ANNUAL REPORT

2010/11

Western Health

OUR VISION

Together, caring for the West

Our patients, staff, community and environment

OUR PURPOSE

Working collaboratively to provide quality health and wellbeing 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 - working in an open, honest and safe environment

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.

Cover: Sunshine Hospital Radiation Therapy Centre

Photo courtesy of ANZCA

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A Message from the Chair of the Board

I am pleased to report that 2010/11 was a year of very substantial achievement by Western Health, both operationally and in terms of adding important new facilities.

Operationally, it was a year of considerable change for Western Health as demand for our services increased even more rapidly than expected. This was particularly so for Emergency Department patients, with the number of patients admitted from our Emergency Departments increasing by 14% and the number of emergency theatre operations increasing by 16%.

In the face of such extraordinary numbers, it was a remarkable effort for Western Health to substantially improve its access performance in most areas and to maintain adherence to our budget by finishing the year with a small operating surplus.

Furthermore, whilst managing the patient load challenge, we also kept our eye on the need to plan for the future with a number of planning achievements, including an update of our Service Plan which sets the parameters for our future health service requirements, development of a new Model of Care to provide a future vision for the organisation, leading some 20 partner organisations in development of a Better Health Plan for the West and commencing a refresh of our strategic Master Plan to guide future capital development. During the year, Western Health Board members and staff undertook a process to refresh the Strategic Plan. Originally developed in 2008 through a collaborative process involving staff, the Board and key community organisations, the refreshed Plan will help guide our endeavours through to 2015.

Our capacity to provide more and higher quality services to our community was also enhanced by the opening of three new facilities with a combined capital value of $114 million. Of these, the Western Centre for Health Research and Education at Sunshine will position Western Health as a major provider of training and research opportunities for health professionals; the Radiation Therapy Centre at Sunshine is now providing the first public radiotherapy service in Melbourne's West; and the Sunbury Day Hospital provides medical, surgical and dialysis treatment as well as specialist clinics in this rapidly growing area of north-west Melbourne.

Additionally, we completed ward upgrades at Western Hospital and a substantial expansion of the Sunshine Hospital Emergency Department. During the year we also commenced construction of a $90.5 million Acute Services Building at Sunshine which will provide 128 acute overnight beds, 30 same-day beds and a 26 cot special care nursery.

We also secured $8 million funding from the Commonwealth to expand on our Short Stay units at both Western and Sunshine Emergency Departments, to develop a High Dependency Unit at Sunshine and to construct a fourth operating theatre at Williamstown Hospital.

With all these new facilities, Western Health will have considerably expanded scope to meet the challenge of providing appropriate health services to the community of the West, which is the most rapidly growing region of Australia.

On behalf of the Board, I would like to congratulate our Chief Executive Kathryn Cook, her executive team and all the staff at Western Health for their sterling efforts in support of Western Health in 2010/11. I would also like to thank my fellow Board directors for their dedicated service throughout the year, and in particular I thank Graeme Houghton and Linda Hornsey, whose terms ended this year, for their considerable contribution to Western Health.

Finally, I wish to acknowledge, with gratitude, the support to Western Health by community health services, private providers, local government and universities, our many volunteers and our generous donors. Such continuing support is crucial to enabling us to adequately meet the health needs of our large, diverse and burgeoning community on an ongoing basis.

Ralph Willis
Chair

A Message from the Chief Executive

The past 12 months have seen some remarkable milestones for Western Health as well as some major challenges.

It was wonderful to see the opening of our first ever purpose built facility for teaching and research in medicine and the health sciences – the Western Centre for Health Research and Education.

Our patients are also seeing the benefits of the new Sunshine Hospital Radiation Therapy Centre, operated in partnership with the Peter MacCallum Cancer Centre and the new Sunbury Day Hospital.

Western Health faces great pressures as it strives to provide quality healthcare services to communities within the fastest growing region in Australia. Within the next 15 years, an additional 260,000 people are expected to move into the area serviced by Western Health – representing population growth of an extraordinary 33%.

We were pleased to see these demand pressures acknowledged in the Metropolitan Health Plan, one of the key supporting documents for the Victorian Government's Victorian Health Priorities Framework 2012–2022, released in May 2011.

Western Health has also worked hard over the past 12 months to ensure our planning for services meets needs into the future. More detail on this is contained within this document.

During 2010/11, our communities accessed our services in great numbers:

- 121,000 Emergency Department attendances
- 153,000 outpatient visits
- 112,000 inpatient admissions

In each case, these numbers represented an increase on the previous year and represent close to 400,000 occasions of patient service just in these three areas of service alone, apart from our extensive services provided in areas such as imaging, and healthcare provided in the community and in patients' homes.

In the maternity area, we saw an increase of close to 10% in the number of babies born over the 12 month period, taking the total to close to 4400 babies born.

Demand increases have been evident in the level of activity right across the organisation. We performed around 1200 additional operations across the Surgical and Women's and Children's Divisions in the past year. We also received an additional 2000 requests for language services, reflecting the increasingly diverse population within our region.

I am pleased to report that the last 12 months have seen steady improvement in many of the key performance areas across the organisation despite the challenges we are facing.

Our emergency department staff continued to work hard to balance the needs of patients while also managing to achieve improvements in performance against Government access targets.

Western, Sunshine and Williamstown Hospital Emergency Departments maintained their record of seeing the most urgent patients immediately while also improving their performance in treatment times for less urgent patients.

Our two major hospitals, Western Hospital and Sunshine Hospital, were also able to improve the level of access for patients to emergency services, with the amount of time spent on hospital bypass decreasing.

These are just some of the many achievements of Western Health in the past 12 months and I extend my gratitude to the 5000 dedicated staff and hundreds of volunteers who have helped make these achievements – and many more - possible.

Nevertheless, despite our achievements, further significant challenges remain and we are already working together to address these, on behalf of our patients, for the year ahead.

I would like to extend my appreciation to the many organisations, community health service providers, financial donors, business and community partners and Universities who have supported and worked alongside Western Health over the past year.

I also thank the Chair of our Board, Ralph Willis and his fellow Board directors for their unwavering commitment and support throughout the year.

Kathryn Cook
Chief Executive

Year in Review

WESTERN CENTRE FOR HEALTH RESEARCH AND EDUCATION: SUNSHINE HOSPITAL

The $51.6 million Western Centre for Health Research and Education was completed in June 2011. This landmark Centre will operate in partnership with The University of Melbourne and Victoria University.

RADIATION THERAPY CENTRE: SUNSHINE HOSPITAL

In March 2011, the $41.6 million Sunshine Hospital Radiation Therapy Centre was completed. The Centre is a partnership with Peter MacCallum Cancer Centre and is the first public radiotherapy service in Melbourne's West.

SUNBURY DAY HOSPITAL

The $21 million Sunbury Day Hospital commenced clinical operations in February, providing day medical, day surgical, dialysis treatment and a number of specialist clinics.

IMPROVING ACCESS TO EMERGENCY DEPARTMENT SERVICES

During 2010/11, there was a marked improvement in emergency care performance indicators across Western Health and funded projects to support compliance with the new National Access Targets were completed.

RESPONDING TO GROWTH IN DEMAND FOR MATERNITY SERVICES

Close to 4,400 births occurred at Sunshine Hospital. Western Health continued its strong focus on one-on-one midwifery care through the caseload model and implemented a full year of the pilot homebirth program.

IMMEDIATE RESPONSE SERVICE

Western Health commenced an outreach service to people at risk of presenting to the Emergency Department if immediate support and service coordination is not received.

Planning Ahead

ACUTE SERVICES BUILDING: SUNSHINE HOSPITAL

The $90.5 million four-level acute services building commenced construction in late 2010 and is due for completion in late 2012. It will include 128 acute overnight beds, a 26 cot special care nursery and new ambulatory care facilities.

WESTERN HEALTH SERVICE PLAN COMPLETED

An updated Western Health Service Plan was completed. This sets the parameters for future health service and facility requirements for our community population health needs.

STRATEGIC MASTER PLAN REVIEW

A refresh of the Western Health Strategic Master Plan has commenced and will be a key activity into 2011/12, informing future capital works and related developments across the health service.

STRATEGIC PLAN REFRESH

Western Health Board members and staff undertook a process to refresh the Strategic Plan. Originally developed in 2008 through a collaborative process, the refreshed Plan will guide our endeavours through to 2015.

DEVELOPMENT OF THE MODEL OF CARE

The Western Health Model of Care was developed in detail to provide a future vision for the organisation. It includes several principles that will guide the delivery of clinical services over the coming year.

BETTER HEALTH PLAN FOR THE WEST

Western Health played a key role with 20 organisations, in the development of the Better Health Plan for the West. which outlines a shared vision for health care delivery and strategies for addressing the main health priority areas for the coming decade.

TRANSFORMING TO AN E-HEALTH ENVIRONMENT

Informed by the priority roadmap within the ICT Strategy, Western Health is undergoing an aggressive transformation, from reliance on manual and paper-based processes, to a health service integrated with an e-health environment and able to take advantage of efficiencies and engage in national and state e-health and health reform agendas.

Our Facilities

WESTERN HOSPITAL

Western Hospital is an acute teaching hospital with approximately 360 beds. It provides the majority of acute elective and acute emergency services for Western Health. 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. Research covering a range of medical, surgical and specialty areas is also conducted at the hospital.

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

SUNSHINE HOSPITAL

Sunshine Hospital is a teaching hospital in Melbourne's outer-West with approximately 426 beds. Sunshine Hospital has a comprehensive range of services including women's and children's services, surgical, medical, mental health, aged care and rehabilitation services. Sunshine Hospital's emergency department, incorporating a paediatric service, is one of the busiest general emergency departments in the state.

The Maternity services at Sunshine Hospital continue to grow to meet the increasing demand within the community and it 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 opened in March 2011. It will enable around 900 people a year from Melbourne's western suburbs to receive their cancer treatment closer to home.

The new 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 deliver treatment to patients with a range of cancers. Two additional bunker spaces have been included to provide for projected future growth.

WILLIAMSTOWN HOSPITAL

Williamstown Hospital is a 90 bed facility providing emergency services, surgical services, a range of rehabilitation services including geriatric evaluation and management, transitional and restorative care, renal dialysis services and community rehabilitation.

SUNBURY DAY HOSPITAL

The new $21 million Sunbury Day Hospital opened its doors to its first patients in February 2011. The Day Hospital provides day medical, day surgical, dialysis treatment and a number of specialist clinics.

DRUG AND ALCOHOL SERVICES

Drug and Alcohol 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.

WESTERN CENTRE FOR HEALTH RESEARCH AND EDUCATION

Located at Sunshine Hospital, the Western Centre for Health Research and Education was officially opened in June 2011 and provides a range of purpose built, state-of-the- art teaching and research facilities. 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 will play a pivotal role in researching diseases that affect our local communities, positioning Western Health as an area of excellence in academic and research fields.

REG GEARY HOUSE

Established in 1994, Reg Geary House is one of the key providers of residential aged care within the Melton community, providing 30 high care beds.

HAZELDEAN NURSING HOME

Hazeldean is located close to Williamstown Hospital. The 40 bed facility provides residential aged care services for the people of the West.

About Western Health

Western Health was formed in July 2000 with individual sites having a history of many decades. Today Western Health operates three acute public hospitals located at Footscray, St Albans and Williamstown, a day hospital at Sunbury and two residential care facilities at Melton and Williamstown. A new Radiation Therapy Centre at Sunshine Hospital, operated in partnership with Peter MacCallum Cancer Centre, opened in March 2011. Research, teaching and training facilities are provided in the Western Centre for Health Research and Education at Sunshine Hospital, officially opened in June 2011.

Services are provided to a population of more than 775,000 people across the western region of Melbourne.

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 sub-acute 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 approximately 5,000 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.

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 over 775,000 people
- 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 100 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

ON A TYPICAL DAY AT WESTERN HEALTH:

925 patients are cared for overnight (acute, sub-acute and residential care)

420 patients see a doctor in an outpatient clinic

332 patients attend one of our three Emergency Departments

316 patients are discharged

100 patients require the services of an interpreter

41 patients are visited at home by our Hospital in the Home program

106 volunteers provide a range of services including patient comfort and basic administrative support

12 babies are welcomed into the world at our Sunshine site

2,742 meals are served

Statement of Priorities

STRATEGIC PRIORITY	DELIVERABLES	OUTCOME
Safe & Effective Patient Care	Progress redesign based strategies to improve access to WH Emergency Services.	Funded projects to support compliance with the new National Access Targets were completed at the end of June 2011. The projects demonstrated improved patient flow in piloted areas.
	Conclude the development of the Model of Care for WH.	A model of care for the organisation has been developed. This model, underpinned by clear principles and values, will inform service and capital planning activities across the organisation.
	Complete the WH Service Plan and commence development of detailed Service Plans in high priority areas.	The WH Service Plan has been completed with endorsement by the WH Board of Directors and the Department of Health. A detailed Service Plan has commenced for Drug & Alcohol Services.
	Progress funded ICT Strategy aligned system development.	There has been significant ICT system development, including implementation of a new Radiology Information System, fit out of new WH facilities, upgrade of existing systems and servers and progression of pre-work for introduction of a Digital Medical Record.
People & Culture	Progress WH Organisational Development (OD) Plan with priority areas covering workforce planning, performance management, succession planning and leadership development.	Significant work has been undertaken to progress priority OD Work Program activity including introduction of the 'Clinicians at the Helm' program, alignment of workforce planning to Divisional Service Plans and implementation of an org-wide Succession Planning Process.
Community & Partnerships	Progress development and implementation of plans to respond to the needs of Aboriginal and CALD patients.	An Aboriginal Health intranet page and an online staff training module have been developed. WH has also attracted funding for a Koori maternity service model and Closing the Gap Strategy implementation. WH submitted a Cultural Responsiveness Plan to DH in November 2010 and developed a Cultural Diversity and Language Service Intranet page.
	Progress work with community partners to develop a Better Health Plan for the West.	A first draft of the Better Health Plan for the West has been developed, with region wide engagement of over 20 partners. This Plan aims to address agreed health priority issues for the West for the coming decade.
Research & Learning	Commission the Western Centre for Health Research and Education at Sunshine Hospital.	The Western CHRE was officially opened and launched on 7 June 2011 by the Victorian and Commonwealth Ministers for Health, the Vice-Chancellors of the University of Melbourne and Victoria University and the Chair of the Board of Western Health.
	Progress development of the WH Research and Education Strategies that unify and direct teaching, training & research activity and partnerships.	WH Research and Education & Learning Strategies have been developed and signed off. Adopting the recommendations, and using them as a dynamic tool for promoting and developing research and education activities at WH, will position us as a research and learning focused health system.
Self-sufficiency & Sustainability	Continue development of funded capital works program (Sunshine Hospital Stage 2 & 3 Sunbury Day Hospital Commissioning).	The new Radiation Therapy Centre and Western Centre for Health Research and Education (CHRE) are complete and operational. Clinical services at the Sunbury Day Hospital commenced in early 2011. The Sunshine Hospital Stage 3 Acute Services Building is progressing to schedule and within defined budget parameters.
	Progress the WH Business Improvement Program to inform productivity, performance and efficiency gains.	The 2010/11 Business Improvement Program has supported the forecast year end position of break even, achieving the budget aim.
	Continue development of the WH Monitoring & Performance System (MaP) to support monitoring and reporting of WH data.	The development of the WH MaP System has progressed with a particular focus on centralised data collation and reporting for non-inpatient services. WH has also worked with other Health Services to collaborate and share learnings and schemas.

Safe and Effective Patient Care

ACHIEVING IMPROVED PATIENT SAFETY AND CARE OUTCOMES

Western Health applies a Framework for Quality & Clinical Governance to the planning, review and improvement of safe, quality patient care throughout Western Health. This Framework is built upon a foundation of patient-focused 'Dimensions of Quality' covering safety, participation, access & efficiency, effectiveness & appropriateness, and capability. These Dimensions have successfully informed the focus of planning, monitoring and reporting of improvement activity across the health service in 2010/11.

Supporting these Quality Dimensions is Western Health's Continuous Quality Improvement System. This system consists of a number of structures and processes called 'Quality Enablers' which help us to continually monitor, review and improve service and care delivery. The Quality & Clinical Governance Unit has undertaken significant activity within the past year to enhance these quality enablers. This has included upgrading to the state-wide incident management system and the development of 'e-learn' education modules on quality and safety for staff.

IMPROVING EMERGENCY ACCESS

Over the past 12 months, activity to improve emergency access has focused on developing service capacity and improving the processes for care delivery. This included, for example, the establishment of a sub-acute unit at Western Hospital, the opening of Sunbury Day Hospital and the implementation of a Fast Track model of care at the Sunshine Hospital Emergency Department.

Processes for the planning of access improvements were enhanced in October 2010 by the implementation of the Western Health 'BLOW TORCH' Project. This project adopted a Department of Health methodology for data collection and analysis to conduct a whole of organisation analysis of the major constraints to patient flow. Three identified constraints informed the focus of service redesign/ improvement projects undertaken between January – June 2011. These projects demonstrated improved patient flow in piloted areas.

Improvement activity over 2010/11 informed a trended improvement in emergency care performance indicators. The challenge going forward is to sustain consistent improvement. This involves progressing and building upon access improvement strategies and understanding and mitigating variation in access performance between months.

DEVELOPMENT OF THE MODEL OF CARE

During the year, Western Health defined the essential elements of how the organisation intends to deliver its care into the future by developing an organisational Model of Care.

The Model of Care was developed through a process involving a wide range of workshops, consultations, literature review, data analysis and staff consultations. The Model of Care is underpinned by clear principles and values and will inform service and capital planning activities (including the Strategic Master Plan Review) across the organisation.

A detailed final report documented the over-arching model of care for the organisation and detailed future models of care for maternity services and unscheduled care (emergency).

A methodology for developing future models of care for Western Health was also produced, along with a guide that will enable all future model of care development to be consistent across the organisation.

WESTERN HEALTH SERVICE PLAN COMPLETED

The Western Health Service Plan has been completed and endorsed by the Board and the Department of Health. The Plan will inform future site profiles as part of the Strategic Master Plan Review which commenced in June 2011.

A detailed Service Plan has commenced for Drug & Alcohol services. This will describe the future role of community-based drug and alcohol services and addiction medicine. Work undertaken includes a detailed review of data to inform a situation analysis. Comprehensive internal and external stakeholder consultation has also been conducted.

Safe and Effective Patient Care

ICT STRATEGY TO SUPPORT PATIENT CARE

Significant progress has been made in investing in information and communication technology to improve patient care through development and delivery of an Information Systems Strategic Plan.

The following technology-related projects were completed:

- Capital Projects - Radiotherapy, and Sunbury Day Hospital (ICT Fit Out)
- Radiology Information System replacement
- Go live for Online e-learning system for iPM (Edmore)
- Cerner Clinical Information System (CIS) Pre Implementation work and refreshed Business Case (under auspice of HealthSmart Services)
- Powerbudget Server/ System Upgrade

The following technology-related projects were significantly progressed:

- EDIS Upgrade
- Capital Projects – Western Centre for Health Research and Education (ICT Fit Out)
- Digital Medical Record
- e-Messaging Gateway
- Renal and Oncology Department Clinical Information System (Ascribe)
- Microsoft SharePoint Platform Development – Discovery IPS (leading up to Business Case development)
- Telecommunications Strategic Review
- SSG Disaggregation (phase II for 2011-12)
- Additional JACAPS Integration Engine interfaces for required ICT projects
- SHINE Infection Control

INNOVATIVE MATERNITY SERVICES

Western Health currently has the largest caseload maternity model in Victoria, with close to 1,000 women cared for through this model. Caseload is one-on-one midwifery care for women, supporting them through pregnancy, birth and post-natally. It provides women and their families with a continuity of care model. The model provides for all pregnancies in collaboration with physicians and obstetricians as required. Western Health also has specialist midwives helping disadvantaged women such as refugee groups, those who are drug and alcohol dependent or in prison.

The current outcomes indicate an improved breastfeeding rate, a reduced caesarean rate and a reduced length of stay with midwifery support at home.

In addition to the caseload program, Sunshine Hospital was chosen as one of two pilot sites in Victoria for a homebirth pilot, complementing the already established caseload model. The homebirth pilot is now well advanced.

The Shared Maternity Care Collaborative consisting of Western Health, the Royal Women's Hospital, Mercy Hospital for Women and Northern Health, released the 'Guidelines for Shared Maternity Care Affiliates' in November 2010. The guidelines were developed by the Shared Maternity Care Collaborative, in conjunction with the Royal Australian College of General Practitioners and General Practice Victoria. The guidelines provide shared maternity care affiliates with concise, up-to-date guidelines on the provision of shared maternity care as well as information on antenatal care and hospital and community supports for women and health care providers.

DEVELOPMENTS IN SURGICAL SERVICES

With the rapidly increasing number of patients requiring emergency surgery, a new model of care for emergency surgery has been successfully trialled at Sunshine Hospital. The model is led by consultant surgeons with dedicated operating time during the day. To complement the model and to ensure patient safety and effective care, protocols have been developed for common emergency surgery conditions. Through the development and implementation of an electronic emergency booking system, medical and nursing staff in the operating theatres and wards are able to see at a glance where patients are on the emergency booking list to ensure patient times such as fasting times and waiting times are managed to ensure positive patients outcomes.

Safe and Effective Patient Care

COMMUNITY AND AMBULATORY SERVICES

Community and Ambulatory Services provide a wide range of services in the community to assist patients and their families to recover and rehabilitate after surgery or illness. This year, Post Acute Care has developed a new seven-day-a-week nursing clinic to support patients discharged from the wards or the Emergency Department who need wound care, catheter care and education. It runs each morning and offers early appointments to allow people to be seen prior to their work or other life commitments. Community Rehabilitation has developed a number of new programs such as Back to Life for people with chronic back pain, water based Tai Chi to assist with falls and balance problems (Ai Chi), a group looking specifically at upper limb retraining (SMART), and a communication group focusing on improving the social communication of people with a cognitive impairment. In addition, the Parkinson's Clinical Consultant has been instrumental in setting up and supporting the new Movement Disorder Clinic, which opened this year.

CARE COORDINATION HARP DIABETES FOOT SERVICE

Diabetes in the western metropolitan region has become a significant health issue. Prevalence data, combined with population demographic data, indicates it is the region most at risk of poor outcomes associated with diabetes, reflected in the above average hospital admission rates due to diabetes complications. The most common complication is serious foot disease leading to amputation. Data suggests 25% of people with diabetes will develop a diabetes-related foot complication, and, of this group, 25% will develop a foot infection putting them at high risk of amputation.

In 2010, Western Health was successful in securing ongoing funding for a diabetes foot service. The service, currently being implemented, takes a comprehensive approach to patient management, including multidisciplinary assessment, education, and shared planning in line with best practice. The service model crosses the care continuum to ensure optimal care for high risk patients in the hospital and in the community. The service builds on partnerships developed with the community through HARP initiatives and shared planning.

IMMEDIATE RESPONSE SERVICE

The Immediate Response Service focuses on providing care coordination to people in the Emergency Department to help facilitate their safe return home. The service expanded during the year and now provides an outreach service, with follow-up to people at risk following an Emergency Department presentation. The service also responds to community referrals and '000' calls where people in the community are at risk of presentation in the Emergency Department. The expansion of the service has been achieved through partnership with key service providers and stakeholders such as Ambulance Victoria, local GPs and residential care facilities.

BETTER CARE FOR OLDER PEOPLE - THE STAYING ACTIVE PROGRAM

The Council of Australian Governments Long Stay for Older Patients (COAG LSOP) initiative was implemented from 2006 to 2010 to improve the capacity of health services to provide more appropriate care for long stay older patients in public hospitals. This initiative has now been extended until June 2012. Victoria's response to this initiative resulted in the establishment of the Improving Care for Older People (ICOP) project, now known as Best Care for Older People (BCOP), which has aimed to minimise the functional decline of older people who require hospitalisation.

To date, the BCOP initiative at Western Health has targeted general medical/acute aged care wards at Sunshine Hospital and the subacute inpatient wards at Williamstown Hospital and Western Hospital.

Within Western Health, in the area of subacute services, the initiative has had a focus on implementing a collection of groups known as the Staying Active program, to address the issue of functional decline in the subacute inpatient environment. The Staying Active program consists of the following three groups:

- Dining with Friends - a ward-based patient lunch group that aims to minimise functional decline through social interaction, the promotion of normal daily routines, and to encourage food intake.
- Vitality Group – a therapeutic group where allied health aim to minimise functional decline through an approach that encourages the opportunity for patients to participate and practise tasks in a supported environment.

- Linking Older Citizens and Local Services (LOCALS) - a socialisation program aimed at assisting in reducing functional decline and maintaining/enhancing links with the local community for older people who require hospitalisation. The LOCALS program runs on a weekly basis at Williamstown Hospital, with guest speakers from the local community providing a talk, activity or experience for subacute patients. The LOCALS program is coordinated by one of Western Health's volunteers and has established strong partnerships with many community groups, such as the local North Altona Police, Hobson Bay Council and Melbourne Fire Brigade. The success of the group is due to the positive partnerships Western Health has established with local community groups and the significant involvement of Western Health's volunteer service.

IMPROVING THE PATIENT EXPERIENCE

To improve the patient experience, Western Health commenced a pilot of a process called 'patient rounding' on 5 wards. Rounding is a process where the caring team has a schedule for regularly visiting the patient and asking them a series of questions regarding their pain, toilet needs, positioning, personal needs and explains their plan of care. Verbal feedback from patients and relatives about the pilot of the rounding process has been very positive to-date. This is also reflected in the pilot's patient survey results which show a significant improvement in patient satisfaction with care needs such as pain management and communication with clinical staff.

People and Culture

Priority areas within Western Health's Organisational Development Plan during 2010/11 included workforce planning, performance management, succession planning and leadership development.

A FOCUS ON WESTERN HEALTH VALUES

Underpinning the focus on Organisational Development Plan priorities was an emphasis on Western Health's core Values:

- Compassion
- Accountability
- Respect
- Effectiveness
- Safety

During 2010/11, Western Health increased its focus on the promotion of its core Values through the CARES Awards program, rewarding staff who exhibited these values in their everyday work practices.

THE IMPORTANCE OF LEADERSHIP

In the first half of the Financial Year, there was a significant focus on implementation of the Functional Realignment announced in May 2010, to ensure both organisational and role design were driving the optimal delivery of patient care.

The importance placed on leadership engagement and continuity was reflected in the introduction of senior leadership forums and the formal rollout of an organisational succession planning process.

The introduction of the Clinicians at the Helm program was a key component of the Organisational Development work program implemented during 2010/11.

Demonstrated improvement in staff opinion of the leadership at Western Health was another key achievement during the year.

DEVELOPING WORKFORCE CAPACITY

Alignment of workforce planning to Divisional Service Plans and implementation of an organisation-wide Succession Planning Process played a key role in Western Health's drive to match workforce capability and capacity to service demands during 2010/11. Succession plans are well advanced for the organisation's Top 50 mission critical roles.

Attracting high calibre candidates to key staff vacancies is an essential element in enhancing Western Health's capacity. Work has progressed on the development of a workforce planning strategy to support this objective.

A People Services Business Partnership Framework was developed during the year and will be implemented in the coming year, to inform work practice efficiencies.

People and Culture

PERFORMANCE EXCELLENCE

The Western Health performance development system and associated documentation were redesigned during the latter part of 2010/11 and will form the basis for the performance development process across the organisation in 2011/12. The balance between performance management and professional development has been one of the key changes arising from the redesign.

THE SAFETY AND WELLBEING OF WESTERN HEALTH STAFF

Western Health continues to place a high priority on the safety and wellbeing of staff, with a wide range of strategies in place to address specific issues across the organisation.

Workplace accidents and increasing WorkCover insurance premiums continue to present challenges for Western Health. To address these, an Occupational Health and Safety Plan was implemented in 2011. This plan included a range of initiatives such as intensifying the education and training effort, maximising the rehabilitation/return to work opportunities by adopting organisation-wide approach, and undertaking a review of current risk management best practice for patient handling and slips/trips/falls hazards.

Increasing WorkCover insurance premium costs continue to present major challenges for Western Health and development of a Healthy Workplace Strategy has been identified as a priority for 2011/12.

Absenteeism was the subject of considerable focus by the People Services area during 2010/11, with a substantial amount of analysis of the issues involved for Western Health and assessment of how the organisation could best address the issue into 2011/12.

DRIVING 'ONE WESTERN HEALTH'

During the year, the need to achieve a greater focus on 'one Western Health' was identified as a priority. With Western Health managing services across an area ranging from Williamstown and Footscray to Melton, Sunshine and Sunbury, there is a need for greater consistency across services and sites.

Strategies to support the achievement of a vision for 'one Western Health' included the introduction of a new modernised brand, which was rolled out across Western Health throughout the year. The new identity proved popular among staff and a smooth transition has been achieved. The new brand has also been used as a key tool to attract quality staff.

Further rollout of the new brand will continue as opportunities arise and new signage and other material is produced as required.

Community and Partnerships

BETTER HEALTH PLAN FOR THE WEST

A first draft of the "Better Health Plan for the West" has been developed and presented to the Primary Care and Population Health Advisory Committee. The project will be finalised early in the 2011/12 year.

The most significant outcome of action undertaken against this priority area has been region-wide engagement by over 20 partners to develop a collaborative plan to address the agreed health priority issues for the West in the coming decade.

Western Health has played a key role in coordinating the development of the Better Health Plan for the West, which involves collaboration between hospitals, general practice clinics, general practice networks, local governments, the Department of Health and many others across the region.

IMPROVING ABORIGINAL HEALTH

Our Aboriginal Hospital Liaison Officer has experienced another busy year during 2010/2011, visiting Aboriginal patients across our acute hospital sites. Our Aboriginal Liaison Officer is part of the Improving Care for Aboriginal and Torres Strait Islander Patients program (ICAP). The Western Health ICAP program aims to improve identification and health care for Aboriginal patients, increase cultural awareness of staff about Aboriginal and Torres Strait Islander people and Aboriginal health, and build relationships with Aboriginal Communities. Over the past year, Western Health ICAP has continued to focus on staff education and awareness. Our Aboriginal Liaison Officer has assisted clinical and support staff with early identification of Aboriginal and Torres Strait Islander patients. This work has enabled Western Health to positively influence patients' experience of our health service.

An Aboriginal Health intranet page and an online staff training module have been developed. Western Health has also attracted funding for a Koori maternity service model and a collaborative project with St Vincent's Hospital and Northern Health on Closing the Gap Strategy implementation.

RESPONDING TO CHANGING LANGUAGE NEEDS

Western Health's language services are constantly evolving to respond to the changing needs of newly arrived communities. This is a significant challenge across the Western region.

The Western Health Language Services Team received more than 2000 extra requests for language services for the year 2010/2011. The languages of high demand continued to be Vietnamese, Greek, Italian, Spanish, Arabic, Mandarin/Cantonese, Dinka, Serbian/Croatian, and Macedonian. Western Health has full time interpreters to cover the languages of high demand to ensure culturally and linguistically diverse patients receive care in a language they understand and are able to make informed decisions about their health. All other languages are sourced through agencies.

There has been an increase in 2010/2011 in demand for Burmese and related dialects, which has proven to be a challenge as there are very few interpreters available in these languages. Despite this difficulty, the service was able to successfully respond to 97% of requests received.

Technologies are being investigated to enhance the delivery of services.

CULTURAL DIVERSITY RESPONSE

Western Health's response to cultural diversity supports the organisation to:

- take an organisation-wide and leadership approach to cultural responsiveness
- use accredited interpreters
- seek to provide culturally appropriate practical care
- involve diverse consumers, carers and community members in health service planning
- provide professional development for staff at all levels.

All Western Health staff now have access to online cultural diversity training. The training modules are focused on how to deliver culturally appropriate care using a patient focused model. Other modules include ethno specific information about the Vietnamese, Sudanese and Karen communities.

COMMUNITY PARTICIPATION IN SERVICE PLANNING

The Western Health Cultural Diversity and Community Advisory Committee continues to play an important role in guiding Western Health's cultural diversity response. The Committee is assisting Western Health to prepare its new Community Participation Plan. The new plan will bring together a range of existing strategies to support consumer, carer and community

participation. These strategies will be culturally responsive, Aboriginal health minded and disability sensitive.

The Cultural Diversity and Community Advisory Committee also provides a voice for the community with structured opportunities during the year for community members to raise issues with the Board of Western Health through the Cultural Diversity and Community Advisory Committee.

CONSUMER PARTICIPATION IN DRUG AND ALCOHOL SERVICES (DASWEST) PLANNING

In 2010, Drug and Alcohol Services implemented a Consumer Participation Advisory Group (CPAG). The Group comprises service user representatives. Management and staff support the operation of the CPAG, which meets on a monthly basis.

The CPAG development in 2010-11 came about for a number of reasons:

- **DEVELOPMENT OF A CONSUMER INVOLVEMENT MISSION STATEMENT:**

  As an organisation, DASWest is committed to Continuous Quality Improvement Activities involving consumers as partners in decision making. We will do this by involving consumers as partners in:

  - their own treatment
  - service and program development
  - organisational Policies and Plans
  - providing consumers with a voice regarding DASWest Services.

- **DEVELOPMENT OF A CONSUMER PARTICIPATION PLAN**

- **DEVELOPMENT OF A MONTHLY CALENDAR OF TOPICS FOR THE CONSUMER PARTICIPATION GROUP.**

CPAG members have provided a valued contribution to the development of Drug and Alcohol Services in 2010/2011. As a result of CPAG suggestions, Drug and Alcohol Services held a successful art show as part of Drug Action Week in June 2011.

Drug Action Week is a week of activities held nationally to raise awareness about alcohol and other drugs issues in Australia.

Drug and Alcohol Service clients contributed more than 20 pieces of art, which were displayed in our Eleanor Street entrance in June 2010.

A lunch was held to celebrate Drug and Action Week and the CPAG. All CPAG members received certificates of appreciation.

We look forward to continued consumer participation into the future.

GENERAL PRACTICE LIAISON UNIT

General Practice education is a key tool to foster and further develop the relationship between the health service and local general practitioners (GPs).

Community and Partnerships

This year, Western Health became an accredited education provider with the Royal Australian College of General Practitioners. A number of GPs have also undertaken a clinical placement throughout the year in the areas of maternity and emergency. These placements enable GPs to receive focused one-to-one education from Western Health clinicians.

VOLUNTEERS

Western Health is supported by more than 400 dedicated volunteers, who provide invaluable support for the range of services we provide for our community. Annually, volunteers contribute more than 25,000 hours of volunteering to the organisation. Western Health volunteers support more than 35 departments and provide volunteer support to our patients. In 2011 we saw the implementation of the Western Health Volunteer in Emergency Department Program at Footscray and Sunshine Hospitals.

Our volunteers bring a range of life experiences, skills and enthusiasm that they share with the staff and patients at our hospitals and care facilities.

Western Health volunteers are recognised for their important contributions to our health service and the community through various internal and external award programs. This year, Western Health was proud to submit two nominations in the Minister for Health Volunteer Awards, in the team and individual sections. Our Sunshine Hospital Volunteer Team was also acknowledged in the City of Brimbank Australia Day Volunteer Awards in January 2011.

Western Health has Auxiliary and Opportunity Shop volunteers, who work tirelessly to raise funds to support our health service. The support of our volunteers is highly valued by all staff and patients.

FUNDRAISING

Individual and community donors continue to be integral to increasing resources across Western Health's programs. Funds raised provide extra equipment to improve patient care. Many of our supporters are patients or relatives whose family members were patients. Many of these relationships are long-lasting and, like our auxiliaries, they provide a very important link with our communities and our patients.

Western Health events in 2010/2011 raised significant funds for our health service. They provide an opportunity to celebrate being part of Melbourne's western communities and join with business and organisations, small and large, in raising funds to support work at Footscray, Sunshine and Williamstown hospitals. We look forward to expanding our events calendar in 2011 and developing some new and innovative community programs.

The development of the Western Health Foundation continues with the new Foundation to be launched in the second half of 2011.

The Western Health Community Raceday in December 2010 provided an outstanding opportunity for Western Health suppliers and local businesses to come together to support Western Health and raise significant funds.

All donations are important to Western Health and we thank the thousands of individual donors who choose to support our health service or local hospital each year.

COMMUNITY SUPPORTERS

Western Health receives significant support from the many community groups that reside in our catchments. These groups add greatly to the success of our fundraising initiatives and we continue to develop and strengthen these relationships and look for opportunities to develop new ones.

Western Health is grateful to the groups and auxiliaries that support staff and patients across Western Health. During the year these groups raised significant funds to support our health service.

THERE ARE MANY WAYS TO MAKE A DIFFERENCE

The time and energy of a variety of people and groups is the fabric that supports Western Health.

In kind and pro bono assistance from supporters such as the Victoria Racing Club, Eynesbury Golf Course, Highpoint, Qenos, City West Water and many of our suppliers helps us to achieve our goals in a cost effective manner.

WHERE THE MONEY GOES

Donations are receipted into special purpose accounts and distributed to the specific cause or Department for which they are given. Western Health is grateful for the support we have received this year that has seen the purchase of vital pieces of equipment for the varied services of Western Health. Cancer, cardiac, palliative care, renal, radiography, women's and children's.

Research and Learning

High quality teaching, training and research support excellence in health care. The past 12 months have seen a significant amount of research and training across all our campuses, spanning a wide range of health disciplines. Our recent research achievements would not have been possible without the drive and passion our leading clinicians and researchers bring to their work.

THE NEW WESTERN CENTRE FOR HEALTH RESEARCH AND EDUCATION

The new $51.6 million Western Centre for Health Research and Education (Western CHRE) at Sunshine Hospital was officially opened in June 2011. The Centre will transform Western Health into a major provider of training and research opportunities for health care professionals in Melbourne. The Centre will operate in partnership with the University of Melbourne and Victoria University.

Our innovative and robust research and training services are further enhanced through our work with partner organisations, including local universities and medical institutions and the new Western CHRE will be a wonderful base for our future collaboration.

The quality of the new Centre will provide a major boost to the Western Clinical School. Western Health is a major provider of clinical training placements for a range of health disciplines. The ongoing development of the Western Health clinical school for medicine and the establishment of a clinical school for physiotherapy (also in partnership with the University of Melbourne) has enabled Western Health to meet the ongoing placement demands essential to building the future health workforce.

Western Health successfully hosted the project manager for the Western Clinical Placement Network established in 2010, in line with the state wide clinical placement and training agenda, and will continue to be an active participant in this new collaborative approach to clinical placement planning and delivery.

Western Health's role as one of a small number of health services that are Registered Training Organisations will also be enhanced through the availability of the Western CHRE. There has been substantial training activity across all levels of the organisation over the past 12 months and this is likely to continue.

RETAINING AND ATTRACTING THE BEST CLINICIANS

The retention rates across all graduate and intern programs remain consistently high, with allied health, nursing and midwifery matching last year's performance of between 96-100% retention rates.

Western Health has significantly invested in the education of interns and HMOs to address areas where there was a need for enhancement of the program, to further improve retention rates. The results have been evident in the large numbers of students choosing Western Health as their preferred placement for internships and HMO positions. The pass rates of the Basic Physician Trainees are also a reflection of the continued commitment to medical education by Western Health and its lead clinicians.

The consistent quality and opportunities for further clinical training and development have led to the successful attraction and growth in post graduate and specialist training places in a variety of clinical areas and disciplines. A number of these programs are held in high regard and have raised the external profile of the organisation.

DEVELOPMENT OF WESTERN HEALTH RESEARCH STRATEGY

Western Health has a strong focus on chronic disease in line with the Australian Government's Designated National Research Priorities. The key areas include cardiovascular health, obesity, diabetes, cancer, asthma and chronic inflammatory conditions. Western Health researchers have been successful in obtaining significant funding, including from the National Health and Medical

Research and Learning

Research Council, for further research into chronic disease prevention.

The development of the Western Health Research Strategy 2010-2015 was identified as a key strategic endeavour of the Office for Research for 2010/11. The development of the Research Strategy 2010-2015 has been a significant achievement.

The Research Strategy is a critically important step in improving the depth and breadth of research being conducted at Western Health, with a view to ultimately improving the quality of health care delivered to our patients.

The over-arching objectives of the Western Health Research Strategy are to:

- support Western Health's ambitions to provide sustainable health services to the West, to be recognised as a leader in research and learning, and to be recognised for excellence and innovation;
- place people at the centre of a research system that focuses on quality, transparency and value for money;
- respond to the funding challenges that exist in the current system for applied health research; and,
- support Western Health's aim to deliver and enhance culturally appropriate health care.

The Research Strategy recommendations will be adapted and used as a dynamic tool for promoting and developing research activities at Western Health. This will ultimately provide a way forward and position Western Health as a research-focused health system in which outstanding individuals, working in world-class facilities, conduct leading-edge research focused on the needs of our patients and the local community.

WESTERN HEALTH EDUCATION STRATEGY

The Western Health Education Strategy 2011- 2015 was completed during the year. The strategy evolved from prior work to establish one centre for education for all staff and the implementation of an inter-professional education framework. This is an essential element in the achievement of the organisation's Strategic Plan priorities.

The intent of the Education Strategy is not only to position Western Health as an academic leader and an employer of choice, but also to ensure Western continues to be a provider of excellent healthcare. The strategy aims to align the workforce, organisational development and educational needs of the current and future workforce of Western Health.

In achieving the objectives of the Western Health Education Strategy, there are five key goals.

1. To ensure that all Western Health staff are highly skilled, educated and trained to deliver safe, effective and quality patient care in current and future service delivery models.
2. To enhance the totality of patient care by providing pathways for, and supporting staff to, positively embrace personal, developmental and organisational change and grasp opportunities.
3. To actively mitigate risk and prevent harm to staff and patients through a cycle of continuous improvement, evidenced based practice, research and contemporary education.
4. To establish Western Health as a centre of excellence in education, training and research through our relationships with key academic partners, professional bodies and other education bodies to influence and develop current and future educational needs and standards relating to health care.
5. To attract, develop and retain health professionals that will embrace the learning culture and drive the delivery of best practice and premium patient care.

The importance of leadership development is well recognised. Western Health has continued to provide a program of facilitated events for the Executive and Board level, as well as facilitating the delivery of a Diploma in Management and other internal training sessions for a number of the middle management group and emerging managers across the organisation.

CLINICIANS AT THE HELM

Western Health has commenced a leadership program with the senior medical clinical leaders in the organisation through the Clinicians at the Helm program. A new clinician-led leadership development program for allied health senior clinicians has also been developed and Western Health staff have been involved in helping to shape the outcomes of external research projects in health sector leadership and management education.

The adoption of innovative and flexible teaching and learning practices is an important indicator of success for any learning organisation, and essential to the continued improvement in the delivery of staff training and development. An example of this is the successful evolution of the e-learning platform at Western Health and increased use of simulation training. Western Health now has the ability to deliver education in the state-of-the-art training facilities located at the Western Centre for Health Research and Education.

Self-sufficiency and Sustainability

Western Health is constantly reviewing the health needs and health service delivery requirements for its diverse and multicultural population, to achieve optimal allocation of resources to respond to the health care needs of people living in the west and north-west of Melbourne.

Western Health is committed to service efficiency and seeks future improvement opportunities such as investments in technology, research and evidence-based practices, productivity and continuous improvement.

CAPITAL PROJECTS COMPLETED

WESTERN CENTRE FOR HEALTH RESEARCH AND EDUCATION: SUNSHINE HOSPITAL

The $51.6 million Western Centre for Health Research and Education was completed in June 2011. This teaching, training and research centre includes a library, auditorium, lecture theatre and clinical skills spaces. In partnership with the University of Melbourne and Victoria University, Western Health is able to offer unprecedented academic and research opportunities to current and future health care professionals, transforming Sunshine Hospital into a major tertiary training facility.

RADIATION THERAPY CENTRE: SUNSHINE HOSPITAL

The $41.6 million Sunshine Hospital Radiation Therapy Centre was completed in March 2011 and provided its first treatments several weeks later. The Centre is operated in partnership with Peter MacCallum Cancer Centre and includes two radiation therapy bunkers, as well as two additional bunker spaces for future expansion. The radiotherapy facility is the first public radiotherapy service in Melbourne's western suburbs, reducing the need for local residents to travel long distances for vital treatment.

SUNBURY DAY HOSPITAL

The $21 million Sunbury Day Hospital commenced clinical operations in March 2011 and provides day medical, day surgical, dialysis treatment and specialist clinics. The Day Hospital's co-location with the Sunbury Community Health Centre has created a healthcare precinct for Sunbury, providing services not previously offered in the community.

CAPITAL PROJECTS UNDERWAY

ACUTE SERVICES BUILDING: SUNSHINE HOSPITAL

The $90.5 million acute services building commenced construction in late 2010 and is on target for completion in late 2012. The four level building will include 128 acute overnight beds, a 26 cot special care nursery and new ambulatory care facilities. The project will also provide clinical support offices, diagnostic labs, day medical and day oncology facilities.

The Acute Services Building will provide new wards with a higher standard of patient accommodation than previously available at Western Health. The Special Care Nursery will have an increased number of single rooms – enhancing the maternal and child bonding and promoting breast feeding opportunities; each patient bay is of a larger size enabling more family involvement in care, reduced ambient noise and better infection control management.

The adult wards have a range of features to improve patient and staff safety and improve amenity. The wards will comprise a mix of single and twin bedded rooms only – decreasing the need for mixed gender rooms; all rooms will have patient lifting tracks to reduce staff manual handling; each ward has a large single room to accommodate special equipment used in the care of bariatric patients; eight negative pressure isolation rooms will be available to improve the management of infectious diseases.

ADDITIONAL CAPITAL PROJECTS

Western Health has obtained $8 million in capital funds to complete further capital projects including establishment of high dependency beds at Sunshine Hospital, expansion of the Emergency Department short stay units at Sunshine Hospital and Western Hospital and creation of an additional operating room at Williamstown Hospital. These projects will be progressed in 2011/12.

PLANNING FOR THE FUTURE

Western Health is committed to planning well in advance for what is now anticipated to be extraordinary and rapid growth in demand for healthcare services across the region. A wide range of planning initiatives were undertaken in 2010/11 including the update of the Western Health Service Plan which sets the parameters for future health service and facility requirements for our community's health needs.

A refresh of the Western Health Strategic Master Plan has commenced and will be a key activity into 2011/12, informing future capital works and related developments across the health service.

The Western Health Model of Care was developed to provide a future vision for the organisation. It includes several principles that will guide the delivery of clinical services over the coming years:

- Western Health's identity is its integration with the community

- Patients are partners in care
- Clinical practice is team focussed
- Research, education and innovation are integral
- Care settings are flexible and sustainable
- New practices and technology will address workforce and demand pressures

There is also collaboration with our partner acute health services, community and primary care health partners, as well as neighbouring municipal councils in the development of a Better Health Plan for the West – referred to in the Community and Partnerships section of this Annual Report.

HEALTH INFORMATION & TECHNOLOGY

There has been significant progress achieved in the Health Information and Technology environment across the Western Health Network during the 2010/11 year. The achievements range from the delivery of modernised ICT equipment in the new Western Health facilities, to an integrated e-health system to support corporate and clinical work flows across the network.

Informed by the priority roadmap within the ICT Strategy, Western Health is following an aggressive transformation – to progress from a health service previously reliant on manual and paper-based processes, to one which is integrated with an e-health environment. This will position Western Health to take advantage of modern efficiencies and engage in national and state e-health and health reform agendas.

ENVIRONMENTAL SUSTAINABILITY

Western Health acknowledges that its operations and services impact on the environment and contribute to climate change. In 2010/11 Western Health completed an Environmental Management Strategy, employed a Sustainability Officer and formed a Sustainability Committee to support environmental reporting and the implementation of the Strategy. Western Health has collected environmental data (energy, water and waste) since 2002 and now contributes that data to a wide range of compliance-based governmental programs including the Commonwealth Government's National Greenhouse Energy Reporting Scheme and National Pollutant Inventory, the EPA's Environmental Resource Energy Efficiency Plan (EREP) program and the Department of Health's Agency Information Management System (AIMS) and ResourceSmart Healthcare Program. Western Health also actively contributes to voluntary reporting collective, Victorian Green Health Round Table Group.

Western Health Management

EXECUTIVE

Ms Kathryn Cook
Chief Executive

Mr Russell Jones
Corporate Counsel

Ms Juliette Alush
Executive Director People, Culture and Communications

Ms Lydia Dennett
Executive Director Nursing and Midwifery

Dr Mark Garwood
Executive Director Medical Services

Mr Bruce Clarke
Executive Director Finance and Corporate Services (till February 2011)
Executive Director Capital, Risk and Sustainability (from March 2011)

Mr Mark Lawrence
Executive Director Finance (appointed February 2011)

Mr Silvio Pontonio
Executive Director Continuing Care and Allied Health

Mr Jason Whakaari
Executive Director Health Information and Technology

Ms Leanne Dillon
Board Secretary

CLINICAL MANAGEMENT

EMERGENCY, CRITICAL CARE SERVICES AND SPECIALIST CLINICS

Ms Michelle McDade
Divisional Director

Associate Professor Craig French
Clinical Director

MEDICINE AND CANCER SERVICES

Ms Jenny Walsh
Divisional Director

Dr Ian Kronborg
Clinical Director

SURGICAL SERVICES

Ms Claire Culley
Divisional Director

Associate Professor Trevor Jones
Clinical Director

WOMEN'S AND CHILDREN'S SERVICES

Ms Susan Gannon
Divisional Director

Associate Professor Glyn Teale
(appointed May 2011)
Clinical Director

SENIOR MANAGEMENT

Mrs Jennie Allen
Group Manager Community & Ambulatory Services

Mrs Wendy Calder
(appointed January 2011)
Director of Nursing Western Hospital Footscray

Ms Wendy Davis
(appointed November 2010)
Director of Nursing Sunbury Day Hospital

Ms Sharon Desmond
Operations Manager DASWest

Mr Sean Downer
Director Health Information Management

Ms Christine Fuller
(resigned November 2010)
Director of Nursing Western Hospital Footscray

Mr Stephen Gow
Director Service Planning & Development

Ms Leonie Hall
Director People Services

Mr Bruce MacIsaac
Director Capital Development

Mrs Louise McKinlay
Director Education and Learning

Mr Douglas Mill
Director of Nursing Williamstown Hospital & Residential Aged Care Services

Ms Christine Neumann-Neurode
Director Ancillary Support Services

Dr David Newman
Director Office for Research

Mr Dean Palmby
Director Clinical Support Services

Mr Steven Parker
Director OHS, Wellbeing and Emergency Management

Ms Sue Race
Director Sub-Acute and Aged Care

Ms Vanessa Raines
Director Patient Access and Flow

Mr Michael Read
(resigned June 2011)
Chief Technology Officer

Mr Paul Roth
Director Corporate Communications and Public Affairs
(resigned April 2011)

Mrs Alison Rule
Director Planning, Quality and Risk

Ms Catherine Sommerville
Director Stakeholder Relations and Public Affairs

Ms Natasha Toohey
(maternity leave from February 2011)
Director Allied Health and Care Coordination

Mrs Debbie Munro
(from February 2011)
Acting Director Allied Health and Care Coordination

Mrs Wendy Watson
Director of Nursing Sunshine Hospital
(appointed March 2011)

Western Health Services

MEDICINE AND CANCER SERVICES

Addiction Medicine
Dermatology
Endocrinology & Diabetes
Gastroenterology
General Medicine
Geriatric Medicine – acute
Haematology
Immunology
Infectious Disease
Medical Oncology
Migrant Screening Program
Nephrology
Neurology
Renal Dialysis
Respiratory and Sleep Medicine
Rheumatology
Palliative Care
Stroke Service

SUBACUTE AND AGED CARE SERVICES

Best Care for Older People Program
Geriatric Evaluation and Management
Rehabilitation
Restorative Care
Transition Care Program

SURGICAL SERVICES

Anaesthetics and Pain Management
Colorectal and General Surgery
Elective Booking Service
General, Breast and Endocrine Surgery
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

DRUG AND ALCOHOL SERVICES

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

EMERGENCY, CRITICAL CARE SERVICES & SPECIALIST CLINICS

Centre for Cardiovascular Therapeutics (incorporating Cardiology Services)
Emergency Medicine
Intensive Care Services (incorporating ICU Liaison)
Specialist Clinics

WOMEN'S AND CHILDREN'S SERVICES

Gynaecology
Maternity Services
Special Care Nursery
Paediatric Medicine

ALLIED HEALTH

Aboriginal Liaison Service
Audiology
Language Services
Nutrition & Dietetics
Occupational Therapy
Pastoral Care
Physiotherapy
Podiatry
Psychology
Social Work
Speech Pathology

COMMUNITY AND AMBULATORY CARE SERVICES

Cognition, Dementia and Memory Service
Community Based Rehabilitation
Community Nursing Service
Community Transition Care Program
Continence Clinic
Falls Clinic
GP Liaison Unit
Post Acute Care Program

CARE COORDINATION

Immediate Response Service
Community Response Service (Hospital Admission Risk Program)
Aged and Complex Care Response Service

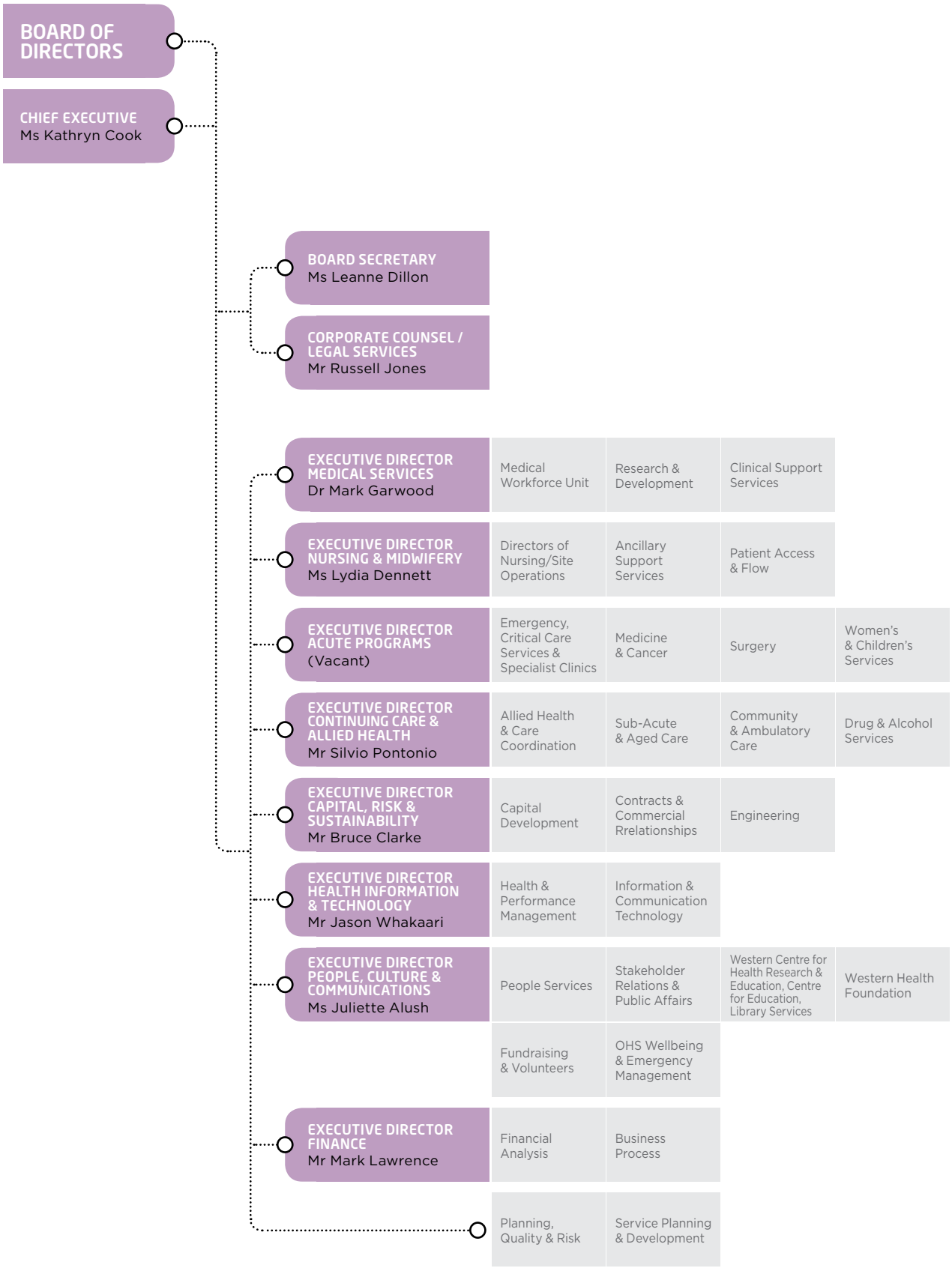
RESIDENTIAL AGED CARE

Hazeldean Nursing Home
Reg Geary House

CLINICAL SUPPORT SERVICES

Interventional Radiology
Medical Imaging
Pathology
Pharmacy

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 nine Directors. Each Director also has a role on one or more sub-committee.

THE HON RALPH WILLIS

BCOM
CHAIR

Ralph Willis is a life-long resident of Melbourne's West and represented the seat of Gellibrand in the Federal Parliament for 26 years. For 13 of those years, he was a Cabinet Minister in the Hawke, then Keating Government, holding the portfolios of Employment and Industrial Relations, Transport and Communications, Finance and Treasurer.

Mr Willis is also a Director of Victoria University Foundation, Trustee of the Stan Willis (Charitable) Trust and Chair of LeadWest, a regional representational body for the western suburbs of Melbourne. He was previously Chair of the Construction and Building Industry Superannuation Fund (CBUS).

Mr Willis is a member of Western Health's Finance Committee, Governance and Remuneration Committee, Quality and Safety Committee and the Primary Care and Population Health Advisory Committee. He was awarded the Order of Australia (AO) in the 2011 Queen's Birthday Honours List.

Appointed July 2004

MS JULIANN BYRON

BCOM, GRAD DIP (CORP MGT), FCPA, FAICD, FTIA, ACIS

Juliann Byron has extensive experience as a Director, having a background in Finance and Company Secretarial roles with public and private companies. She is currently a consultant in the areas of financial management, corporate governance and company secretarial matters.

Ms Byron is also the Treasurer of the Victorian Cytology Service and Director and Treasurer of the Bendigo Community Bank in Canterbury, Surrey Hills and Ashburton.

Ms Byron is Chair of the Audit and Risk Committee and Chair of the Governance and Remuneration Committee.

Appointed July 2004

MR PHILIP MORAN

BA (HONS), GRAD DIP (BUS ADMIN), MAICD, MACHSE

Philip Moran operates his own consultancy business. Prior to this he was a senior consultant with the Nous Group, a national public policy and organisational development group and was the CEO of Merri Community Health Service Inc. Merri Community Health Service is a major provider of community-based health and welfare services in the north-west region of Melbourne.

Prior to these two positions, Mr Moran has previously held positions in the state public service and on the staff of various State Government Ministers.

Mr Moran served nine years on the Council of Box Hill Institute of TAFE, including three years as Council Chair and a member of its Finance and Audit Committees. He is also a director of Kids Under Cover.

Mr Moran is Chair of the Primary Care and Population Health Advisory Committee and the Finance and Resources Committee.

Appointed July 2003

ASSOCIATE PROFESSOR AFIF HADJ

MB, BS, FRACS

Afif Hadj is currently the Director of Surgery at Maroondah Hospital, which is part of the Eastern Health network. He graduated in Medicine from the University of Melbourne in 1971 and became a surgeon in 1979. He has since specialised in Breast and Trauma surgery. He has been in private practice and a consultant surgeon at PANCH prior to moving to Eastern Health.

Associate Professor Hadj is a Fellow of the Royal Australasian College of Surgeons and a member of its General Surgery Division, Breast Section and Trauma Section.

He is the Chair of the Quality and Safety Committee and the Education, Research and Development Committee.

Appointed July 2006

MR GRAEME HOUGHTON

BSC, MHA, FCHSM (HEALTH ADMINISTRATION)

Graeme Houghton holds a Science Degree and Masters in Health Administration. He began his hospital management career at Royal Melbourne Hospital. He was the Chief Executive of Fairfield

Corporate Governance

Hospital from 1981 to 1985; then the Austin Hospital until 1995. He was a Regional Director with Healthscope Limited from 1995-96 and, from 1997-2002, he was the Chief Executive of the Repatriation General Hospital in Adelaide.

From April 2002 until August 2008, he was the Chief Executive of the Royal Victorian Eye and Ear Hospital. He is currently Hospital Standards and Accreditation Advisor to the National Department of Health in Papua New Guinea.

Mr Houghton has particular interests in organisation theory, patient safety and clinical governance and he is a surveyor with the Australian Council on Healthcare Standards. He is also active in the Australasian College of Health Service Management.

Mr Houghton is a member of the Cultural Diversity and Community Advisory Committee and Quality and Safety Committee.

Appointed July 2008

MS LINDA HORNSEY

Linda Hornsey grew up in country Victoria (Beechworth) during the 1950s and 1960s. She started a three-year cadetship in journalism at the Border Morning Mail, Albury, and completed her studies at the Melbourne Herald. Having moved to Tasmania, she left journalism in the early 1980s and became a political adviser. Career high points include Director, Government Media Office in Tasmania 1989-92; Chief of Staff to Opposition Leader Michael Field 1992-1997; Director Community and Media Relations, Department of Health and Human Services 1997-1998; Secretary, Department of Premier and Cabinet 1998-2007; Project Director for the 2020 Summit. She was only the second woman to be appointed as head of a Premier and Cabinet Department in Australia. She recently returned to Melbourne where she is a Government Relations Manager at Vision Australia and a lay member of the Alfred Hospital Ethics Committee.

Ms Hornsey is Chair of the Cultural Diversity and Community Advisory Committee and member of the Primary Care and Population Heath Advisory Committee.

Appointed July 2009

MS VIVIENNE NGUYEN

BCOM, MAPPLFIN

Vivienne Nguyen is the Group Head of Diversity at ANZ, responsible for the diversity portfolio at a global level. She had many years in financial services before joining ANZ in 2004 and held a number of roles in Retail and Risk prior to her current appointment. She holds a Master of Applied Finance and a Bachelor of Commerce from Melbourne University. Outside work, she is a keen advocate for community participation, particularly youth leadership in non-English speaking communities. During the year, Vivienne was a member of the Cultural Diversity and Community Advisory Committee.

Appointed July 2009

PROFESSOR COLIN CLARK

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

Colin Clark is Professor of Accounting at Victoria University. He has previously served as Executive Dean and earlier as Deputy Dean of the Faculty of Business and Law. 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 number of research and consulting projects including international projects. His area of specialisation is public sector accounting and management and corporate governance. Professor Clark is a member of the Finance and Resources Committee and the Audit and Risk Committee.

Appointed July 2010

MR ROBERT MITCHELL

LLB, MPHIL, GRAD DIP TAX, MTHST, GRAD DIP THEOL

Robert (Bob) Mitchell has been a solicitor for over 20 years, and was a Tax Partner at PricewaterhouseCoopers for 14 years. He has served on the boards of several not-for-profit organisations including BlueCare, The Timor Children's Foundation, World Relief, and The PwC Foundation.

Bob has a strong interest in international development work and justice issues, arising from projects in East Timor. Bob took on the role as Director of Legal Risk and Governance at World Vision Australia in February, 2009 where he serves on the senior executive team.

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

Bob is a member of the Audit and Risk Committee and Governance and Remuneration Committee.

Appointed July 2010

Corporate Governance

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 a 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.

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.

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.

BOARD MEMBERS

The Board of Western Health consists of independent non-executive members from a range of backgrounds and with local ties to Melbourne's West. For the period 1 July 2010 to 30 June 2011 the Board comprised of nine members, including the Chair.

ATTESTATION OF WESTERN HEALTH'S RISK MANAGEMENT SYSTEM COMPLIANCE WITH AS/NZS 4360 RISK MANAGEMENT STANDARD

I, Ralph Willis, Chair of the Board of Western Health, certify that Western Health has risk management processes in place consistent with the Australian/ New Zealand Risk Management Standard and an internal control system is in place that enables the executives to understand, manage and satisfactorily control risk exposures. The audit committee verifies this assurance and that the risk profile of Western Health has been critically reviewed within the last 12 months.

Ralph Willis
Chair
16 August 2011

Corporate Governance

ATTESTATION ON DATA ACCURACY

I, Kathryn Cook, Chief Executive of Western Health, 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.

Kathryn Cook
Chief Executive
16 August 2011

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 Government agencies, 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	1,120
Full access	878
Partical access	1
Access denied	1
Application withdrawn	232
No documents	8
Application not processed	0
VCAT appeal	0
Appeal withdrawn	0

OCCUPATIONAL HEALTH AND SAFETY 2010/11

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 and the Occupational Health and Safety Committee detailing OHS and WorkCover performance.
- Mandatory training for managers and supervisors, as part of the Diploma of Management (OHS unit) – Ensure a Safe Workplace.
- OHS training provided to Patient Services Assistants trainees.
- Efficient and effective staff rehabilitation and return to work processes embedded into organisational standard practice.
- Enhancements to the "Back 4 Life" (No Lift) program with strategies progressively introduced to address the risks associated with patient manual handling.
- Maintaining staff competencies for the "Back for Life" program, which included ward in-services, refresher and "Train the Trainer" training sessions.
- Education provided to staff in relation to managing risks i.e. general manual handling, workstation ergonomics, gas cylinder storage and handling, hospital danger tags, chemical handling storage, ChemAlert chemical database, and Hazstop chemical information folder training.
- The development of a comprehensive intranet site to facilitate an easy reference source for obtaining information on OHS, 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 the initial five day and annual refresher training.
- Ensuring dangerous goods and hazardous substances manifests and information are readily available and up to date.
- Introduction of new OHS-related policies and procedures to ensure systematic standardised and effective processes.
- Continuation of the annual OHS staff award, which acknowledges significant contributions in improving health, safety or wellbeing by individuals and groups.
- Psychological support made available to staff offering critical incident stress management, employee assistance programs and counselling services.

WORKCOVER CLAIMS AND WORKSAFE NOTIFIABLE INCIDENTS

- The accident performance for 2010/11 has seen a 7.7 per cent reduction in the number of registered standard WorkCover claims – 36 or 2010/11 compared to 39 in 2009/10.
- There were two incidents that required notification to WorkSafe Victoria, which were reviewed and considered that suitable preventative actions were taken.

Corporate Governance

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, 2010 to 30 June, 2011. Where applicable, the appropriate Building Permits and Certificates of Occupancy were obtained in line with the requirements of the Building Act 1993.

WHISTLE BLOWERS PROTECTION ACT

In accordance with Part 6 of the Whistleblowers Protection Act (Vic) 2001, Western Health has developed procedures and guidelines to facilitate the disclosure of improper conduct, to investigate such allegations and to ensure that the person making such a disclosure is protected from reprisal. To ensure staff awareness the procedure and guidelines are available on the Western Health intranet.

In accordance with the provisions of section 104 of the Act, no disclosures were received during the 09/10 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.

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

In compliance with the requirements of the Standing Direction FRD22B of the Minister for Finance, 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) Statement that declarations of pecuniary interests have been 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 its activities, and where they 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 report 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 the entity 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.

Key Performance Statistics

FINANCIAL PERFORMANCE

OPERATING RESULT	2010-11 ACTUALS
Annual Operating result ($,000) – before capital and depreciation	24
Net Surplus ($m)	43

CASH MANAGEMENT/LIQUIDITY	2010-11 ACTUALS
Creditors (days)	28
Debtors (days)	60

SERVICE PERFORMANCE

WIES ACTIVITY PERFORMANCE	2010-11 ACTUALS
WIES (public and private) performance to target (%)	99.3%
ELECTIVE SURGERY	
Elective surgery admissions – quarter 1	3,269
Elective surgery admissions – quarter 2	2,952
Elective surgery admissions – quarter 3	2,718
Elective surgery admissions – quarter 4	3,002
CRITICAL CARE	
ICU minimum operating capacity (beds)	10
NICU usual operating capacity and flex capacity	n/a
QUALITY AND SAFETY	
Health service accreditation	full compliance
Residential aged care accreditation	full compliance
Cleaning standards	full compliance
Submission of data to VICNISS (%)	full compliance
VICNISS Infection Clinical Indicators	no outliers
Hand Hygiene Program compliance (%)	full compliance
SAB rate (OBDs)	full compliance
Victorian Patient Satisfaction Monitor (VPSM)	
• Williamstown Hospital	exceeded benchmark
• Sunshine Hospital	under benchmark
• Footscray Hospital	under benchmark
MATERNITY	
Postnatal home care	98%

ACCESS PERFORMANCE	2010-11 ACTUALS		
	WESTERN	SUNSHINE	WILLIAMSTOWN
Percentage of operating time on hospital bypass	1.7%	0.6%	n/a
Percentage of emergency patients admitted to an inpatient bed within 8 hours	63%	66%	80%
Percentage of non-admitted emergency patients with length of stay of less than 4 hours	62%	64%	96%
Number of patients with length of stay in the emergency department greater than 24 hours	12	12	0
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%	100%
Percentage of Triage Category 2 emergency patients seen within 10 minutes	86%	84%	94%
Percentage of Triage Category 3 emergency patients seen within 30 minutes	83%	74%	96%

Key Performance Statistics

ELECTIVE SURGERY	2010-11 ACTUALS
Percentage of Category 1 elective patients admitted within 30 days	100%
Percentage of Category 2 elective surgery patients waiting less than 90 days	85%
Percentage of Category 3 elective surgery patients waiting less than 365 days	95%
Number of patients on the elective surgery waiting list	3,670
Number of Hospital Initiated Postponements (HiPs) per 100 scheduled admissions	6.3%

PART C: ACTIVITY AND FUNDING

ACTIVITY WEIGHTED INLIER EQUIVALENT SEPARATIONS (WIES)	2010-11 ACTIVITY ACHIEVEMENT
WIES Public	64,895
WIES Private	3,829
Total WIES (Public and Private)	68,724
WIES Renal	1,348
WIES DVA	1,272
WIES TAC	292
WIES TOTAL	71,636
SUB ACUTE INPATIENT	
CRAFT	462
Rehab L1 (non DVA)	n/a
Rehab L2 (non DVA)	194
Rehab - Paediatric	n/a
GEM (non DVA)	28,610
Palliative Care - Inpatient	3,375
Transition Care (non DVA) – bed day	8,441
Restorative Care	3,307
Rehab 2 - DVA	280
GEM -DVA	2,708
Palliative Care – DVA	97
AMBULATORY	
VACS – Allied Health	36,228
VACS - Variable	137,527
Transition Care (non DVA) - Homeday	7,333
SACS – Non DVA	33,574
SACS - Paediatric	n/a
Post Acute Care	3,827
VACS – Allied Health - DVA	n/a
VACS - Variable - DVA	106
SACS - DVA	166
Post Acute Care – DVA	168
AGED CARE	
Aged Care Assessment Service	4,253
Residential Aged Care	24,589
COMMUNITY HEALTH/PRIMARY CARE	
Community Health · Direct Care	n/a

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 the Department's compliance with statutory disclosure requirements.

Financial Snapshot

WORKFORCE FULL TIME EQUIVALENT (FTE) PER ANNUAL ACCOUNTS

LABOUR CATEGORY	JUNE (YTD) FTE	JUNE (MONTH) FTE
Nursing	1,727	1,664
Administration and Clerical	524	508
Medical Support	317	302
Hotel and Allied Services	302	296
Medical Officers	93	87
Hospital Medical Officers	343	288
Sessional Clinicians	67	58
Ancilliary Staff	304	275
Total	**3,677**	**3,477**

June (YTD) FTE This is based on the average eft paid for the 2010/2011 FY
June (Month) FTE This is based on the average eft paid for the 2 pay periods in June 2011 (Period 25 H & N and Period 26 H & N)

FINANCIAL SNAPSHOT

$'000	2011	2010	2009	2008	2007
Total Revenue	566,530	511,627	453,741	409,568	363,012
Total Expenses	523,254	482,653	433,125	388,646	373,705
Net Result for the Year	**43,276**	**28,974**	**20,616**	**20,922**	**(10,693)**
Transfer to accumulated surplus	3				
Retained Surplus/(Accumulated Deficit)	77,424	34,148	5,174	(15,442)	(36,364)
Total Assets	629,085	572,014	541,267	300,533	264,371
Total Liabilities	106,297	92,490	90,729	86,168	78,774
Net Assets	**522,788**	**479,524**	**450,538**	**214,365**	**185,597**
Total Equity	**522,788**	**479,524**	**450,538**	**214,365**	**185,597**

FINANCIAL ANALYSIS OF OPERATING REVENUES & EXPENSES

$'000	2011	2010
REVENUES		
Services Supported by Health Services Agreements		
Government Grants	439,825	406,943
Indirect Contributions by Department of Health	7,879	6,128
Patient Fees	10,501	10,058
Recoupment from Private Practice	10,637	8,524
Interest	2,856	1,808
Other Revenue	9,038	7,607
	480,736	**441,068**
Services Supported by Hospital & Community Initiatives		
Donations and Bequests	522	763
Property Income	363	326
Other Revenue	4,774	3,886
	5,659	**4,975**
	486,395	**446,043**
EXPENSES		
Services Supported by Health Services Agreements		
Employee Benefits	341,783	309,685
Non Salary Labour Costs	11,747	11,650
Supplies and Consumables	77,579	73,969
Other Expenses	52,853	48,431
	483,962	**443,735**

Financial Snapshot

Services Supported by Hospital & Community Initiatives		
Employee Entitlements	1,339	1,143
Non Salary Labour Costs	106	214
Supplies and Consumables	107	109
Other Expenses	857	806
	2,409	**2,272**
	486,371	**446,007**
Surplus/(Deficit) for the Year Before Capital Purpose Income & Depreciation	**24**	**36**
Gain on disposal of Available-for-Sale Investment	1	0
Available-for-Sale Revaluation Surplus gain recognised	12	0
Capital Purpose Income	79,321	65,220
Depreciation	(36,082)	(36,282)
Surplus for the Year	**43,276**	**28,974**

FINANCIAL PERFORMANCE

OPERATING RESULT	2010-11 ACTUALS
Annual Operating result ($'000)	24

CASH MANAGEMENT / LIQUIDITY	2010-11 ACTUALS
Creditors (days)	28
Debtors (days)	60
Net Movement in cash balance ($'000)	(3,837)

CONSULTANCIES

OVER $100,000

There is one consulting cost in excess of $100,000 that has been incurred of which details are as follows:

Name of consultant: Arup

Particulars of project: Development of the model of care for Western Health and provide recommendations on the model implementation and future service and site configurations.

Project fees approved and incurred: $269,075

Future commitments: Nil

UNDER $100,000

66 consultancies were engaged at a total cost of $1,449,321.

REVENUE INDICATORS

AVERAGE COLLECTION DAYS

	2011	2010
Private	77	53
Transport Accident Commission	79	135
Victorian Workcover Authority	102	84
Other Compensable	96	138
Nursing Home	46	30

DEBTORS OUTSTANDING AS AT 30 JUNE 2011

$'000	UNDER 30 DAYS	31 - 60 DAYS	61 - 90 DAYS	OVER 90 DAYS	TOTAL 2011
Private	1,295	150	105	1,172	2,723
Transport Accident Commission	11	18	7	58	94
Victorian Workcover Authority	222	121	9	336	687
Other Compensable	1,644	267	41	406	2,358
Nursing Home	88	16	53	-	157
Total	**3,260**	**572**	**215**	**1,972**	**6,020**

Financial Statements

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

We certify that the attached 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, Australian Accounting Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement Of Changes In Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2011 and the financial position of Western Health at 30 June 2011.

We are not aware of any circumstance which would render any particulars included in the financial statements to be misleading or inaccurate.

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

Ralph Willis
Board Chairperson

Melbourne
16th August 2011

Kathryn Cook
Chief Executive Officer

Melbourne
16th August 2011

Mark Lawrence
Chief Finance & Accounting Officer

Melbourne
16th August 2011

Comprehensive Operating Statement

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 $'000	2010 $'000
CONTINUING OPERATIONS			
Revenue from Operating Activities	2	483,539	444,235
Revenue from Non-operating Activities	2	2 ,856	1 ,808
Employee Expenses	3	(343,122)	(310,828)
Non Salary Labour Costs	3	(11,853)	(11,864)
Supplies & Consumables	3	(77,686)	(74,078)
Other Expenses From Continuing Operations	3	(53,710)	(49,237)
Net Result Before Capital & Specific Items		**24**	**36**
Gain on disposal of Available-for-Sale Investment	2	1	-
Available-for-Sale Revaluation Surplus gain recognised	2	12	-
Capital Purpose Income	2	80,122	65,584
Expenditure using Capital Purpose Income	3	(801)	(364)
Depreciation and Amortisation	4	(36,082)	(36,282)
NET RESULT FOR THE YEAR		**43,276**	**28,974**
OTHER COMPREHENSIVE INCOME			
Net fair value revaluation gain on Available-for-Sale Financial Invesment	14a	-	12
Gain on disposal of Available-for-Sale Investment	14a	(12)	-
COMPREHENSIVE RESULT FOR THE YEAR		**43,264**	**28,986**

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

Balance Sheet

AS AT 30 JUNE 2011

	NOTE	2011 $'000	2010 $'000
CURRENT ASSETS			
Cash and Cash Equivalents	5	49,523	53,360
Receivables	6	9,003	7,827
Other Financial Assets	7	-	499
Inventories	8	1,322	1,273
Other Current Assets	9	1,841	1,824
Total Current Assets		**61,689**	**64,783**
NON-CURRENT ASSETS			
Receivables	6	5,611	4,729
Property, Plant and Equipment	10	561,062	500,889
Intangible Assets	11	723	1,613
Total Non-Current Assets		**567,396**	**507,231**
TOTAL ASSETS		**629,085**	**572,014**
CURRENT LIABILITIES			
Payables	12	25,053	20,112
Provisions	13	73,826	64,841
Total Current Liabilities		**98,879**	**84,953**
NON-CURRENT LIABILITIES			
Provisions	13	7,418	7,537
Total Non-Current Liabilities		**7,418**	**7,537**
TOTAL LIABILITIES		**106,297**	**92,490**
NET ASSETS		**522,788**	**479,524**
EQUITY			
Property, Plant & Equipment Revaluation Surplus	14a	242,216	242,216
Financial Asset Available for Sale Revaluation Surplus	14a	-	12
Restricted Specific Purpose Reserve	14a	165	168
Contributed Capital	14b	202,980	202,980
Accumulated Surplus	14c	77,427	34,148
TOTAL EQUITY	14d	**522,788**	**479,524**
Commitments for Expenditure	17		
Contingent Assets and Contingent Liabilities	18		

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	PROPERTY PLANT & EQUIPMENT REVALUATION SURPLUS $'000	FINANCIAL ASSET AVAILABLE FOR SALE REVALUATION SURPLUS $'000	RESTRICTED SPECIFIC PURPOSE SURPLUS $'000	CONTRIBUTED BY OWNERS $'000	ACCUMULATED SURPLUSES/ DEFICITS $'000	TOTAL $'000
Balance at 1 July 2009		**242,216**	**-**	**168**	**202,980**	**5,174**	**450,538**
Other comprehensive income for the year	14a	-	12	-	-	-	12
Transfer to accumulated surplus	14c	-	-	-	-	28,974	28,974
Restated balance at 30 June 2010		**242,216**	**12**	**168**	**202,980**	**34,148**	**479,524**
Net result for the year	14c	-	-	-	-	43,276	43,276
Other comprehensive income for the year	14a	-	(12)	-	-	-	(12)
Transfer to accumulated surplus	14a	-	-	(3)	-	3	-
Balance at 30 June 2011		**242,216**	**-**	**165**	**202,980**	**77,427**	**522,788**

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

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2011

	NOTE	2011 $'000	2010 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		445,096	414,508
Patient and Resident Fees Received		9,423	9,778
Private Practice Fees Received		11,017	8,203
Donations and Bequests Received		546	719
GST Received from ATO		14,012	5,144
Recoupment from Private Practice		354	363
Interest Received		2,867	1,642
Other Receipts		14,486	12,887
Employee Expenses Paid		(333,683)	(310,692)
Non Salary Labour Costs		(12,802)	(15,680)
Payments for Supplies & Consumables		(84,896)	(83,640)
Other Payments		(41,437)	(38,678)
Cash Generated from Operations		**24,983**	**4,554**
Capital Grants from Government		72,527	61,438
Capital Grants from Non-Government		29	64
NET CASH INFLOW FROM OPERATING ACTIVITIES	15	**97,539**	**66,056**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(101,892)	(56,790)
Proceeds from Sale of Property, Plant & Equipment		16	5,108
Proceeds from Sale of Investments		500	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(101,376)**	**(51,682)**
CASH FLOWS FROM FINANCING ACTIVITIES		-	-
NET CASH INFLOW FROM FINANCING ACTIVITIES		**-**	**-**
NET (DECREASE)/INCREASE IN CASH HELD		**(3,837)**	**14,374**
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR		53,360	38,986
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	5	**49,523**	**53,360**

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies

(A) STATEMENT OF COMPLIANCE

These financial statements are a general purpose financial report which have been prepared in accordance with the Financial Management Act 1994 and applicable Australian Accounting Standards (AASs) and Australian Accounting Interpretations and other mandatory requirements. AASs include Australian equivalents to International Financial Reporting Standards.

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

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

(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 other events are reported.

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2011, and the comparative information presented in these financial statements for the year ended 30 June 2010.

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

The presentation currency of the Health Service is the Australian dollar, which has also been identified as the functional currency of the Health Service.

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

The financial statements are prepared in accordance with the historical cost convention, except for the revaluation of certain non-financial assets and financial instruments, as noted. Particularly, exceptions to the historical cost convention include:

- Non-current physical assets, which subsequent to acquisition, are measured at valuation and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values.
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised.
- The fair value of assets other than land is generally based on their depreciated replacement value.

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

In the application of AASs management is required to make judgements, estimates and assumptions about carrying values of assets and liabilties that are not readily apparent from other sources. The estimates and associated assumptions are based on experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

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 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, are disclosed throughout the notes to the financial statements.

(C) REPORTING ENTITY

The financial statements include all the controlled activities of the Health Service.

Its principle address 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.

Note 1: Statement of Significant Accounting Policies

(D) 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 these funds.

SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT AND SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES

Activities classified as Services Supported by Health Services Agreement (HSA) are substantially funded by the Department of Health and includes Residential Aged Care Services (RACS) and are also funded from other sources such as Commonwealth, patients and residents, while 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.

RESIDENTIAL AGED CARE SERVICE

The Residential Aged Care Service operations are an integral part of the Health Service and shares its resources. The results of the two operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Note 2b to the financial statements.

The Residential Aged Care Service is substantially funded from Commonwealth bed day subsidies.

COMPREHENSIVE OPERATING STATEMENT

Income and expenses in the comprehensive operating statement are classified according to whether or not they arise from "transactions" or "other economic flows". This classification is consistent with the whole of government reporting format and is allowed under AASB 101 Presentation of Financial Statements.

"Transactions" and "other economic flows" are defined by the Australian system of government finance statistics: concepts, sources and methods 2005 Cat. No. 5514.0 published by the Australian Bureau of Statistics.

Transactions are those economic flows that are considered to arise as a result of policy decisions, usually interactions between entities by mutual agreement. Transactions also include flows within an entity, such as depreciation where the owner is simultaneously acting as the owner of the depreciating asset and as the consumer of the service provided by the asset. Taxation is regarded as mutually agreed interactions between the Government and taxpayers. Transactions can be in kind (e.g. assets provided/given free of charge or for nominal consideration) or where the final consideration is cash.

"Other economic flows" are changes arising from market re-measurements. They include gains and losses from disposals, revaluations and impairments of non-current physical and intangible assets; actuarial gains and losses arising from defined benefit superannuation plans; and fair value changes of financial instruments; and depletion of natural assets (non-produced) from their use or removal.

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

Net Result Before Capital & Specific Items

The subtotal entitled 'Net Result Before Capital & Specific Items' is included in the Comprehensive Operating Statement 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, and items of an unusual nature and amount such as specific revenues 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 the Victorian Government to measure the ongoing performance of Health Services in operating hospital 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 (e)). 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 provided.
- Specific income/expense, comprises the following items, where material:
  - Voluntary departure packages
  - Write-down of inventories
  - Non-current asset revaluation increments/ decrements
  - Diminution/impairment of investments
  - Restructuring of operations (disaggregation/ aggregation of Health Services)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies

- Litigation settlements
- Non-current assets lost or found
- Forgiveness of loans
- Reversals of provisions
- Voluntary changes in accounting policies (which are not required by an accounting standard or other authoritative pronouncement of the Australian Accounting Standards Board)

– 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 (g) and (h).

– Depreciation and amortisation, as described in Note 1 (f).

– Assets provided or received free of charge (refer to Note 1 (e) and (f)).

– 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.

STATEMENT OF CHANGES IN EQUITY

The Statement of changes in equity presents reconciliations of each non-owner and owner equity 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 related to other non-owner changes in equity.

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.

(E) INCOME RECOGNITION

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. Unearned income at reporting date is excluded from the Comprehensive Operating Statement and is reported as a current liability in the Balance Sheet as income received in advance.

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

GOVERNMENT GRANTS AND OTHER TRANSFERS OF INCOME (OTHER THAN CONTRIBUTIONS BY OWNERS)

In accordance with AASB 1004 Contributions, government grants and other transfers of income (other than contributions by owners) are recognised as income when 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 are deferred as income in advance when the Health Service has a present obligation to repay them and the present obligation can be reliably measured.

INDIRECT CONTRIBUTIONS FROM THE DEPARTMENT OF HEALTH

– Insurance is recognised as revenue following advice from the Department of Health.

– Long Service Leave (LSL) – revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 14/2009.

PATIENT AND RESIDENT FEES

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

PRIVATE PRACTICE FEES

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

DONATIONS AND BEQUESTS

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

Note 1: Statement of Significant Accounting Policies

INTEREST REVENUE

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

Net realised and unrealised gains and losses on the revaluation of investments do not form part of income from transactions, but are reported as part of income from other economic flows in the net result.

SALE OF INVESTMENT

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

(F) EXPENSE RECOGNITION

Expenses are recognised as they are incurred and 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 of value of the item(s) from inventories.

EMPLOYEE EXPENSES

Employee expenses include:

- Wages and salaries;
- Annual leave;
- Sick leave;
- Long service leave; and
- Superannuation expenses which are reported differently depending upon whether employees are members of defined benefit or defined contribution plans.

Defined contribution plans

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

Defined benefit 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 for services of the Health Service staff. Superannuation contributions are made to the plans based on the relevant rules of each plan.

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 name and details of the major employee superannuation funds and contributions made by the Health Service are as follows:

	CONTRIBUTIONS PAID OR PAYABLE FOR THE YEAR	
FUND	2011 $'000	2010 $'000
Defined benefit plans:		
– Health Super Fund	839	875
Defined contribution plans:		
– Health Super Fund	19,646	18,231
– Hesta Super Fund	5,871	4,798
Total	**26,356**	**23,904**

DEPRECIATION

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. Depreciation is generally calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life. Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually. This depreciation charge is not funded by the Department of Health.

Depreciation is provided on property, plant and equipment, including freehold buildings, but excluding 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 a manner intended by management.

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies

	2011	2010
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	10 Years	10 Years
Non Medical Equipment	10 Years	10 Years
Furniture and Fittings	10 Years	10 Years
Motor Vehicles	4 Years	4 Years
Computer Equipment	3 Years	3 Years
Intangible Assets	3 Years	3 Years

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

AMORTISATION

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

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired. The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset. In addition, the Health Service tests all intangible assets with indefinite useful lives for impairment by comparing the recoverable amount for each asset with its carrying amount:

- annually; and
- whenever there is an indication that the intangible asset may be impaired.

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

Intangible assets with finite useful lives are amortised over a 3 year period (2010: 3 years).

FINANCE COSTS

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

RESOURCES PROVIDED OR RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

Resources provided or received free of charge or for nominal consideration are recognised at their fair value when the transferee obtains control over them, irrespective of whether restrictions or conditions are imposed over the use of the contributions, unless received from another Health Service or agency as a consequence of a restructuring of administrative arrangements. In the latter case, such transfer will be recognised at carrying value. Contributions in the form of services are only recognised when a fair value can be reliably determined and the services would have been purchased if not donated.

(G) OTHER ECONOMIC FLOWS INCLUDED IN THE NET RESULT

Other economic flows measure the change in volume or value of assets or liabilities that do not result from transactions. These include:

NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS

Net gain/(loss) on non-financial assets includes realised and unrealised gains and losses from revaluations, impairments and disposals of all physical assets and intangible assets.

REVALUATION GAINS/(LOSSES) OF NON-CURRENT PHYSICAL ASSETS

Refer to the accounting policy on property, plant and equipment, provided in Note 1 (i) Non-financial assets.

Note 1: Statement of Significant Accounting Policies

DISPOSAL OF NON-FINANCIAL ASSETS

Any gain or loss on the sale of non-financial assets is recognised at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

IMPAIRMENT OF NON-FINANCIAL ASSETS

All assets are assessed annually for indications of impairment, except for:

- inventories;
- financial assets; 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.

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

NET GAIN/(LOSS) ON FINANCIAL INSTRUMENTS

The net gain/(loss) on financial instruments includes:

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

REVALUATIONS OF FINANCIAL INSTRUMENTS AT FAIR VALUE

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

OTHER GAINS/(LOSSES) FROM OTHER ECONOMIC FLOWS

Other gains/(losses) from other economic flows include the gains and losses from:

- transfer of amounts from the other surpluses and/or accumulated surplus to net result due to disposal or derecognition or reclassification; and
- the revaluation of the present value of the long service liability due to changes in the bond interest rates.

(H) FINANCIAL ASSETS

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and cash at bank, deposits at call and highly liquid investments with an original maturity of 3 months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value.

RECEIVABLES

Receivables consist of:

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

Trade debtors are carried at nominal amounts due and are due for settlement within 30 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis and debts which are known to be uncollectible are written off. A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

Receivables that are contractual are classified as financial instruments. Statutory receivables are not classified as financial instruments.

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

A provision for doubtful receivables is made when there is objective evidence that the debts may not be collected and bad debts are written off when identified.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies

INVESTMENTS AND OTHER FINANCIAL ASSETS

Investments are recognised and derecognised on the 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;
- Loans and receivables; and
- Available-for-sale financial assets

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.

LOANS AND RECEIVABLES

Trade receivables, loans and other receivables are recorded at amortised cost using the effective interest method, less impairment.

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

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. Objective evidence includes financial difficulties of the debtor, default payments, debts which are more than 60 days overdue, and changes in debtor credit ratings. All financial instruments assets, except those measured at fair value through profit or loss, are subject to annual review for impairment.

Bad and doubtful debts for financial assets are assessed on a regular basis. Bad debts considered as written off by mutual consent are classified as a transaction expense.

Bad debts not written off by mutual consent and any allowance for doubtful receivables are classified as "other economic flows" in the net result.

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

Where a financial asset's fair value at balance date has reduced by 20 percent or more than its cost price; or where its fair value has been less than its cost price for a period of 12 or more months, the financial instrument is treated as impaired.

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

(I) NON-FINANCIAL ASSETS

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.

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

PROPERTY, PLANT AND EQUIPMENT

All non-current physical assets are recognised initially at cost and subsequently measured at fair value less accumulated depreciation and impairment.

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

Note 1: Statement of Significant Accounting Policies

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-CURRENT PHYSICAL ASSETS

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

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

Revaluation decrements are recognised immediately as expenses in the net result, except that, to the extent that a credit balance exists in the asset revaluation surplus in respect of the same class of assets, they are debited directly to the asset revaluation surplus.

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 are normally not transferred to accumulated funds on derecognition of the relevant asset.

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

INTANGIBLE ASSETS

Intangible assets represent identifiable non-monetary assets without physical substance, namely 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.

OTHER NON-FINANCIAL ASSETS

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.

(J) LIABILITIES

PAYABLES

These amounts consist predominantly of liabilities for goods and services.

Payables are initially recognised at fair value, then are subsequently carried at amortised cost and represent 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 these goods and services.

The normal credit term is Net 30 days.

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

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

EMPLOYEE BENEFITS

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

Liabilities for wages and salaries, including non-monetary benefits, annual leave, accumulated sick leave and accrued days off which are expected to be settled within 12 months of the reporting date are recognised in the provision for employee benefits in respect of the employee's services up to the reporting date, and are classified as current liabilities and are measured at nominal values.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies

Liabilities that are not expected to be settled within 12 months are recognised in the provision for employee benefits as non-current liabilities. They are measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate estimated to apply at the time of settlement.

Long Service Leave (LSL)

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

Current Liability – unconditional LSL (representing 10 or more years of continuous service) is disclosed in the notes to the financial statements as a current liability even where 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:

- present value – component that the Health Service does not expect to settle within 12 months; and
- nominal value – component that the Health Service expects to settle within 12 months.

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

Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using interest rates of Commonwealth Government guaranteed securities in Australia.

TERMINATION BENEFITS

Termination benefits are payable when employment is terminated before the normal retirement date or when an employee accepts voluntary redundancy in exchange for these benefits.

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

ON-COSTS

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. The Department of Treasury and Finance administers and discloses the State's defined benefits liabilities in its financial statements.

MAKE GOOD PROVISIONS

Make good provisions are recognised when the Health Service has contractual obligations to remove leasehold improvements from leased properties and restore the leased premises to their original condition at the end of the lease term. The related expenses of making good such properties are recognised when leasehold improvements are made.

(K) LEASES

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.

FINANCE LEASES

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.

OPERATING LEASES

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

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.

Note 1: Statement of Significant Accounting Policies

(L) EQUITY

CONTRIBUTED CAPITAL

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

PROPERTY, PLANT & EQUIPMENT REVALUATION SURPLUS

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

FINANCIAL ASSET AVAILABLE-FOR-SALE REVALUATION SURPLUS

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

SPECIFIC RESTRICTED PURPOSE RESERVE

A specific restricted purpose reserve 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.

(M) COMMITMENTS FOR EXPENDITURE

Commitments for expenditure are not recognised on the balance sheet. Commitments for expenditure are disclosed 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.

(N) 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.

(O) GOODS AND SERVICES TAX

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

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

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

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

(P) 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 at the rates prevailing at the date when the fair value was determined.

(Q) ROUNDING OF AMOUNTS

All amounts shown in the financial statements are expressed to the nearest $1,000. Figures in the financial statements may not equal due to rounding.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies

(R) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

Certain new Australian accounting standards and interpretations have been published that are not mandatory for 30 June 2011 reporting period. As at 30 June 2011, the following standards and interpretations had been issued but were not mandatory for the reporting period ending 30 June 2011. The Health Service has not and does not intend to adopt these standards early.

STANDARD / INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON HEALTH SERVICE FINANCIAL STATEMENTS
AASB 2009 Financial Instruments	This Standard simplifies requirements for the classification and measurement of financial assets resulting from Phase 1 of the IASB's project to replace IAS 39 Financial instruments: Recognition and Measurement (AASB 139 Financial Instruments: Recognition and Measurement).	Beginning 1 January 2013	Detail of impact is still being assessed.
AASB 1053 Applications of Tiers of Australian Accounting Standards	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian Public Sector.
AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 and 1038 and interpretations 10 and 12]	This Standard gives effect to consequential changes arising from the issuance of AASB 9.	Beginning 1 January 2013	Detail of impact is still being assessed.
AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirments	This Standard makes amendments to many Australian Accounting Standards, including Interpretations, to introduce reduced disclosure requirements to the pronouncements for application by certain types of entities.	Beginning 1 July 2013	Does not affect financial measurement or recognition, so is not expected to have any impact on financial result or position. May reduce some note disclosures in financial statements.
AASB 2010-4 Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project [AASB 1, 7, 101 & 134 and Interpretation 13]	This Standard makes numerous improvements designed to enhance the clarity of Standards.	Beginning 1 January 2011	No significant impact on the financial statements.
AASB 2010-5 Amendments to Australian Accounting Standards [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]	This amendment contains editorial corrections to a range of Australian Accounting Standards and Interpretations, which includes amendments to reflect changes made to the text of IFRSs by the IASB.	Beginning 1 January 2011	No significant impact on the financial statements.

Note 1: Statement of Significant Accounting Policies

STANDARD / INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON HEALTH SERVICE FINANCIAL STATEMENTS
AASB 2010-6 Amendments to Australian Accounting Standards - Disclosures on Transfers of Financial Assets [AASB 1 & 7]	This amendment adds and changes disclosure requirements about the transfer of financial assets. This includes the nature and risk of the financial assets.	Beginning 1 July 2011	This may impact on departments and public sector entities as it creates additional disclosure for transfers of financial assets. Detail of impact is still being assessed.
AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 120, 121, 127, 128, 131, 132, 136, 137, 139, 1023 & 1038 and Interpretations 2, 5, 10, 12, 19 & 127]	These amendments are in relation to the introduction of AASB 9.	Beginning 1 January 2013	This amendment may have an impact on departments and public sector bodies as AASB 9 is a new standard and it changes the requirements of numerous standards. Detail of impact is still being assessed.
AASB 2010-9 Amendments to Australian Accounting Standards - Severe Hyperinflation and Removal of Fixed Dates for First Time Adopters [AASB 1]	This amendment provides guidance for entities emerging from severe hyperinflation who are going to resume presenting Australian Accounting Standards financial statements or entities that are going to present Australian Accounting Standards financial statements for the first time. It provides relief for first time adopters from having to reconstruct transactions that occurred before their date of transition to Australian Accounting Standards.	Beginning 1 July 2011	Amendment unlikely to impact on public sector entities.
AASB 2011-1 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project [AASB 1, 5, 101, 107, 108, 121, 128, 132 & 134 and Interpretations 2, 112 & 113]	This amendment affects multiple Australian Accounting Standards and AASB Interpretations for the objective of increased alignment with IFRSs and achieving harmonisation between both Australian and New Zealand Standards. It achieves this by removing guidance and definitions from some Australian Accounting Standards, without changing their requirements.	Beginning 1 July 2011	This amendment will have no significant impact on public sector bodies.
AASB 2011-2 Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence Project - Reduced Disclosure Requirements [AASB 101 & 1054]	The objective of this amendment is to include some additional disclosure from the Trans-Tasman Convergence Project and to reduce disclosure requirements for entities preparing general purpose financial statements under Australian Accounting Standards - Reduced Disclosure Requirements.	Beginning 1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) and has not decided if RDRs will be implemented to the Victorian Public Sector.
AASB 2011-3 Amendments to Australian Accounting Standards - Orderly Adoption of Changes to the ABS GFS Manual and Related Amendments [AASB 1049]	This amends AASB 1049 to clarify the definition of the ABS GFS Manual, and to facilitate the adoption of changes to the ABS GFS Manual and related disclosures.	Beginning 1 July 2012	This amendment provides clarification to users on the version of the GFS Manual to be used and what to disclose if the latest GFS Manual is not used. No impact on performance measurements will occur.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 1: Statement of Significant Accounting Policies

In 2009 the AASB issued an omnibus of amendments to its Standards as part of the Annual Improvements Project, primarily with the view of resolving inconsistencies and clarifying wording. These are separate transitional provisions and application dates for each amendment. The adoption of the amendments did not have any impact on the financial position or performance of the Health Service.

(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 recurrent health revenue/expenditure on admitted patient services, where services are delivered in public hospitals, or free standing day hospital facilities, or alcohol and drug treatment units or hospitals specialising in dental services, hearing and ophthalmic aids.

Outpatient Services (Outpatients) comprises all recurrent health revenue/expenditure on public hospital type outpatient services, where services are delivered in public hospital outpatient clinics, or free standing day hospital facilities, or rehabilitation facilities, or alcohol and drug treatment units, or outpatient clinics specialising in ophthalmic aids or palliative care.

Emergency Department Services (EDS) comprises all recurrent health revenue/expenditure on emergency department services that are available free of charge to public patients.

Aged Care comprises revenue/expenditure from Home and Community Care (HACC) programs, Allied Health, Aged Care Assessment and support services.

Primary Health comprises revenue/expenditure for Community Health Services including health promotion and counselling, physiotherapy, speech therapy, podiatry and occupational therapy.

Off Campus Ambulatory Services (Ambulatory) comprises all recurrent health revenue/expenditure on public hospital type services including palliative care facilities and rehabilitation facilities, as well as services provided under the following agreements: Services that are provided or received by hospitals (or area health services) but are delivered/received outside a hospital campus, services which have moved from a hospital to a community setting since June 1998, services which fall within the agreed scope of inclusions under the new system, which have been delivered within hospital, i.e. in rural/remote areas.

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

Other Services excluded from Australian Health Care Agreement (AHCA) (Other) comprises revenue/expenditure for services not separately classified above, including: Public Health Services including Laboratory testing, Blood Borne Viruses/Sexually Transmitted Infections clinical services, Kooris liaison officers, immunisation and screening services, Drugs services including drug withdrawal, counselling and the needle and syringe program, Dental Health services including general and specialist dental care, school dental services and clinical education, 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 falls in this category group.

Note 2: Revenue

	HSA 2011 $'000	HSA 2010 $'000	NON HSA 2011 $'000	NON HSA 2010 $'000	TOTAL 2011 $'000	TOTAL 2010 $'000
REVENUE FROM OPERATING ACTIVITIES						
Government Grants						
- Department of Health	421,548	395,648	-	-	421,548	395,648
- Department of Human Services	5,605	-	-	-	5,605	-
- Commonwealth Government						
- Residential Aged Care Subsidy	3,367	3,329	-	-	3,367	3,329
- Other	9,305	7,966	-	-	9,305	7,966
Total Government Grants	**439,825**	**406,943**	**-**	**-**	**439,825**	**406,943**
Indirect Contributions by Department of Health						
- Insurance	6,997	5,328	-	-	6,997	5,328
- Long Service Leave	882	800	-	-	882	800
Total Indirect Contributions by Department of Health	**7,879**	**6,128**	**-**	**-**	**7,879**	**6,128**
Patient and Resident Fees						
- Patient and Resident Fees (refer note 2b)	9,270	9,102	-	-	9,270	9,102
- Residential Aged Care (refer note 2b)	1,231	956	-	-	1,231	956
Total Patient and Resident Fees	**10,501**	**10,058**	**-**	**-**	**10,501**	**10,058**
Commercial Activities & Specific Purpose Funds						
- Research	70	128	1,507	962	1,577	1,090
- Pharmacy	829	783	-	-	829	783
- Property Income	212	194	363	326	575	520
- Cafeteria and Kiosk	-	-	202	173	202	173
- Car Park	-	-	1,875	1,882	1,875	1,882
- Opportunity Shops	-	-	29	38	29	38
- Television	-	-	70	52	70	52
Total Business Units & Specific Purpose Funds	**1,111**	**1,105**	**4,046**	**3,433**	**5,157**	**4,538**
Donations and Bequests	29	10	522	763	551	773
Recoupment from Private Practice for Use of Hospital Facilities	10,637	8,524	128	-	10,765	8,524
Other Revenue from Operating Activities	7,898	6,492	963	779	8,861	7,271
Sub-Total Revenue from Operating Activities	**477,880**	**439,260**	**5,659**	**4,975**	**483,539**	**444,235**
REVENUE FROM NON-OPERATING ACTIVITIES						
Interest	2,856	1,808	-	-	2,856	1,808
Sub-Total Revenue from Non-Operating Activities	**2,856**	**1,808**	**-**	**-**	**2,856**	**1,808**
REVENUE FROM CAPITAL PURPOSE INCOME						
State Government Capital Grants						
- Targeted Capital Works and Equipment	-	-	72,613	57,221	72,613	57,221
Commonwealth Government Capital Grants	-	-	7,600	8,400	7,600	8,400
Net Gain / (Loss) On Disposal Of Non-Financial Assets (refer note 2c)	-	-	(91)	(329)	(91)	(329)
Donations and Bequests	-	-	-	12	-	12
Other Capital Purpose Income	-	-	-	280	-	280
Sub-Total Revenue from Capital Purpose Income	**-**	**-**	**80,122**	**65,584**	**80,122**	**65,584**
Available-for-Sale Revaluation Surplus gain recognised (refer note 14a)	-	-	1	-	1	-
Recognition of revaluation increment on disposal of Available-for-Sale investment (refer note 14a)	-	-	12	-	12	-
Total Revenue (refer to note 2a)	**480,736**	**441,068**	**85,794**	**70,559**	**566,530**	**511,627**

Indirect contributions by Department of Health: Department of Health makes certain payments on behalf of the Health Service. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.
This note relates to revenues above the net result line only, and does not reconcile to comprehensive income.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 2a: Analysis of Revenue by Source

2011	ADMITTED PATIENTS $'000	OUT-PATIENTS $'000	EDS $'000	AMBU-LATORY $'000	RAC $'000	AGED CARE $'000	OTHER $'000	TOTAL $'000
REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT								
Government Grants	250,656	18,806	56,938	40,503	5,073	3,794	64,055	439,825
Indirect contributions by Department of Health	-	-	-	-	-	-	7,879	7,879
Patient and Resident Fees (refer note 2b)	8,049	780	178	263	1,231	-	-	10,501
Donations and Bequests (non capital)	11	-	-	18	-	-	-	29
Recoupment from Private Practice	1,001	589	-	-	-	-	9,047	10,637
Other Revenue from Operating Activities	2,120	43	261	162	7	28	6,388	9,009
Interest	-	-	-	-	-	-	2,856	2,856
Sub-Total Revenue from Services Supported by Health Services Agreement	**261,837**	**20,218**	**57,377**	**40,946**	**6,311**	**3,822**	**90,225**	**480,736**
REVENUE FROM SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES								
Commercial Activities and Specific Purpose Fund							3,811	3,811
Rental Income							363	363
Fundraising							522	522
Other							976	976
Capital Purpose Income (refer note 2)							80,122	80,122
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**85,794**	**85,794**
Total Revenue	**261,837**	**20,218**	**57,377**	**40,946**	**6,311**	**3,822**	**176,019**	**566,530**

2010	ADMITTED PATIENTS $'000	OUT-PATIENTS $'000	EDS $'000	AMBU-LATORY $'000	RAC $'000	AGED CARE $'000	OTHER $'000	TOTAL $'000
REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT								
Government Grants	230,229	18,675	40,643	23,153	5,833	5,898	82,512	406,943
Indirect contributions by Department of Health	6,128	-	-	-	-	-	-	6,128
Patient and Resident Fees (refer note 2b)	8,909	9	165	13	956	5	1	10,058
Donations and Bequests (non capital)	8	-	-	-	-	-	2	10
Recoupment from Private Practice	793	374	-	-	-	-	7,357	8,524
Business Units and Specific Purpose Funds	-	-	-	-	-	-	977	977
Other Revenue from Operating Activities	1,174	17	97	219	-	17	5,096	6,620
Interest	-	-	-	-	-	-	1,808	1,808
Sub-Total Revenue from Services Supported by Health Services Agreement	**247,241**	**19,075**	**40,905**	**23,385**	**6,789**	**5,920**	**97,753**	**441,068**
REVENUE FROM SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES								
Commercial Activities and Specific Purpose Fund							3,107	3,107
Rental Income							326	326
Fundraising							711	711
Other							831	831
Capital Purpose Income (refer note 2)							65,584	65,584
Sub-Total Revenue from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**70,559**	**70,559**
Total Revenue	**247,241**	**19,075**	**40,905**	**23,385**	**6,789**	**5,920**	**168,312**	**511,627**

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

Note 2b: Patient and Resident Fees

	2011 $'000	2010 $'000
PATIENT AND RESIDENT FEES RAISED		
RECURRENT:		
Acute		
– Inpatients	9,077	8,909
– Outpatients	-	9
– Other	441	184
Residential Aged Care	1,231	956
Total Recurrent	**10,501**	**10,058**

Note 2c: Net Gain/(Loss) on Disposal of Non-Current Assets

	2011 $'000	2010 $'000
PROCEEDS FROM DISPOSALS OF NON-CURRENT ASSETS		
Plant and Equipment	16	-
Total Proceeds from Disposal of Non-Current Assets	**16**	**-**
LESS: WRITTEN DOWN VALUE OF NON-CURRENT ASSETS SOLD		
Plant and Equipment	107	98
Cost of Removal	-	231
Total Written Down Value of Non-Current Assets Sold	**107**	**329**
Net gains/(losses) on Disposal of Non-Current Assets	**(91)**	**(329)**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3: Expenses

	HSA 2011 $'000	HSA 2010 $'000	NON HSA 2011 $'000	NON HSA 2010 $'000	TOTAL 2011 $'000	TOTAL 2010 $'000
EMPLOYEE BENEFITS						
Salaries & Wages	303,810	275,105	1,166	975	304,976	276,080
WorkCover Premium	3,621	3,052	16	14	3,637	3,066
Departure Packages	244	232	-	-	244	232
Long Service Leave	7,883	7,475	37	80	7,920	7,555
Superannuation	26,225	23,821	120	74	26,345	23,895
Total Employee Benefits	**341,783**	**309,685**	**1,339**	**1,143**	**343,122**	**310,828**
NON SALARY LABOUR COSTS						
Fees for Visiting Medical Officers	3,973	4,145	-	-	3,973	4,145
Agency Costs - Nursing	4,487	4,518	-	-	4,487	4,518
Agency Costs - Other	3,287	2,987	106	214	3,393	3,201
Total Non Salary Labour Costs	**11,747**	**11,650**	**106**	**214**	**11,853**	**11,864**
SUPPLIES AND CONSUMABLES						
Drug Supplies	15,034	14,860	3	11	15,037	14,871
S100 Drugs	5,241	4,738	-	-	5,241	4,738
Medical, Surgical Supplies and Prosthesis	36,491	34,603	78	50	36,569	34,653
Pathology Supplies	12,074	11,497	10	-	12,084	11,497
Food Supplies	8,739	8,271	16	48	8,755	8,319
Total Supplies and Consumables	**77,579**	**73,969**	**107**	**109**	**77,686**	**74,078**
OTHER EXPENSES FROM CONTINUING OPERATIONS						
Domestic Services & Supplies	5,191	4,152	-	3	5,191	4,155
Fuel, Light, Power and Water	3,943	3,698	-	-	3,943	3,698
Insurance costs funded by the Department of Health	6,997	5,328	-	-	6,997	5,328
Motor Vehicle Expenses	269	243	-	-	269	243
Repairs & Maintenance	4,157	3,660	6	1	4,163	3,661
Maintenance Contracts	3,953	4,029	-	-	3,953	4,029
Patient Transport	3,147	2,796	16	16	3,163	2,812
Bad & Doubtful Debts	76	371	-	-	76	371
Lease Expenses	3,754	3,019	-	4	3,754	3,023
Other Administrative Expenses	14,783	14,366	797	766	15,580	15,132
Other	6,281	6,483	38	16	6,319	6,499
Audit Fees						
- VAGO - Audit of Financial Statements	116	106	-	-	116	106
- Internal Audit Fees	186	180	-	-	186	180
Total Other Expenses from Continuing Operations	**52,853**	**48,431**	**857**	**806**	**53,710**	**49,237**
EXPENDITURE USING CAPITAL PURPOSE INCOME						
Employee Benefits						
- Salaries & Wages	-	-	126	166	126	166
- WorkCover Premium	-	-	1	2	1	2
- Superannuation	-	-	10	9	10	9
- Long Service Leave	-	-	10	8	10	8
Total Employee Benefits	**-**	**-**	**147**	**185**	**147**	**185**
Non Salary Labour Costs						
- Agency Costs - Other	-	-	142	106	142	106
Total Non Salary Labour Costs	**-**	**-**	**142**	**106**	**142**	**106**
Other Expenses						
- Administrative Expenses	-	-	233	24	233	24
- Other	-	-	279	49	279	49
Total Other Expenses	**-**	**-**	**512**	**73**	**512**	**73**
Total Expenditure using Capital Purpose Income	**-**	**-**	**801**	**364**	**801**	**364**
Depreciation and Amortisation	-	-	36,082	36,282	36,082	36,282
Total Depreciation and Amortisation	**-**	**-**	**36,082**	**36,282**	**36,082**	**36,282**
Total Expenses	**483,962**	**443,735**	**39,292**	**38,918**	**523,254**	**482,653**

Note 3a: Analysis of Expenses by Source

2011	ADMITTED PATIENTS $'000	OUT-PATIENTS $'000	EDS $'000	AMBU-LATORY $'000	RAC $'000	AGED CARE $'000	OTHER $'000	TOTAL $'000
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT								
Employee Expenses	168,956	5,036	34,907	23,919	5,161	2,928	100,876	341,783
Non Salary Labour Costs	7,482	1,445	652	319	200	4	1,645	11,747
Supplies & Consumables	37,240	523	5,383	1,342	85	56	32,950	77,579
Other Expenses from Continuing Operations	22,107	1,578	3,773	6,395	301	647	18,052	52,853
Sub-Total Expenses from Services Supported by Health Services Agreement	**235,785**	**8,582**	**44,715**	**31,975**	**5,747**	**3,635**	**153,523**	**483,962**
SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES								
Employee Expenses							1,339	1,339
Non Salary Labour Costs							106	106
Supplies & Consumables							107	107
Other Expenses from Continuing Operations							857	857
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**2,409**	**2,409**
EXPENDITURE USING CAPITAL PURPOSE INCOME								
Employee Expenses							147	147
Non Salary Labour Costs							142	142
Other Expenses							512	512
Sub-Total Expenditure using Capital Purpose Income	**-**	**-**	**-**	**-**	**-**	**-**	**801**	**801**
Depreciation & Amortisation (refer note 4)							36,082	36,082
Sub-Total Expenditure from Services Supported by Health Services Agreement and by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**36,082**	**36,082**
Total Expenses	**235,785**	**8,582**	**44,715**	**31,975**	**5,747**	**3,635**	**192,815**	**523,254**

2010	ADMITTED PATIENTS $'000	OUT-PATIENTS $'000	EDS $'000	AMBU-LATORY $'000	RAC $'000	AGED CARE $'000	OTHER $'000	TOTAL $'000
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT								
Employee Benefits	154,293	4,650	32,680	20,809	5,045	2,733	89,475	309,685
Non Salary Labour Costs	7,604	977	952	307	147	18	1,645	11,650
Supplies & Consumables	34,645	498	5,265	1,275	142	53	32,091	73,969
Other Expenses from Continuing Operations	12,177	772	2,331	5,448	275	520	26,908	48,431
Sub-Total Expenses from Services Supported by Health Services Agreement	**208,719**	**6,897**	**41,228**	**27,839**	**5,609**	**3,324**	**150,119**	**443,735**
SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES								
Employee Benefits							1,143	1,143
Non Salary Labour Costs							214	214
Supplies & Consumables							109	109
Other Expenses from Continuing Operations							806	806
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**2,272**	**2,272**
EXPENDITURE USING CAPITAL PURPOSE INCOME								
Employee Benefits							185	185
Non Salary Labour Costs							106	106
Other Expenses							73	73
Sub-Total Expenditure using Capital Purpose Income							**364**	**364**
Depreciation & Amortisation (refer note 4)	-	-	-	-	-	-	36,282	36,282
Sub-Total Expenses from Services Supported by Health Services Agreement and by Hospital and Community Initiatives	**-**	**-**	**-**	**-**	**-**	**-**	**36,282**	**36,282**
Total Expenses	**208,719**	**6,897**	**41,228**	**27,839**	**5,609**	**3,324**	**189,037**	**482,653**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 3b: Analysis of Expenses by Internal and Restricted Specific Purpose Funds for Services Supported by Hospital and Community Initiatives

	2011 $'000	2010 $'000
Private Practice and Other Patient Activities	-	1
Cafeteria and Kiosk	-	33
Car Park	661	616
Opportunity Shops	42	46
Property Expenses	7	7
Fundraising and Community Support	31	149
Research	883	779
Other	785	641
TOTAL	**2,409**	**2,272**

Note 4: Depreciation and Amortisation

	2011 $'000	2010 $'000
DEPRECIATION		
Buildings	28,282	27,791
Plant and Equipment	878	873
Medical Equipment	4,441	4,605
Computers and Communication	1,114	1,506
Furniture and Equipment	141	92
Motor Vehicles	4	17
Non Medical Equipment	228	241
	35,088	**35,125**
AMORTISATION		
Intangibles Assets	994	1,157
	994	**1,157**
Total Depreciation and Amortisation	**36,082**	**36,282**

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.

	2011 $'000	2010 $'000
Cash on Hand	14	14
Cash at Bank	14,509	38,346
Deposits at Call	35,000	15,000
TOTAL	**49,523**	**53,360**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	49,523	53,360
TOTAL	**49,523**	**53,360**

Note 6: Receivables

	2011 $'000	2010 $'000
CURRENT		
Contractual		
Trade Debtors	1,697	1,532
Patient Fees	6,020	4,827
Accrued Investment Income	251	263
Accrued Revenue	2,208	2,532
Less Allowance for Doubtful Debts		
- Trade Debtors	(24)	(44)
- Patient Fees	(1,149)	(1,283)
	9,003	**7,827**
NON CURRENT		
Statutory		
Long Service Leave - DH	5,611	4,729
TOTAL NON CURRENT RECEIVABLES	**5,611**	**4,729**
TOTAL RECEIVABLES	**14,614**	**12,556**

(A) AGEING ANALYSIS OF RECEIVABLES

Please refer to note 16 for the ageing analysis of contractual receivables.

(B) NATURE AND EXTENT OF RISK ARISING FROM RECEIVABLES

Please refer to note 16 for the nature and extent of credit risk arising from contractual receivables.

Note 7: Other Financial Assets

	OPERATING FUND		SPECIFIC PURPOSE FUND		CAPITAL FUND		TOTAL	
	2011 $'000	2010 $'000	2011 $'000	2010	2011 $'000	2010	2011 $'000	2010 $'000
CURRENT								
Managed Investment Schemes	-	499	-	-	-	-	-	499
Total Current	**-**	**499**	**-**	**-**	**-**	**-**	**-**	**499**
NON CURRENT								
Managed Investment Schemes	-	-	-	-	-	-	-	-
Total Non Current	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
TOTAL	**-**	**499**	**-**	**-**	**-**	**-**	**-**	**499**
Represented by:								
Health Service Investments	-	499	-	-	-	-	-	499
TOTAL	**-**	**499**	**-**	**-**	**-**	**-**	**-**	**499**

(A) AGEING ANALYSIS OF OTHER FINANCIAL ASSETS

Please refer to note 16 (b) for the ageing analysis of other financial assets.

(B) NATURE AND EXTENT OF RISK ARISING FROM OTHER FINANCIAL ASSETS

Please refer to note 16 (b) for the nature and extent of credit risk arising fom other financial assets.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 8: Inventories

	2011 $'000	2010 $'000
CURRENT		
Pharmaceuticals - at cost	1,180	1,145
Radiology - at cost	142	128
TOTAL INVENTORIES	**1,322**	**1,273**

Note 9: Other Assets

	2011 $'000	2010 $'000
CURRENT		
Prepayments		
	785	496
	785	**496**
Statutory		
GST Receivable	1,056	1,328
	1,056	**1,328**
TOTAL OTHER CURRENT ASSETS	**1,841**	**1,824**

Note 10: Property, Plant & Equipment

	2011 $'000	2010 $'000
LAND		
- Land at Fair Value	35,374	35,374
Total Land	**35,374**	**35,374**
BUILDINGS		
- Buildings under Construction at Cost	122,655	37,838
- Buildings at Fair Value	422,850	421,215
- Less Acc'd Depreciation	(56,086)	(27,803)
Total Buildings	**489,419**	**431,250**
PLANT AND EQUIPMENT		
- Plant and Equipment at Fair Value	15,697	11,757
- Less Acc'd Depreciation	(4,030)	(3,152)
Total Plant and Equipment	**11,667**	**8,605**
MEDICAL EQUIPMENT		
- Medical Equipment at Fair Value	50,485	47,712
- Less Acc'd Depreciation	(28,659)	(25,315)
Total Medical Equipment	**21,826**	**22,397**
NON MEDICAL EQUIPMENT		
- Non Medical Equipment at Fair Value	2,773	2,587
- Less Acc'd Depreciation	(1,538)	(1,311)
Total Non Medical Equipment	**1,235**	**1,276**
COMPUTERS AND COMMUNICATION		
- Computers and Communication at Fair Value	8,817	8,508
- Less Acc'd Depreciation	(8,291)	(7,200)
Total Computers and Communications	**526**	**1,308**
FURNITURE AND FITTINGS		
- Furniture and Fittings at Fair Value	1,657	1,176
- Less Acc'd Depreciation	(642)	(501)
Total Furniture and Fittings	**1,015**	**675**
MOTOR VEHICLES		
- Motor Vehicles at Fair Value	181	181
- Less Acc'd Depreciation	(181)	(177)
Total Motor Vehicles	**-**	**4**
Total Written Down Value	**561,062**	**500,889**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 10: Property, Plant & Equipment

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

	LAND $'000	BUILDINGS $'000	BUILDINGS WIP $'000	PLANT AND EQUIPMENT $'000	MEDICAL EQUIPMENT $'000	NON MEDICAL EQUIPMENT $'000	COMPUTER EQUIPMENT $'000	FURNITURE AND FITTINGS $'000	MOTOR VEHICLES $'000	TOTAL $'000
Balance at 1 July 2009	**35,374**	**405,833**	**7,151**	**9,261**	**24,335**	**1,349**	**2,573**	**421**	**21**	**486,318**
Additions	-	9,345	36,738	217	2,739	168	241	346	-	49,794
Disposals	-	-	-	-	(98)	-	-	-	-	(98)
Net transfer between classes	-	6,025	(6,051)	-	26	-	-	-	-	-
Depreciation and Amortisation (note 4)	-	(27,791)	-	(873)	(4,605)	(241)	(1,506)	(92)	(17)	(35,125)
Balance at 1 July 2010	**35,374**	**393,412**	**37,838**	**8,605**	**22,397**	**1,276**	**1,308**	**675**	**4**	**500,889**
Additions	-	1,634	84,817	3,940	3,974	189	332	481	-	95,367
Disposals		-	-	-	(104)	(2)	-	-	-	(106)
Net transfer between classes	-	-	-	-	-	-	-	-	-	-
Depreciation and Amortisation (note 4)	-	(28,282)	-	(878)	(4,441)	(228)	(1,114)	(141)	(4)	(35,088)
Balance at 30 June 2011	**35,374**	**366,764**	**122,655**	**11,667**	**21,826**	**1,235**	**526**	**1,015**	**-**	**561,062**

LAND AND BUILDINGS CARRIED AT VALUATION

An independent valuation of the Health Service's land and buildings was performed by the Westlink Consulting on behalf of the Valuer-General Victoria to determine the fair value of the land and buildings. The valuation, which conforms to Australian Valuation Standards, was determined by reference to the amounts for which assets could be exchanged between knowledgeable willing parties in an arm's length transaction. The valuation was based on independent assessments. The effective date of the valuation was 30 June 2009. Subsequent to this valuation, the Board assessed the carrying amounts of land and buildings based on indices made available by the Victorian Valuer-General to establish whether they materially approximate fair value at 30 June 2011. 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 30 June 2011. The outcome indicated that the carrying amount of plant and equipment does approximate fair value.

Note 11: Intangible Assets

	2011 $'000	2010 $'000
Development Costs Capitalised	4,468	4,364
- Less Acc'd Amortisation	(3,745)	(2,751)
Total Written Down Value	**723**	**1,613**

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

	DEVT. COST $'000	TOTAL $'000
Balance at 1 July 2009	**1,115**	**1,115**
Additions	1,655	1,655
Disposals	-	-
Amortisation (note 4)	(1,157)	(1,157)
Balance at 1 July 2010	**1,613**	**1,613**
Additions	104	104
Disposals	-	-
Amortisation (note 4)	(994)	(994)
Balance at 30 June 2011	**723**	**723**

Note 12: Payables

	2011 $'000	2010 $'000
CURRENT		
Contractual - unsecured		
Trade Creditors	4,781	3,714
Accrued Expenses	12,210	7,815
Salary Packaging	1,308	1,616
Other - Melbourne Health	6,567	4,174
Other	127	317
	24,993	17,636
Statutory		
Repayable Grants - DH	60	2,476
	60	2,476
TOTAL	**25,053**	**20,112**

(A) MATURITY ANALYSIS OF PAYABLES

Please refer to note 16 (b) for the ageing analysis of payables.

(B) NATURE AND EXTENT OF RISK ARISING FROM PAYABLES

Please refer to note 16 (c) for the nature and extent of risk arising from contractual payables.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 13: Provisions

	2011 $'000	2010 $'000
CURRENT PROVISIONS		
Employee Benefits (i)		
- Unconditional and expected to be settled within 12 months (ii)	8,380	6,701
- Unconditional and expected to be settled after 12 months (iii)	-	-
	8,380	6,701
Provisions related to Employee Benefit On-Costs		
- Unconditional and expected to be settled within 12 months (ii)	28,117	26,177
- Unconditional and expected to be settled after 12 months (iii)	37,329	31,963
	65,446	58,140
Total Current Provisions	**73,826**	**64,841**
NON CURRENT PROVISIONS		
Employee Benefits (i)	-	-
Provisions related to Employee Benefit On-Costs	7,418	7,537
Total Non Current Provisions	**7,418**	**7,537**
Total Provisions	**81,244**	**72,378**
(A) EMPLOYEE BENEFITS AND RELATED ON-COSTS		
CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Unconditional Long Service Leave Entitlements	36,582	31,776
Annual Leave Entitlements	28,864	26,363
Accrued Wages and Salaries	6,668	5,293
Accrued Days Off	917	785
Superannuation	593	496
Others	202	128
NON CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Conditional Long Service Leave Entitlements (iii)	7,418	7,537
Total Employee Benefits and Related On-Costs	**81,244**	**72,378**
(B) MOVEMENTS IN PROVISIONS		
MOVEMENT IN LONG SERVICE LEAVE:		
Balance at start of year	39,314	35,407
Provision made during the year		
- Revaluations	(79)	(150)
- Expense recognising Employee Service	8,046	7,526
Settlement made during the year	(3,283)	(3,469)
Balance at end of year	**43,998**	**39,314**

Notes:

(i) Provisions for employee benefits consist of amounts for annual leave and long service leave accrued by employees, not including on-costs.

(ii) The amounts disclosed are nominal amounts

(iii) The amounts disclosed are discounted to present values

Note 14: Reserves

	2011 $'000	2010 $'000
(A) RESERVES		
Property, Plant and Equipment Revaluation Surplus		
Balance at the beginning of the reporting year	242,216	242,216
Balance at the end of the reporting year	**242,216**	**242,216**
Represented by:		
- Land	25,735	25,735
- Buildings	216,481	216,481
	242,216	**242,216**
Financial Asset Available-for-Sale Revaluation Surplus		
Balance at the beginning of the reporting year	12	-
Valuation gain recognised	-	12
Cumulative gain transferred to Operating Statement on sale of financial asset	(12)	-
Balance at the end of the reporting year	**-**	**12**
Restricted Specific Purpose Reserve		
Balance at the beginning of the reporting year	168	168
Transfer to and from Restricted Specific Purpose Reserve	(3)	-
Balance at the end of the reporting year	**165**	**168**
Total Reserves	**242,381**	**242,396**
(B) CONTRIBUTED CAPITAL		
Balance at the beginning of the reporting year	202,980	202,980
Balance at the end of the reporting year	**202,980**	**202,980**
(C) ACCUMULATED SURPLUS		
Balance at the beginning of the reporting year	34,148	5,174
Net Result for the Year	43,276	28,974
Transfers to and from Restricted Specific Purpose Reserve	3	-
Balance at the end of the reporting year	**77,427**	**34,148**
(D) TOTAL EQUITY AT END OF FINANCIAL YEAR	**522,788**	**479,524**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 15: Reconciliation of Net Result for the Year to Net Cash Inflow/(Outflow) from Operating Activities

	2011 $'000	2010 $'000
Net Result for the Year	43,276	28,974
Depreciation & Amortisation	36,082	36,282
Provision for Doubtful Debts	76	371
Change in Inventories	(49)	(33)
Net (Gain)/Loss from Sale of Property, Plant and Equipment	91	329
Change in Operating Assets & Liabilities		
(Increase)/Decrease in Receivables	(4,416)	1,221
(Increase)/Decrease Other Assets	6,593	34
(Increase)/Decrease in Prepayments	(289)	(61)
Increase/(Decrease) in Payables	6,589	(1,383)
Increase/(Decrease) in Employee Benefits	9,586	322
NET CASH INFLOW FROM OPERATING ACTIVITIES	**97,539**	**66,056**

Note 16: 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)
- Investment in Managed Investment Schemes
- 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 main purpose in holding financial instruments is to prudentially manage the Health Service's financial risks within the government policy parameters.

CATEGORISATION OF FINANCIAL INSTRUMENTS

	FINANCIAL ASSETS, LOANS AND RECEIVABLES		FINANCIAL ASSETS AVAILABLE-FOR-SALE		FINANCIAL LIABILITIES AT AMORTISED COST		TOTAL	
	CARRYING AMOUNT 2011 $'000	CARRYING AMOUNT 2010 $'000	CARRYING AMOUNT 2011 $'000	CARRYING AMOUNT 2010 $'000	CARRYING AMOUNT 2011 $'000	CARRYING AMOUNT 2010 $'000	CARRYING AMOUNT 2011 $'000	AMOUNT 2010 $'000
Financial Assets								
Cash and cash equivalents	49,523	53,360	-	-	-	-	49,523	53,360
Receivables								
- Trade Debtors	1,673	1,488	-	-	-	-	1,673	1,488
- Patient Fees	4,871	3,544	-	-	-	-	4,871	3,544
- Others	2,459	2,795	-	-	-	-	2,459	2,795
Other Financial Assets								
- Managed Investment Schemes	-	-	-	499	-	-	-	499
Total Financial Assets	**58,526**	**61,187**	**-**	**499**	**-**	**-**	**58,526**	**61,686**
Financial Liabilities								
Payables								-
- Trade Creditors and Accruals	-	-	-	-	24,993	17,636	24,993	17,636
Total Financial Liabilities	**-**	**-**	**-**	**-**	**24,993**	**17,636**	**24,993**	**17,636**

Note 16: Financial Instruments

NET HOLDING GAIN/(LOSS) ON FINANCIAL INSTRUMENTS BY CATEGORY

	NET HOLDING GAIN/(LOSS) 2011 $'000	NET HOLDING GAIN/(LOSS) 2010 $'000
Financial Assets		
Cash and Cash Equivalents	-	-
Receivables	-	-
Other Financial Assets	-	12
Total Financial Assets	**-**	**12**
Financial Liabilities		
Payables	-	-
Total Financial Liabilities	**-**	**-**

(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, it is the Health Service's policy to only deal with entities with high credit ratings of a minimum Triple-B rating and to obtain sufficient collateral or credit enhancements, where appropriate.

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

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16: Financial Instruments

CREDIT QUALITY OF CONTRACTUAL FINANCIAL ASSETS THAT ARE NEITHER PAST DUE NOR IMPAIRED

2011	FINANCIAL INSTITUTIONS (AAA CREDIT RATING) $'000	OTHER $'000	TOTAL $'000
Financial Assets			
Cash and Cash Equivalents	49,523	-	49,523
Receivables			
- Trade Debtors	-	1,673	1,673
- Patient Fees	-	4,871	4,871
- Other Receivables	-	2,459	2,459
Other Financial Assets			
- Managed Investment Schemes	-	-	-
Total Financial Assets	**49,523**	**9,003**	**58,526**
2010			
Financial Assets			
Cash and Cash Equivalents	53,360	-	53,360
Receivables			
- Trade Debtors	-	1,488	1,488
- Patient Fees	-	3,544	3,544
- Other Receivables	-	2,795	2,795
Other Financial Assets			
- Managed Investment Schemes	499	-	499
Total Financial Assets	**53,859**	**7,827**	**61,686**

AGEING ANALYSIS OF FINANCIAL ASSET AS AT 30 JUNE

2011	CONSOL'D CARRYING AMOUNT $'000	NOT PAST DUE AND NOT IMPAIRED $'000	PAST DUE BUT NOT IMPAIRED LESS THAN 1 MONTH $'000	1-3 MONTHS $'000	3 MONTHS-1 YEAR $'000	1-5 YEARS $'000	IMPAIRED FINANCIAL ASSETS $'000
Financial Assets							
Cash and Cash Equivalents	49,523	49,523	-	-	-	-	-
Receivables							
- Trade Debtors	1,673	883	300	77	413	-	24
- Patient Fees	4,871	3,260	572	215	824	-	1,149
- Other Receivables	2,459	2,459	-	-	-	-	-
Other Financial Assets							
- Managed Investment Schemes	-	-	-	-	-	-	-
Total Financial Assets	**58,526**	**56,125**	**872**	**292**	**1,237**	**-**	**1,173**
2010							
Financial Assets							
Cash and Cash Equivalents	53,360	53,360	-	-	-	-	-
Receivables							
- Trade Debtors	1,488	704	687	32	45	20	44
- Patient Fees	3,544	1,713	348	751	732	-	1,283
- Other Receivables	2,795	2,795	-	-	-	-	-
Other Financial Assets							
- Managed Investment Schemes	499	499	-	-	-	-	-
Total Financial Assets	**61,686**	**59,071**	**1,035**	**783**	**777**	**20**	**1,327**

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 any of 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.

Note 16: Financial Instruments

(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'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.

Maturity analysis of financial liabilities as at 30 June

			Maturity Dates			
2011	Carrying Amount $'000	Contractual Cash Flows $'000	Less than 1 Month $'000	1-3 Months $'000	3 Months-1 Year $'000	1-5 Years $'000
Financial Liabilities						
Payables						
- Trade creditors and accruals	24,993	24,993	24,415	392	186	-
Total Financial Liabilities	**24,993**	**24,993**	**24,415**	**392**	**186**	**-**
2010						
Financial Liabilities						
Payables						
- Trade creditors and accruals	17,636	17,636	17,512	74	50	-
Total Financial Liabilities	**17,636**	**17,636**	**17,512**	**74**	**50**	**-**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16: Financial Instruments

(D) MARKET RISK

The Health Service's exposure to market risk is primarily through interest rate risk with only insignificant exposure to foreign currency and 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 arises primarily through the Health Service's interest bearing liabilities. Minimisation of risk is achieved mainly by undertaking fixed rate or non-interest bearing financial instruments. For financial liabilities, the Health Service mainly undertakes financial liabilities with relatively even maturity profiles.

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.

INTEREST RATE EXPOSURE OF FINANCIAL ASSETS AND LIABILITIES AS AT 30 JUNE

	Weighted Average Effective Interest Rate (%)	Carrying Amount	Interest Rate Exposure		
2011		$'000	Fixed Interest Rate $'000	Variable Interest RateRate $'000	Non-Interest Bearing $'000
Financial Assets					
Cash and Cash Equivalents	4.9	49,523	35,000	14,509	14
Receivables					
- Trade Debtors	-	1,673	-	-	1,673
- Patient Fees	-	4,871	-	-	4,871
- Others	-	2,459	-	-	2,459
Other Financial Assets					
- Managed Investment Schemes	-	-	-	-	-
Total Financial Assets		**58,526**	**35,000**	**14,509**	**9,017**
Financial Liabilities					
Trade Creditors	-	4,781	-	-	4,781
Other Liabilities	-	20,212	-	-	20,212
Total Financial Liabilities	**-**	**24,993**	**-**	**-**	**24,993**
Net Financial Asset/Liabilities	**-**	**33,533**	**35,000**	**14,509**	**(15,976)**
2010					
Financial Assets					
Cash and Cash Equivalents	4.3	53,360	15,000	38,346	14
Receivables					
- Trade Debtors	-	1,488	-	-	1,488
- Patient Fees	-	3,544	-	-	3,544
- Others	-	2,795	-	-	2,795
Other financial assets					
- Managed Investment Schemes	3.2	499	-	499	-
Total Financial Assets		**61,686**	**15,000**	**38,845**	**7,841**
Financial Liabilities					
Trade creditors and accruals	-	3,713	-	-	3,713
Other Liabilities	-	13,923	-	-	13,923
Total Financial Liabilities	**-**	**17,636**	**-**	**-**	**17,636**
Net Financial Asset/Liabilities	**-**	**44,050**	**15,000**	**38,845**	**(9,795)**

Note 16: Financial Instruments

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 +2% and -2% in market interest rates (AUD) from year-end rates of 6%
- A parallel shift of +1% and -1% in inflation rate from year-end rates of 2%

The following table discloses the impact on the 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.

	CARRYING AMOUNT	INTEREST RATE RISK				OTHER PRICE RISK			
		-2%		+2%		-1%		+1%	
2011		PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000	PROFIT $'000	EQUITY $'000
Financial Assets									
Cash and Cash Equivalents	49,523	(990)	(990)	990	990	-	-	-	-
Receivables									
- Trade Debtors	1,673	-	-	-	-	-	-	-	-
- Patient Fees	4,871	-	-	-	-	-	-	-	-
- Others	2,459	-	-	-	-	-	-	-	-
Other financial assets									
- Managed Investment Schemes	-	-	-	-	-	-	-	-	-
Total Financial Assets	**58,526**	**(990)**	**(990)**	**990**	**990**	**-**	**-**	**-**	**-**
Financial Liabilities									
Trade creditors and accruals	4,781	-	-	-	-	-	-	-	-
Other Liabilities	20,212	-	-	-	-	-	-	-	-
Total Financial Liabilities	**24,993**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Financial Asset/Liabilities	**33,533**	**(990)**	**(990)**	**990**	**990**				
2010									
Financial Assets									
Cash and Cash Equivalents	53,346	(1,067)	(1,067)	1,067	1,067				
Receivables									
- Trade Debtors	1,488	-	-	-	-				
- Patient Fees	3,544	-	-	-	-				
- Others	2,795	-	-	-	-	-	-	-	-
Other financial assets									
- Managed Investment Schemes	499	(10)	(10)	10	10				
Total Financial Assets	**61,672**	**(1,077)**	**(1,077)**	**1,077**	**1,077**				
Financial Liabilities									
Trade creditors and accruals	3,713	-	-	-	-	-	-	-	-
Other Liabilities	13,923	-	-	-	-	-	-	-	-
Total Financial Liabilities	**17,636**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Financial Asset/Liabilities	**44,036**	**(1,077)**	**(1,077)**	**1,077**	**1,077**				

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 16: Financial Instruments

(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 intrument 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 2011 $'000	FAIR VALUE 2011 $'000	CARRYING AMOUNT 2010 $'000	FAIR VALUE 2010 $'000
Financial Assets				
Cash and Cash Equivalents	49,523	49,523	53,346	53,346
Receivables				
- Trade Debtors	1,673	1,673	1,488	1,488
- Patient Fees	4,871	4,871	3,544	3,544
- Others	2,459	2,459	2,795	2,795
Other Financial Assets				
- Managed Investment Schemes	-	-	499	499
Total Financial Assets	**58,526**	**58,526**	**61,672**	**61,672**
Financial Liabilities				
Trade creditors and accruals	4,781	4,781	3,713	3,713
Other Liabilities	20,212	20,212	13,923	13,923
Total Financial Liabilities	**24,993**	**24,993**	**17,636**	**17,636**

FINANCIAL ASSETS MEASURED AT FAIR VALUE

	CARRYING AMOUNT 2011 $'000	FAIR VALUE MEASUREMENT AT END OF REPORTING PERIOD USING: LEVEL 1 $'000	LEVEL 2 $'000	LEVEL 3 $'000
2011				
Financial assets at fair value through profit & loss				
Available for sale financial assets				
- Managed Investment Schemes	-	-	-	-
Total Financial Assets	**-**	**-**	**-**	**-**
2010				
Financial assets at fair value through profit & loss				
Available for sale financial assets				
- Managed Investment Schemes	499	499	-	-
Total Financial Assets	**499**	**499**	**-**	**-**

Note 17: Commitments for Expenditure

	2011 $'000	2010 $'000
CAPITAL EXPENDITURE COMMITMENTS		
Payable:		
Buildings	48,540	171,654
Plant and Equipment	2,772	28,095
Total Capital Expenditure Commitments	**51,312**	**199,749**
Buildings		
Not later than one year	46,530	97,051
Later than 1 year and not later than 5 years	2,010	74,603
Total	**48,540**	**171,654**
Plant and Equipment		
Not later than one year	2,372	15,800
Later than 1 year and not later than 5 years	400	12,295
Total	**2,772**	**28,095**
OTHER EXPENDITURE COMMITMENTS		
Payable:		
Computer Equipment	3,265	6,465
Total Other Expenditure Commitments	**3,265**	**6,465**
Not later than one year	3,265	5,946
Later than 1 year and not later than 5 years	-	519
TOTAL	**3,265**	**6,465**
LEASE COMMITMENTS		
Commitments in relation to leases contracted for at the reporting date:		
Operating Leases	2,991	5,123
Total Lease Commitments	**2,991**	**5,123**
OPERATING LEASES		
Non-cancellable		
Not later than one year	1,767	2,132
Later than 1 year and not later than 5 years	1,224	2,991
Sub Total	**2,991**	**5,123**
TOTAL	**2,991**	**5,123**
Total Commitments for Expenditure (inclusive of GST)	**54,796**	**211,337**
Less: GST Recoverable from the Australian Tax Office	**4,981**	**19,212**
Total Commitments for Expenditure (exclusive of GST)	**49,815**	**192,125**

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 18: Contingent Assets & Contingent Liabilities

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

	2011 $'000	2010 $'000
CONTINGENT ASSETS		
The Directors are not aware of any quantifiable or non quantifiable contingent assets	-	-
	-	**-**
CONTINGENT LIABILITIES		
Quantifiable		
Recallable capital grant - Digital Medical Record	1,500	-
Recallable capital grant - Patient & Client Management System	640	960
Recallable capital grant - Picture Archive & Communication System	-	800
Total Quantifiable Contingent Liabilities	**2,140**	**1,760**

Note 19: Segment Reporting

	RAC		Public Health		Total	
	2011 $'000	2010 $'000	2011 $'000	2010 $'000	2011 $'000	2010 $'000
REVENUE						
External Segment Revenue	6,311	6,789	557,363	503,030	563,674	509,819
Total Revenue	**6,311**	**6,789**	**557,363**	**503,030**	**563,674**	**509,819**
EXPENSES						
External Segment Expenses	5,747	5,609	517,507	477,044	523,254	482,653
Total Expenses	**5,747**	**5,609**	**517,507**	**477,044**	**523,254**	**482,653**
Net Result from ordinary activities	**564**	**1,180**	**39,856**	**25,986**	**40,420**	**27,166**
Interest Income	-	-	2,856	1,808	2,856	1,808
Net Result for Year	**564**	**1,180**	**42,712**	**27,794**	**43,276**	**28,974**
OTHER INFORMATION						
Segment Assets	4,966	4,975	607,755	526,845	612,721	531,820
Unallocated Assets	-	-	-	-	16,364	40,194
Total Assets	**4,966**	**4,975**	**607,755**	**526,845**	**629,085**	**572,014**
Segment Liabilities	1,238	1,175	92,323	79,308	93,561	80,483
Unallocated Liabilities	-	-	-	-	12,736	12,007
Total Liabilities	**1,238**	**1,175**	**92,323**	**79,308**	**106,297**	**92,490**
Investments in associates and joint venture partnership	-	-	-	-	-	-
Acquisition of property, plant and equipment and intangible assets	-	-	95,367	49,794	95,367	49,794
Depreciation & amortisation expense	40	42	36,042	36,240	36,082	36,282
Non cash expenses other than depreciation	531	488	37,891	35,169	38,422	35,657
Impairment of inventories	-	-	-	-	-	-

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

BUSINESS SEGMENTS	SERVICES
Residential Aged Care Services (RACS)	Commonwealth-registered residential aged care services subsidised by the Australian Department of Health & Ageing under the Aged Care Act (Cwlth) 1997, i.e. nursing homes and aged care hostels.
Public Health	Acute (Admitted and Non-Admitted Patients, Emergency Department, Sub-Acute Care, Palliative Care, Acute Training & Development, and Blood Services). Also, Allied Health, Drug & Alcohol Service, Corporate (Administration, Finance, Human Resources, Information Technology), Infrastructure, Medical Records, Quality & Clinical Governance.

GEOGRAPHICAL SEGMENT

The Health Service operates predominantly in the western suburbs (Footscray, Sunshine, Williamstown & Sunbury) of Melbourne, Victoria. More than 90% of revenue, net surplus from ordinary activities and segment assets relate to operations in that area.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS

Note 20a: 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 Minister:	
The Honourable Daniel Andrews, MLA, Minister for Health	1/07/2010 - 02/12/2010
The Honourable David Davis, M.P., Minister for Health and Ageing	02/12/2010 - 30/06/2011
The Honourable Mary Woodridge, MLA, Minister for Mental Health	02/12/2010 - 30/06/2011
Governing Board	
Mr Ralph Willis (chair)	1/07/2010 - 30/06/2011
Ms Juliann Byron	1/07/2010 - 30/06/2011
Professor Colin Clark	1/07/2010 - 30/06/2011
Mr Afif Hadj	1/07/2010 - 30/06/2011
Ms Linda Hornsey	1/07/2010 - 30/06/2011
Mr Graeme Houghton	1/07/2010 - 30/06/2011
Mr Robert Mitchell	1/07/2010 - 30/06/2011
Mr Philip Moran	1/07/2010 - 30/06/2011
Ms Vivienne Nguyen	1/07/2010 - 30/06/2011
Accountable Officer	
Ms Kathryn Cook	1/07/2010 - 30/06/2011

	2011 No.	2010 No.
REMUNERATION OF RESPONSIBLE PERSONS		
The number of Responsible Persons are shown in their relevant income bands;		
Income Band		
$0 - $9,999	1	0
$10,000 - $19,999	1	1
$20,000 - $29,999	6	7
$30,000 - $39,999	0	0
$40,000 - $49,999	0	0
$50,000 - $59,999	1	1
$330,000 - $339,999	0	1
$370,000 - $379,999	1	0
Total Numbers	**10**	**10**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$603,933**	**$596,073**

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

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.

Note 20b: Executive Officer Disclosures

EXECUTIVE OFFICERS' REMUNERATION

The numbers of executive officers, other than Ministers and Accountable Officers, 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	
	2011	2010	2011	2010
$30,000 - $39,999	0	0	0	1
$80,000 - $89,999	0	0	1	0
$100,000 - $109,999	0	0	1	1
$110,000 - $119,999	3	2	2	3
$120,000 - $129,999	1	2	1	2
$130,000 - $139,999	3	3	3	4
$140,000 - $149,999	3	3	2	1
$150,000 - $159,999	6	3	6	2
$160,000 - $169,999	3	3	3	2
$170,000 - $179,999	1	4	1	4
$180,000 - $189,999	2	3	2	3
$190,000 - $199,999	3	0	5	1
$200,000 - $209,999	4	1	2	0
$250,000 - $259,999	0	1	0	1
$270,000 - $279,999	1	0	1	0
$280,000 - $289,999	0	0	0	1
$290,000 - $299,999	0	1	0	0
Total	**30**	**26**	**30**	**26**
Total Remuneration	**4,951,878**	**4,285,373**	**4,843,656**	**4,036,854**

Note 21: Events Occurring after the Balance Sheet Date

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

Note 22: Economic Dependency

The financial statements are prepared on a going concern basis as at 30 June 2011. The Health Service has:

- A surplus from ordinary activities of $43 million for the year ended 30 June 2011 ($29 million surplus for the year ended 30 June 2010).
- A working capital surplus (adjusted by removing the long-term employee benefit liabilities) of $7.6 million as at 30 June 2011 ($11.8 million as at 30 June 2010).

Health Service management are committed to the continued review of its financial and operating performance with a view to identifying further cost saving initiatives and revenue generating opportunities and providing the most effective and efficient service delivery model without compromising patient care and quality.

An ongoing budget strategy has been initiated by management of the Health Service which has identified a number of business initiatives required to effectively manage the available financial resources.

Auditor-General's Report

VAGO

Victorian Auditor-General's Office

17 August 2011

File No: 27309/01

Ms K. Cook
Chief Executive Officer
Western Health
160 Gordon Street
Footscray VIC 3011

Dear Ms Cook

Audited financial report for the year ended 30 June 2011

I enclose for your information the audited financial report of Western Health and the audit report for the year ended 30 June 2011. These have also been sent to the Board Chairperson.

Copies of the audited financial report and the audit report have been forwarded to:

- the Minister for Health
- the Minister for Finance
- the Secretary of the Department of Health
- the Secretary of the Department of Treasury and Finance.

The audit report incorporates a paragraph addressing the electronic presentation of your financial report. Where you present your financial report on your website, the enclosed audit report must be appended to these statements.

An interim management letter outlining audit observations and recommendations relating to internal controls was issued to you on 30 May 2011. A final management letter dealing with matters arising from our audit of the financial report will be issued to you.

In closing, I record my appreciation for the courtesy and co-operation extended by your staff during the audit.

Yours sincerely

for D D R Pearson
Auditor-General

Level 24, 35 Collins Street, Melbourne Vic. 3000
Telephone 61 3 8601 7000 Facsimile 61 3 8601 7010 Email comments@audit.vic.gov.au Website www.audit.vic.gov.au

Auditing in the Public Interest

Auditor-General's Report

VAGO

Victorian Auditor-General's Office

INDEPENDENT AUDITOR'S REPORT

To the Board Members, Western Health

The Financial Report

The accompanying financial report for the year ended 30 June 2011 of Western Health which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, statement of cash flows, notes comprising a statement of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance and Accounting 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, including the Australian Accounting Interpretations, 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 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.

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.

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Auditing in the Public Interest

Auditor-General's Report

VAGO

Victorian Auditor-General's Office

Independent Auditor's Report (continued)

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Western Health as at 30 June 2011 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, including the Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

Matters Relating to the Electronic Publication of the Audited Financial Report

This auditor's report relates to the financial report of Western Health for the year ended 30 June 2011 included both in Western Health's annual report and on the website. The Board Members of Western Health are responsible for the integrity of Western Health's website. I have not been engaged to report on the integrity of Western Health's website. The auditor's report refers only to the subject matter described above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of the financial report are concerned with the inherent risks arising from publication on a website, they are advised to refer to the hard copy of the audited financial report to confirm the information contained in the website version of the financial report.

MELBOURNE
17 August 2011

D D R Pearson
Auditor-General

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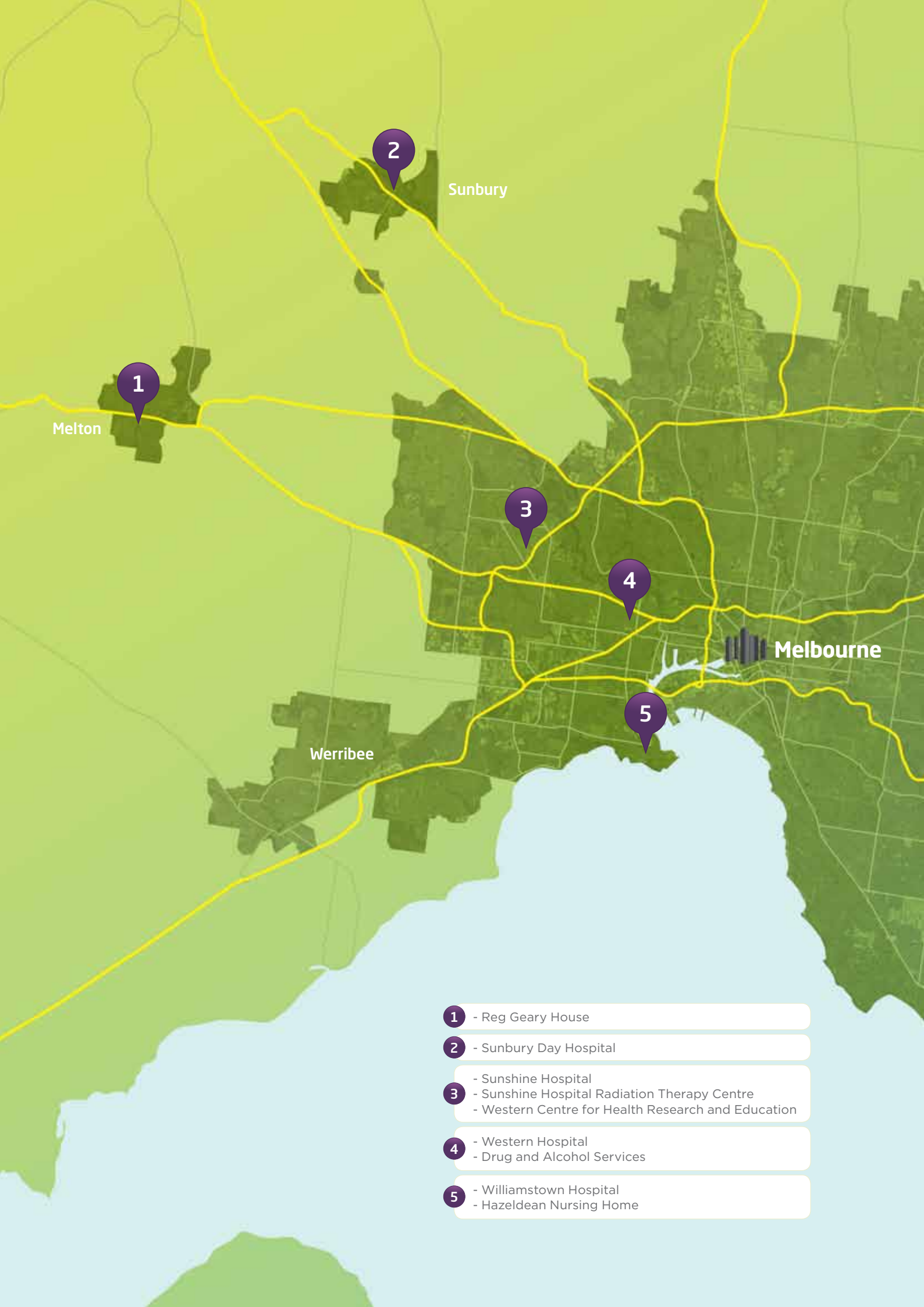
Auditing in the Public Interest



1 - Reg Geary House

2 - Sunbury Day Hospital

3 - Sunshine Hospital
- Sunshine Hospital Radiation Therapy Centre
- Western Centre for Health Research and Education

4 - Western Hospital
- Drug and Alcohol Services

5 - Williamstown Hospital
- Hazeldean Nursing Home

Western Health

WESTERN HOSPITAL
Gordon Street
Footscray VIC 3011
Locked Bag 2, Footscray VIC 3011
8345 6666

SUNSHINE HOSPITAL
Furlong Road
St Albans VIC 3021
PO Box 294, St Albans VIC 3021
8345 1333

SUNSHINE HOSPITAL RADIATION THERAPY CENTRE
176 Furlong Road
St Albans VIC 3021
8395 9999

WESTERN CENTRE FOR HEALTH RESEARCH AND EDUCATION
Sunshine Hospital
Furlong Road
St Albans VIC 3021
8345 1333

SUNBURY DAY HOSPITAL
7 Macedon Street
Sunbury VIC 3429
9732 8600

WILLIAMSTOWN HOSPITAL
Railway Crescent
Williamstown VIC 3016
9393 0100

DASWEST - DRUG & ALCOHOL SERVICE
3-7 Eleanor Street
Footscray VIC 3011
8345 6682

HAZELDEAN NURSING HOME
211-215 Osborne Street
Williamstown VIC 3016
9397 3167

REG GEARY HOUSE
54 Pinnacle Crescent
Melton South VIC 3338
9747 0533

Together, caring for the West

www.westernhealth.org.au