Buildings	239,864	239,864
	294,114	**294,114**
Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	1,446	736
Share of joint venture accumulated surplus	(16)	-
Transfer from Accumulated Surplus	968	710
Balance at the end of the reporting period	**2,398**	**1,446**
Total Surpluses	**296,512**	**295,560**
(B) CONTRIBUTED CAPITAL		
Balance at the beginning of the reporting period	202,980	202,980
Balance at the end of the reporting period	**202,980**	**202,980**
(C) ACCUMULATED SURPLUS		
Balance at the beginning of the reporting period	51,799	71,667
Net Result for the Year	(13,195)	(19,158)
Transfers to Restricted Specific Purpose Surplus	(968)	(710)
Balance at the end of the reporting period	**37,636**	**51,799**
Total Equity at end of financial year	**537,128**	**550,339**

(1) The property, plant and equipment asset revaluation surplus arises on the revaluation of land and buildings.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 16: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2015 $'000	2014 $'000
Net Result For The Year	**(13,195)**	**(19,158)**
Non-cash movements:		
Depreciation & Amortisation	39,280	47,359
Provision for Doubtful Debts	1,394	1,596
Assets Received Free of Charge	-	-
Movements included in investing and financing activities:		
Net (Gain)/Loss from Disposal of Non Financial Physical Assets	16	128
Change in operating assets and liabilities		
(Increase)/Decrease in Receivables	(4,931)	2,478
(Increase)/Decrease in Other Assets	2,076	1,932
(Increase)/Decrease in Prepayments	(738)	284
Increase/(Decrease) in Payables	510	3,034
Increase/(Decrease) in Provisions	8,623	7,552
Change in Inventories	(905)	(53)
NET CASH INFLOW FROM OPERATING ACTIVITIES	**32,130**	**45,152**

NOTE 17: FINANCIAL INSTRUMENTS

(A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Health Service's principal financial instruments comprises:

- Cash Assets
- Term Deposits
- Receivables (excluding statutory receivables)
- Payables (excluding statutory payables)

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.

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

The Health Service 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 Audit & Risk Committee of the Health Service.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: FINANCIAL INSTRUMENTS

[CONT.]

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Categorisation of financial instruments

2015	Contractual financial assets - receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Financial Assets			
Cash and Cash Equivalents	56,448		56,448
Receivables			
- Trade Debtors	1,891		1,891
- Patient Fees	4,932		4,932
- Other Receivables	6,207		6,207
Total Financial Assets [i]	**69,478**	-	**69,478**
Financial Liabilities			
Payables		19,271	19,271
Other Financial Liabilities		1,524	1,524
Total Financial Liabilities [ii]	-	**20,795**	**20,795**

2014	Contractual financial assets - receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Financial Assets			
Cash and Cash Equivalents	59,717		59,717
Receivables			
- Trade Debtors	1,701		1,701
- Patient Fees	4,327		4,327
- Other Receivables	4,611		4,611
Total Financial Assets [i]	**70,356**	-	**70,356**
Financial Liabilities			
Payables		21,702	21,702
Other Financial Liabilities		1,531	1,531
Total Financial Liabilities [ii]	-	**23,233**	**23,233**

(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)

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: FINANCIAL INSTRUMENTS

[CONT.]

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(B) CREDIT RISK

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

Credit risk associated with the Health Service's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government and patients, it is the Health Service's policy to only deal with entities with high credit ratings of a minimum Triple-A rating and to obtain sufficient collateral or credit enhancements, where appropriate.

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

Provision of impairment for contractual financial assets is recognised when there is objective evidence that the Health Service will not be able to collect a receivable. Objective evidence includes financial difficulties of the debtor, default payments, debts which are long 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 the Health Service's maximum exposure to credit risk without taking account of the value of any collateral obtained.

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

2015	Financial Institutions (AA- credit rating) $'000	Other $'000	Total $'000
Financial Assets			
Cash and Cash Equivalents	56,448		56,448
Receivables			
- Trade Debtors		1,891	1,891
- Patient Fees		4,932	4,932
- Other Receivables (i)		6,207	6,207
Total Financial Assets	**56,448**	**13,030**	**69,478**
2014			
Financial Assets			
Cash and Cash Equivalents	59,717		59,717
Receivables			
- Trade Debtors		1,701	1,701
- Patient Fees		4,327	4,327
- Other Receivables (i)		4,611	4,611
Total Financial Assets	**59,717**	**10,639**	**70,356**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: FINANCIAL INSTRUMENTS

[CONT.]

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Ageing analysis of financial assets as at 30 June

	Carrying Amount	Not Past Due and Not Impaired	Past Due But Not Impaired				Impaired Financial Assets
			Less than I month	1-3 Months	3 Months-1 Year	1-5 Years	
2015	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Financial Assets							
Cash and Cash Equivalents	56,448	56,448	-	-	-	-	-
Receivables (i)							
- Trade Debtors	1,891	932	612	253	94	-	-
- Patient Fees	4,932	1,639	689	315	329	-	1,960
- Other Receivables	6,207	6,207	-	-	-	-	-
Total Financial Assets	**69,478**	**65,226**	**1,301**	**568**	**423**	**-**	**1,960**
2014							
Financial Assets							
Cash and Cash Equivalents	59,717	59,717	-	-	-	-	-
Receivables (i)							
- Trade Debtors	1,701	1,187	262	243	9	-	-
- Patient Fees	4,327	1,880	612	183	338	-	1,314
- Other Receivables	4,611	4,611	-	-	-	-	-
Total Financial Assets	**70,356**	**67,395**	**874**	**426**	**347**	**-**	**1,314**

(i) Ageing analysis of financial assets excludes statutory financial assets (i.e. GST input tax credit)

Contractual financial assets that are either past due or impaired

There are no material financial assets which are individually determined to be impaired. Currently the Health Service does not hold any collateral as security nor credit enhancements relating to its financial assets.

There are no financial assets that have had their terms renegotiated so as to prevent them from being past due or impaired and they are stated at 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.

(C) LIQUIDITY RISK

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

The Health Service's maximum exposure to liquidity risk is the carrying amount of financial liabilities as disclosed on the face of the balance sheet. The Health Service manages its liquidity risk as follows:

- maintaining an adequate level of uncommitted funds that can be drawn at short notice to meet its short term obligations;
- holding investments and other contractual financial assets that are readily tradeable in the financial markets; and
- careful maturity planning of its financial obligations based on forecasts of future cash flows.

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: FINANCIAL INSTRUMENTS

[CONT.]

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Maturity analysis of financial liabilities as at 30th June

	Carrying Amount	Nominal Amount	Maturity Dates			
			Less than I month	1-3 Months	3 Months-1 Year	1-5 Years
2015	$'000	$'000	$'000	$'000	$'000	$'000
Financial Liabilities						
At amortised cost						
Payables	19,271	19,271	18,570	659	42	
Other Financial Liabilities(i)	1,524	1,524	1,524	-	-	
Total Financial Liabilities	**20,795**	**20,795**	**20,094**	**659**	**42**	**-**
2014						
Financial Liabilities						
At amortised cost						
Payables	21,702	21,702	21,640	51	11	
Other Financial Liabilities(i)	1,531	1,531	1,531	-	-	
Total Financial Liabilities	**23,233**	**23,233**	**23,171**	**51**	**11**	**-**

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

(D) MARKET RISK

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

Currency Risk

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

Interest Rate Risk

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

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

The Health Service has minimal exposure to cash flow interest rate risks through its cash and term deposits.

The Health Service manages this risk by mainly undertaking fixed rate or non-interest bearing financial instruments with relatively even maturity profiles, with only insignificant amounts of financial instruments at floating rate. Management has concluded that cash at bank is a financial asset that can be left at floating rate without necessarily exposing the Health Service to significant risk.

Other Price Risk

Upon review of the risks related to financial instruments the Health Service has not identified other risks to exist which could potentially impair the carrying value of the financial assets or liabilities.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: FINANCIAL INSTRUMENTS

[CONT.]

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

2015	Weighted Average Effective Interest Rate Rate (%)	Carrying Amount $'000	Interest Rate Exposure		
			Fixed Interest Rate $'000	Variable Interest Rate $'000	Non-Interest Bearing $'000
Financial Assets					
Cash and Cash Equivalents	3.1	56,448	-	56,434	14
Receivables					
- Trade Debtors	-	1,891	-	-	1,891
- Patient Fees	-	4,932	-	-	4,932
- Other Receivables	-	6,207	-	-	6,207
Total Financial Assets		**69,478**	**-**	**56,434**	**13,044**
Financial Liabilities					
At amortised cost					
Payables	-	19,271	-	-	19,271
Other Financial Liabilities	-	1,524	-	-	1,524
Total Financial Liabilities	**-**	**20,795**	**-**	**-**	**20,795**
Net Financial Asset/Liabilities	**-**	**48,683**	**-**	**56,434**	**(7,751)**
2014					
Financial Assets					
Cash and Cash Equivalents	3.3	59,717	35,127	24,576	14
Receivables					
- Trade Debtors	-	1,701	-	-	1,701
- Patient Fees	-	4,327	-	-	4,327
- Other Receivables	-	4,611	-	-	4,611
Total Financial Assets		**70,356**	**35,127**	**24,576**	**10,653**
Financial Liabilities					
At amortised cost					
Payables	-	21,702	-	-	21,702
Other Financial Liabilities	-	1,531	-	-	1,531
Total Financial Liabilities	**-**	**23,233**	**-**	**-**	**23,233**
Net Financial Asset/Liabilities	**-**	**47,123**	**35,127**	**24,576**	**(12,580)**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: FINANCIAL INSTRUMENTS

[CONT.]

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Sensitivity disclosure analysis

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

- A shift of 100 basis points up and down in market interest rates (AUD) from year-end rates
- A parallel shift of +1% and -1% in inflation rate from year-end rates
- A movement of 15% up and down (2014: 15%) 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 the Health Service at year-end as presented to key management personnel, if changes in the relevant risk occur.

		Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
2015	Carrying Amount	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial Assets									
Cash and Cash Equivalents	56,434	(564)	(564)	564	564	-	-	-	-
Receivables									
- Trade Debtors	1,891	-	-	-	-	-	-	-	-
- Patient Fees	4,932	-	-	-	-	-	-	-	-
- Other Receivables	6,207	-	-	-	-	-	-	-	-
Total Financial Assets	**69,464**	**(564)**	**(564)**	**564**	**564**	**-**	**-**	**-**	**-**
Financial Liabilities									
Payables	19,271	-	-	-	-	-	-	-	-
Other Financial Liabilities	1,524	-	-	-	-	-	-	-	-
Total Financial Liabilities	**20,795**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Financial Asset/Liabilities	**48,669**	**(564)**	**(564)**	**564**	**564**	**-**	**-**	**-**	**-**

		Interest Rate Risk				Other Price Risk			
		-1%		+1%		-1%		+1%	
2014	Carrying Amount	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
Financial Assets									
Cash and Cash Equivalents	59,703	(597)	(597)	597	597	-	-	-	-
Receivables									
- Trade Debtors	1,701	-	-	-	-	-	-	-	-
- Patient Fees	4,327	-	-	-	-	-	-	-	-
- Other Receivables	4,611	-	-	-	-	-	-	-	-
Total Financial Assets	**70,342**	**(597)**	**(597)**	**597**	**597**				
Financial Liabilities									
Payables	21,702	-	-	-	-	-	-	-	-
Other Financial Liabilities	1,531	-	-	-	-	-	-	-	-
Total Financial Liabilities	**23,233**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Financial Asset/Liabilities	**47,109**	**(597)**	**(597)**	**597**	**597**	**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 17: FINANCIAL INSTRUMENTS

[CONT.]

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(E) FAIR VALUE

The fair values and net fair values of financial instrument assets and liabilities are determined as follows:

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

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

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

Comparison between carrying amount and fair value

	Carrying Amount 2015 $'000	Fair Value 2015 $'000	Carrying Amount 2014 $'000	Fair Value 2014 $'000
Financial Assets				
Cash and Cash Equivalents	56,448	56,448	59,717	59,717
Receivables				
- Trade Debtors	1,891	1,891	1,701	1,701
- Patient Fees	4,932	4,932	4,327	4,327
- Other Receivables	6,207	6,207	4,611	4,611
Other Financial Assets				
- Term Deposit	-	-	-	-
Total Financial Assets	**69,478**	**69,478**	**70,356**	**70,356**
Financial Liabilities				
Payables	19,271	19,271	21,702	21,702
Other Financial Liabilities	1,524	1,524	1,531	1,531
Total Financial Liabilities	**20,795**	**20,795**	**23,233**	**23,233**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: COMMITMENTS FOR EXPENDITURE

(A) COMMITMENTS

	2015 $'000	2014 $'000
Capital Expenditure Commitments		
Payable:		
Buildings	2,328	21,682
Plant and equipment	4,678	14,834
Medical equipment	8,019	11,342
Computer equipment	2,201	791
Furniture and fittings	3,141	-
Intangible assets	714	1,566
Total capital expenditure commitments	**21,081**	**50,215**
Other Expenditure Commitments		
Payable:		
Supplies and consumables	21,240	19,985
Service agreements	2,007	6,464
Maintenance contracts	14,285	30,567
Total other expenditure commitments	**37,532**	**57,016**
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating leases	5,191	7,915
Total lease commitments	**5,191**	**7,915**
Operating Leases		
Cancellable	-	-
Sub-Total	**-**	**-**
Non-cancellable	5,191	7,915
Total operating lease commitments	**5,191**	**7,915**
Total lease commitments	**5,191**	**7,915**
Health Service's share of jointly controlled entity capital expenditure commitments	**-**	**-**
Total Commitments (inclusive of GST)	**63,804**	**115,146**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 18: COMMITMENTS FOR EXPENDITURE

[CONT.]

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(B) COMMITMENTS PAYABLE

Nominal Values	2015 $'000	2014 $'000
Capital expenditure commitments payable		
Less than 1 year	20,696	38,335
Longer than 1 year but not longer than 5 years	385	11,880
5 years or more	-	-
Total capital expenditure commitments	**21,081**	**50,215**
Other expenditure commitments payable		
Less than 1 year	23,042	30,205
Longer than 1 year but not longer than 5 years	14,490	26,811
5 years or more	-	-
Total other expenditure commitments	**37,532**	**57,016**
Lease commitments payable		
Less than 1 year	219	2,850
Longer than 1 year but not longer than 5 years	4,972	4,883
5 years or more	-	182
Total lease commitments	**5,191**	**7,915**
Total commitments (inclusive of GST)	**63,804**	**115,146**
Less GST recoverable from the Australian Tax Office	5,800	10,468
Total commitments (exclusive of GST)	**58,004**	**104,678**

NOTE 19: CONTINGENT ASSETS & CONTINGENT LIABILITIES

Details of estimates of maximum amounts of Contingent Assets or Contingent Liabilities are as follows:

	2015 $'000	2014 $'000
Contingent Assets		
The Directors are not aware of any quantifiable or non quantifiable contingent assets	-	-
	-	-
Contingent Liabilities		
Quantifiable		
Recallable capital grant - Car Park System	780	1,040
Recallable capital grant - Medical Records Scanning System	500	900
Total Quantifiable Contingent Liabilities	**1,280**	**1,940**

NOTES TO THE FINANCIAL STATEMENTS

NOTE 20: JOINTLY CONTROLLED ASSETS AND OPERATIONS

Name of Entity	Principal Activity	Ownership Interest 2015 %	Ownership Interest 2014 %
Victorian Comprehensive Cancer Centre Joint Venture ("VCCC")	Cancer research, education and training and patient care	11.1%	12.5%

Summarised financial information of the jointly controlled operations has been set out below.

	2015 $'000	2014 $'000
Current Assets	2,238	1,851
Non-Current Assets	40	35
Current Liabilities	798	676
Non-Current Liabilities	41	47
NET ASSETS	**1,439**	**1,163**
The following amounts have been included in the amounts above:		
Cash and cash equivalents	2,168	1,784
Current financial liabilities	455	375

	2015 $'000	2014 $'000
Revenue	3,202	3,022
Net Result From Continuing Operations	276	117
Other Comprehensive Income	-	-
Total Comprehensive Income	276	117
The following amounts have been included in the amounts above:		
Interest income	56	50
Depreciation	12	12
Contingent Assets and Contingent Liabilities	-	-
Commitments for Expenditure	-	-

Note: Figures obtained from the unaudited VCCC joint venture annual report.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21A: 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 David Davis, MLC, Minister for Health and Ageing	1/7/2014 - 3/12/2014
The Honourable Mary Wooldridge, MP, Minister for Mental Health	1/7/2014 - 3/12/2014
The Honourable Jill Hennessy, Minister for Health, Minister for Ambulance Services	4/12/2014 - 30/06/2015
The Honourable Martin Foley, Minister for Housing, Disability and Ageing, Minister for Mental Health	4/12/2014 - 30/06/2015
Governing Board	
Hon Bronwyn Pike (Chair - appointed 1st July 2014)	1/7/2014 - 30/06/2015
Professor Colin Clark	1/7/2014 - 30/06/2015
Mrs Elleni Bereded-Samuel	1/7/2014 - 30/06/2015
Mrs Patricia Vejby	1/7/2014 - 30/06/2015
Dr Robert Mitchell	1/7/2014 - 30/06/2015
Associate Professor Cassandra Szoeke	1/7/2014 - 30/06/2015
Mr Malcolm Peacock	1/7/2014 - 30/06/2015
Mr Gerard Blood	1/7/2014 - 30/06/2015
Dr Vladimir Vizec	1/7/2014 - 30/06/2015
Dr Mimmie Watts	1/7/2014 - 30/06/2015
Accountable Officer	
Associate Professor Alex Cockram	1/7/2014 - 30/06/2015

	2015 No.	2014 No.
Remuneration of Responsible Persons		
The number of Responsible Persons are shown in their relevant income bands;		
Income Band		
$0 - $9,999	1	2
$10,000 - $19,999	1	4
$20,000 - $29,999	8	4
$30,000 - $39,999	0	0
$40,000 - $49,999	0	0
$50,000 - $59,999	1	1
$430,000 - $439,999	0	1
$450,000 - $459,999	1	0
Total Numbers	**12**	**12**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$742,754**	**$662,005**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21A: RESPONSIBLE PERSONS DISCLOSURES

[CONT.]

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Other Transactions of Responsible Persons and their Related Parties

There were no other transactions paid by the Health Service in connection with the Responsible Persons of the Health Service.

There are no monies receivable from or payable to Responsible Persons and Responsible Persons' Related Parties.

Related Parties Transactions

The following table provides the total transactions during the financial year with the controlled entity:

	2015 $'000	2014 $'000
Controlled entity distributions to the Health Service	1,567,287	670,889
Other receivables from and payables to the controlled entity	-	-

NOTES TO THE FINANCIAL STATEMENTS

NOTE 21B: EXECUTIVE OFFICER DISCLOSURES

Executive Officers' Remuneration

The numbers of executive officers, other than Ministers and Accountable Officer, and their total remuneration during the reporting period are shown in the first two columns in the table below in their relevant income bands. The base remuneration of executive officers is shown in the third and fourth columns. Base remuneration is exclusive of bonus payments, long-service leave payments, redundancy payments and retirement benefits.

	Total Remuneration		Base Remuneration	
	2015	2014	2015	2014
$0 - $ 99,999	6	9	8	9
$100,000 - $109,999	0	0	0	0
$110,000 - $119,999	1	0	1	0
$120,000 - $129,999	0	0	0	0
$130,000 - $139,999	0	3	0	3
$140,000 - $149,999	1	3	3	3
$150,000 - $159,999	7	3	6	3
$160,000 - $169,999	8	3	7	3
$170,000 - $179,999	2	5	2	5
$180,000 - $189,999	6	3	5	3
$190,000 - $199,999	2	1	2	1
$200,000 - $209,999	1	1	2	3
$210,000 - $219,999	1	2	0	1
$220,000 - $229,999	1	1	2	1
$230,000 - $239,999	3	1	1	1
$240,000 - $249,999	0	0	1	0
$250,000 - $259,999	1	1	1	1
$260,000 - $269,999	0	1	0	0
$270,000 - $279,999	1	0	0	0
$280,000 - $289,999	0	0	0	0
$290,000 - $299,999	0	0	1	1
$300,000 - $309,999	0	1	0	1
$310,000 - $319,999	1	1	0	0
Total Numbers	**42**	**39**	**42**	**39**
Total annualised employee equivalent (1)	**35**	**32**	**35**	**32**
Total Remuneration	**$7,105,515**	**$6,124,817**	**$6,780,837**	**$6,028,739**

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

NOTES TO THE FINANCIAL STATEMENTS

NOTE 22: REMUNERATION OF AUDITORS

	2015 $'000	2014 $'000
Victorian Auditor-General's Office		
Audit of financial statement	121	117
Acquittal audit - WHCRE and iPJS Program	6	8
Internal Audit	150	144
	277	**269**

NOTE 23: EVENTS OCCURRING AFTER THE BALANCE SHEET DATE

At the time this report was being prepared the Directors were not aware of any events occurring after the reporting date that would have a material impact on the financial statements.

NOTE 24: CONTROLLED ENTITY

Name of Entity	Principal Activity	Country of Incorporation	Equity Holding
Western Health Foundation Limited	Managing fundraising and philanthropic activities on behalf of the Health Service	Australia	Limited by Guarantee

AUDITOR-GENERAL'S REPORT

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Victorian Auditor-General's Office

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Western Health

The Financial Report

The accompanying financial report for the year ended 30 June 2015 of Western Health which comprises comprehensive operating statement, balance sheet, statement of changes in equity, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance Officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of Western Health are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. Those standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance about whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Western Health as at 30 June 2015 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
12 August 2015

John Doyle
Auditor-General

NOTES

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FOOTSCRAY HOSPITAL

Gordon Street
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8345 6666

SUNSHINE HOSPITAL

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St Albans VIC 3021
8345 1333

SUNSHINE HOSPITAL RADIATION THERAPY CENTRE

176 Furlong Road
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8395 9999

WESTERN CENTRE FOR HEALTH RESEARCH AND EDUCATION

Sunshine Hospital
Furlong Road
St Albans VIC 3021
8345 1333

SUNBURY DAY HOSPITAL

7 Macedon Road
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9732 8600

WILLIAMSTOWN HOSPITAL

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9393 0100

DRUG HEALTH SERVICES

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HAZELDEAN TRANSITION CARE

211-215 Osborne Street
Williamstown VIC 3016
9397 3167

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Western Health