Western Health

Annual Report 2013-14

Western Health

Our Vision

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

Our Purpose

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

Our Values

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

Our Priorities

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

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

Contents

Message from the Chair of the Board

In accordance with the Financial Management Act 1994, I am pleased to present the Report of Operations for Western Health for the year ending 30 June 2014.

This was another year of considerable achievement for Western Health. Not only did we service a record number of patients, we also further improved the quality and safety of our service whilst recording a strong financial result and undertaking further capital improvements at Sunshine and Western Hospitals.

In the 2013/14 year, the Board of Western Health strengthened its commitment to supporting quality, safety and the patient experience as top priorities across the organisation. The Board is now much more involved in monitoring indicators in these areas and there has been a noticeable shift to putting the patient first in all considerations of the Board.

Our record on Safety and Quality was under the microscope earlier this year when the accreditation process took place at Western Health. The surveyors were particularly impressed with our quality and safety framework, which we've called 'Best Care', so much so that they recommended we make it available to other health services. In fact, the Framework had its genesis in the community feedback we received from the Open Access Board Meeting last year.

We were pleased to see the many positive comments about Western Health arising from the Periodic Review (accreditation) process in March 2014, including the following comment in the final report by the surveyors:

"Western Health operates with a strong balance between corporate systemic operations as well as local response to the needs and services for individual communities and patient/client groups in western Melbourne. The Board has established a strong framework of corporate, clinical and operational governance for the organisation."

The Board places a high value on Western Health remaining financially responsible and sustainable and this is once again evident in our financial results. We have recorded a surplus of $4m in the 2013/14 year and have a strong cash position.

The construction of the Intensive Care Unit at Sunshine Hospital, funded by the State Government - is well advanced and will now be accompanied by coronary care facilities. Together these elements will transform the level of acute care able to be provided by Western Health on the Sunshine site.

Our capacity to manage elective surgery has been substantially boosted by the completion of a fourth operating theatre at Williamstown Hospital and we have now set up an elective surgery hub at that site. This is already making a significant difference to the waiting times for many of our elective surgery patients.

This was my last year as Board Chair of Western Health, after a full decade in the role. I am very proud to have presided over many wonderful improvements and achievements in the last ten years. It has been rewarding to see the gradual transition of Sunshine Hospital as we prepare for it to become a higher level hospital, with the facilities and services to treat more acutely ill patients. Three major new buildings have been opened at that site in recent years:

- The Western Centre for Health Research and Education
- The Sunshine Hospital Radiation Therapy Centre
- The Acute Services Building
- And at Sunbury, the opening of the Day Hospital was also a milestone.

It is now crucially important that the next stages of capital development for Western Health are able to commence as soon as possible, to enable the health service to continue to respond to the service demands of this rapidly growing Western region of Melbourne.

I would like to take this opportunity to thank the staff and volunteers at Western Health who provide such high quality care with commitment and dedication.

I have been fortunate to have worked with three excellent Chief Executives during my term as Chair: John Evans, Kath Cook and Alex Cockram and I thank each for their exceptional contributions. I'd also like to acknowledge the valuable and dedicated service of my Board colleagues throughout this period.

I would like to warmly welcome The Hon Bronwyn Pike to the role of Board Chair for Western Health.

Bronwyn has a very substantial background in senior positions in public life, having been Victorian Health Minister from 2002-2007 and Victorian Education Minister from 2007-2010. She also has a long-standing commitment to supporting community interests and as an advocate for social justice, refugee health, community education, eHealth and environmental initiatives. Her breadth of experience will be a major asset to Western Health and I wish her well in the role.

I am honoured to have been Chair of the organisation and I look forward to seeing the next phase in the development of what has become an outstanding health service.

The Hon Ralph Willis, AO
Chair of the Board, Western Health

Message from the Chief Executive

The last 12 months at Western Health have seen significant advances in the level and scale of the care we provide in the context of increasing demand for services. I am proud of the progress made by Western Health in continuously developing and enhancing our services, demonstrating innovation to improve the care for our community.

Right across Western Health, there are some fantastic initiatives underway due to the commitment and dedication of our staff. These range from a chemotherapy treatment Symptom Urgent Review Clinic; to a dysphagia one-stop shop for those with swallowing difficulties; an extension of the Diabetic Foot Service to several community clinics; and a new approach to nutrition for patients due to have surgery for upper-gastrointestinal cancers. These are just a small sample of the many excellent programs supporting patient care and improving the patient experience.

During the year, we introduced the Best Care Framework, which supports a focused approach to the quality and safety of coordinated care and improvements in the patient experience. Developed in consultation with patients, staff and volunteers, the Framework is underpinned by expectations of care that were developed by our patients and linked to four Dimensions of Best Care: Patient Centred Care, Co-ordinated Care, Right Care, and Safe Care. This approach translates the dimensions into behaviours and actions for front line staff, managers, senior clinicians, executives and the Board.

In March 2014, the Periodic Review conducted at Western Health provided an independent assessment of our approach to quality and safety, with full accreditation status awarded, and a substantial number of 'met with merits' in key areas.

An important turning point occurred during early 2014 with the finalisation of the Feasibility Study for our next plans for capital development. The Study was commissioned by the Department of Health. The study confirmed the next priorities across our sites including the replacement of the 60 year old South Block and a new Emergency Department at Footscray; and expanded inpatient facilities and a Women's and Children's Centre at Sunshine. Changing Health for a Changing West is the strategy we have developed to communicate the important needs of the communities of Western Melbourne, based on the Feasibility Study.

It has been a very productive and busy year for Western Health – we managed patient activity at 3% above budgeted levels (known as WIES) and experienced a 7.6% increase in Emergency Department presentations. These patterns of solid increases in demand are being seen across much of the health service year-on-year and do prove challenging.

Record numbers of our staff took part in professional development courses during the year. Through our Registered Training Organisation, more than 10% of our workforce acquired nationally recognised qualifications. In 2013, the partnership with Victoria University was recognised with the prestigious National Ashley Goldsworthy Award for Sustained Collaboration between Business and Tertiary Education from the Business and Higher Education Roundtable.

Every day at Western Health, many of our 450 volunteers help support patients, visitors and staff. We were very pleased to see 20 year old volunteer Linda Diep win the Outstanding Achievement by an Individual in a Metropolitan Health Service category of the Minister for Health Volunteer Awards.

The linkages between Western Health and its communities are very important to us and it was great to see more than 2,000 people attend the Open Sunshine Community Day in October 2013, to see the wonderful facilities and services available at Sunshine Hospital. On the day we also launched the Western Health website www.100sunshine.com.au – a collection of untold stories of Sunshine Hospital and Western Health.

After ten years leading Western Health as Board Chair, The Hon Ralph Willis has concluded his term. I would like to extend my sincere thanks to Ralph for the amazing contribution he has made. Western Health in 2014 is a very different, much larger and more advanced health service than it was in 2004 when Ralph commenced as Board Chair. We have also seen a number of very significant capital developments over the decade, in particular at Sunshine Hospital. Our patients are able to access services at Western Health today, such as public radiation therapy services, which were unavailable in the West ten years ago. This is partly due to Ralph's advocacy. Thank you and we wish you all the best for the future.

Throughout the year, Western Health has once again been generously supported by many community stakeholders, the Department of Health and the Victorian Government, and financial donors (through the Western Health Foundation). This support is greatly appreciated and makes an incredible difference to the care we are able to provide. Thank you and we look forward to working with you over the next year.

Associate Professor Alex Cockram
Chief Executive, Western Health

Our community is growing at an unprecedented rate and is amongst the fastest growth corridors in Australia.

About Western Health

Western Health manages three acute public hospitals: Western Hospital at Footscray; Sunshine Hospital at St Albans; and the Williamstown Hospital. It also operates the Sunbury Day Hospital and a Transition Care Program at Hazeldean in Williamstown. A wide range of community-based services are also managed by Western Health, along with a large Drug Health and Addiction Medicine Service. Services are provided to the western region of Melbourne, which has a population of approximately 800,000 people.

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

Employing more than 6,100 staff, Western Health has a strong philosophy of working with its local community to deliver excellence in patient care.

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

Our community:

- is growing at an unprecedented rate
- is among the fastest growth corridors in Australia
- covers a total catchment area of 1,569 square kilometres
- has a population of approximately 800,000 people
- 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 Victoria
- speaks more than 110 different languages/dialects
- provides a significant number of our staff
- has a strong history of working collaboratively with Western Health to deliver excellence in patient care.

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

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

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

Our Facilities

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 universities, 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 Victoria.

The maternity services at Sunshine Hospital continue to grow to meet the increasing demand within the community; it now has the third highest number of births of any hospital site in the state.

SUNSHINE HOSPITAL RADIATION CENTRE

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

WILLIAMSTOWN HOSPITAL

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

SUNBURY DAY HOSPITAL

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

DRUG HEALTH AND ADDICTION MEDICINE

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

WESTERN CENTRE FOR HEALTH RESEARCH AND EDUCATION

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

HAZELDEAN TRANSITION CARE

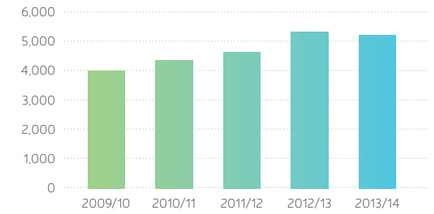
Hazeldean Transition Care is located close to the Williamstown Hospital and provides Transition Care Program services to the people of the West. The Transition Care Program provides goal oriented, time limited and therapy focused care to help older people at the conclusion of their hospital stay.

Responding to Our Community Need

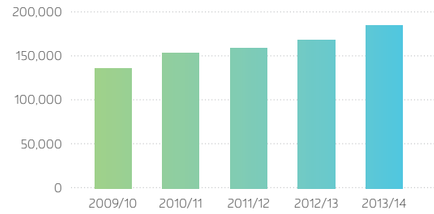
The population of Melbourne's West has almost doubled since the early 1990s and this is reflected in increased demand for health care services provided by Western Health over the past five years. Western Health staff have risen to the challenge of caring for more patients and although our services are busy, the quality and safety of those in our care is our number one priority. Many of the service developments and improvements outlined within this Report have been developed to support this increased demand.

SNAPSHOT OF DEMAND FOR PATIENT SERVICES

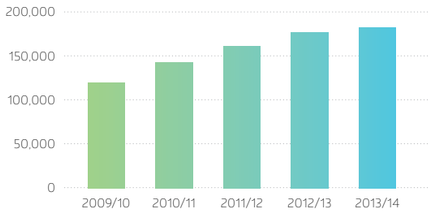
NUMBER OF BIRTHS



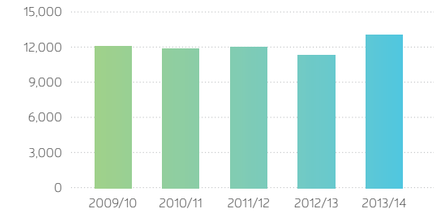
OUTPATIENT ATTENDANCES



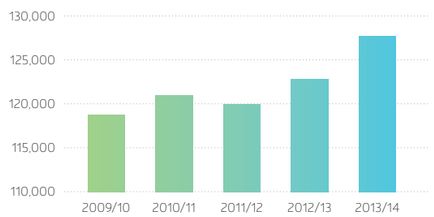
ALLIED HEALTH OCCASIONS OF SERVICE



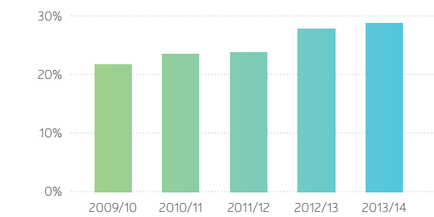
PATIENTS ADMITTED FROM THE ELECTIVE SURGERY WAITING LIST



EMERGENCY DEPARTMENT PRESENTATIONS



% OF EMERGENCY PRESENTATIONS REQUIRING ADMISSION



Changing Health for a Changing West

Western Health is actively working with the Victorian Government to improve our capacity to provide services for the people of the West, with the population expected to reach one million before 2026.

Given this population demand, we are working with our key partners to develop new and innovative models of care to provide an integrated and seamless service system to the people of the West. Western Health recognises the importance of holistic health solutions that are easily accessible to the diverse and vibrant population in our catchment area.

Western Health acknowledges the ongoing generous financial support of the Victorian Government, including funding of $26 million for the redevelopment of an Intensive Care Unit and critical care services at Sunshine Hospital, due to open in early 2015. These services will transform the way in which we are able to support our patients at that campus.

We will continue to work closely with the Government in accordance with our 2006 Master Plan, to develop the infrastructure at Western Hospital Footscray, which will celebrate 60 years in 2014, and the further development at Sunshine Hospital.

In order to meet the extraordinary and rapidly increasing level of demand across the West of Melbourne, our goal is to continue to plan for quality, accessible services that improve the health and well being of the people of the West.

On a Typical Day at Western Health

840
Patients are cared for overnight (acute, sub-acute)

506
Patients see a doctor in an outpatient clinic

350
Patients attend one of our three Emergency Departments

62
Surgical operations take place

307
Patients are discharged

404
Patients are seen by our Community and Care Co-ordination Services

130
Patients require the services of an interpreter

40
Patients are visited at home by our Hospital in the Home program

30
Different volunteer roles offer support to patients, visitors and staff

14
Babies are welcomed into the world at our Sunshine site

3,031
Meals are served

Statement of Priorities

Each year, Western Health identifies how it will contribute to the priorities in the Victorian Government's Health Priorities Framework 2012-2022. The following table lists outcomes against deliverables for 2013/14 agreed between our health service and the Minister for Health.

PRIORITY	ACTION	WESTERN HEALTH DELIVERABLE	OUTCOME
Developing a system that is responsive to people's needs	Implement formal advance care planning structures and processes that provide patients with opportunities to develop, review and have their expressed preferences for future treatment and care enacted	By end April 2014, establish a recommended End of Life pathway and guidelines and action opportunities to promote advanced care planning	COMPLETED End of Life pathway and guidelines established
	Contribute to area based planning initiatives that consider health care across the care continuum	By end June 2014, lead and/ or participate in the following collaborative projects to progress the Better Health Plan for the West: Partners in Recovery, Health Literacy, Mental Health HARP, Workforce Innovation Project	COMPLETED WH has taken an active role in leading and/or participating in the listed collaborative projects.
		By end June 2014, undertake a planning project with our partners in the Western Region, looking at particular aspects of service need	COMPLETED WH has agreed to auspice work on 'Regional Sustainable Hospital Planning', to be developed with Djerriwarrh and Mercy Health. Planning has been completed and projects developed
	Configure and distribute services to address the health care needs of the local population	Progress development of capital projects covering maternity and intensive care.	COMPLETED Milestones met for development of capital projects
Improving every Victorian's health status and experiences	Improve thirty-day unplanned readmission rates	By end December 2013, implement the "Ticket Home" concept to WH inpatient units: Discharge checklist, Journey board standardisation, Expected discharge date boards at the bedside	SIGNIFICANTLY PROGRESSED Re-admission mitigation supported by 'Ticket Home' initiatives of discharge checklist development and patient journey board standardisation.
	Identify service users who are marginalised or vulnerable to poor health, and develop interventions that improve their outcomes relative to other groups	With advice from the WH Aboriginal Reference Group, implement by end April 2014 targeted actions to address the following areas of Aboriginal Health Strategy: Patient Identification, Aboriginal workforce strategy, Designated Aboriginal Space	COMPLETED Aboriginal Unit Office and family room opened, with increase in identified patients. Aboriginal workforce strategy developed and implementation commenced.
Expanding service, workforce and system capacity	Build workforce capability and sustainability by supporting formal and informal clinical education and training for staff and health students, in particular inter-professional learning	By end June 2014, progress implementation of the WH Education & Learning Strategy with a focus on the following areas: Inter-professional Practice and Education opportunities, Post graduate & clinical development opportunities aligned with service planning, Best Practice Clinical Learning Environment Framework	COMPLETED Best Practice Clinical Learning Environment implemented, with increases in inter-professional practice programs and post-graduate training numbers
	Optimise workforce productivity through identification and implementation of workforce models that enhance individual and team capacity and support flexibility	By end June 2014, establish a centralised WH Workforce Planning Unit and co-ordinate the development of integrated WH Workforce Planning.	COMPLETED Workforce Planning Unit established with workforce planning incorporated into new strategy & planning framework for clinical services
Increase the system's financial sustainability and productivity	Reduce variation in health service administrative costs	By end March 2014, implement "SharePoint" platform supported e-forms for workforce process management	SIGNIFICANTLY PROGRESSED SharePoint platform introduced, with business process automation commencing with Employee Self Service leave forms
	Identify opportunities for efficiency and better value service delivery	By end June 2014, implement and deliver savings against 2013/14 WH Business Improvement initiatives	COMPLETED Savings delivered against 2013/14 WH Business Improvement initiatives
Implementing continuous improvements and innovation	Develop and implement improvement strategies that optimise access, patient flow, system co-ordination and the quality and safety of hospital services	By end June 2014, progress implementation of a NEAT (National Emergency Access Target) Action Plan, focusing on: Models of care, Patient flow, Communication, Cubicle capacity & alignment, ED rosters & staff roles, ICT systems supporting emergency care	COMPLETED NEAT Action Plan implementation progressed, with incremental improvement in access and patient flow
	Develop and implement strategies that support service innovation and codesign	By end March 2014, complete a pilot of the Productive Ward to release time to care in WH inpatient units	COMPLETED Pilot complete, with Productive Ward foundation modules rolled out across all WH inpatient units
Increasing transparency and accountability	Prepare for the National Safety and Quality Health Services Standards	By end March 2014, prepare for and undertake external review (EQuIPNational Periodic Review) against National Standards 1-3 covering safety and quality governance, consumer engagement, and infection control	COMPLETED External review undertaken, with compliance achieved against National Standards 1-3 and the award of several 'Met with Merits'
Improving utilisation of e-health and communications technology	Maximise the use of health ICT infrastructure	By end December 2013, deploy (point to point) desktop based audio-visual communication platform to support improved internal communications	SIGNIFICANTLY PROGRESSED Existing communication platform evaluated and redesigned to allow for deployment of audio-visual communication platform
	Trial, implement and evaluate strategies that use e-health as an enabler of better patient care	By end December 2013, complete pilot with GP practices of E-messaging gateway	COMPLETED Pilot undertaken and e-messaging now live for 20 GP practices

Safe & Effective Patient Care

BEST CARE

With input from consumers and staff, Western Health developed a Best Care Framework in 2013–14 to support a more focused approach to quality, safety and the patient experience. Underpinned by themes around what is important to patients and linked to four Dimensions of Best Care: Patient Centred Care, Co-ordinated Care, Right Care, Safe Care, it translates these into behaviours and actions for front line staff, managers, senior clinicians, executive and board.

PERSON CENTRED CARE

Person Centred Care in our Best Care Framework is defined as 'I am seen and treated as a person'.

We have focused over the past 12 months on encouraging staff to understand what the patient 'sees, hears and feels'. This has included putting on 'Hear Me' plays, introducing leadership walkarounds in patient care areas, increasing the number of consumers on Western Health committees and introducing patient feedback boxes.

Understanding care from the patient perspective has also been part of a comprehensive campaign to tackle pressure injuries. The campaign's focus was on purchase and availability of equipment, followed by the production of a Western Health DVD – called 'I thought I would die from it' – Pressure ulcers, the impact on patient lives – which includes interviews with patients who experienced severe pressure injuries. Viewed by more than 1,000 staff, the DVD has contributed to a steady and sustainable decrease in the incidence of severe pressure injuries. It has now been purchased by more than 70 healthcare organisations around Australia and in four other countries.

100 SUNSHINE

An uplifting new website was launched by Western Health in October 2013. Titled '100 Sunshine' (www.100sunshine.com.au), the website contains stories of patients, staff and volunteers who take great pride in their health service and want to share their positive experiences. As a reflection of the value of this activity, the Department of Health has put the link to 100 Sunshine within its online education on the National Safety and Quality Health Service Standards.

www.100sunshine.com.au

Despite an almost 8% increase in presentations to Western Health's Emergency Departments,

we have been able to increase the number of patients who are admitted to an inpatient ward or discharged home within four hours.

Safe & Effective Patient Care (cont.)

COORDINATED CARE

Coordinated Care in our Best Care Framework is defined as 'I receive help, treatment and information when I need it and in a coordinated way'.

We have focused over the past 12 months on making it easier for patients to receive treatment and information.

OUTPATIENT SERVICES

In outpatients, for example, a text reminder tool has been introduced which has supported a decrease in the number of patients who do not attend their scheduled outpatient appointments. An outpatient queuing model has also been introduced where the number of reception desks can be increased or decreased depending on the number of patients in outpatients at any one time and a concierge service has also been introduced to help patients with complex or time-consuming enquiries.

EMERGENCY SERVICES

Despite an almost 8% increase in presentations to Western Health's Emergency Departments, we have been able to increase the number of patients who are admitted to an inpatient ward or discharged home within four hours. This has been achieved by redesigning our models of emergency care to increase the input of senior clinicians in assessing the health concerns of patients and determining the most effective care.

ACCESS TO DIABETES SUPPORT

In response to the high prevalence of diabetes in the west, and associated poor health outcomes, Western Health proactively sought funding for the establishment of a dedicated High Risk Diabetes Foot Service (DFS).

With a phased implementation over a three-year period to accommodate the development of hospital and community based services, the DFS is now the second dedicated High Risk Diabetes Foot Service in Victoria and is filling a significant gap in access to this type of service for residents of the Western Metropolitan Region.

Post implementation of the service there has been a significant reduction in the length of stay of patients admitted to Western Health with diabetes-related foot complications and the number of amputations performed. The service has provided more than 7,000 episodes of care across inpatient, outpatient, emergency department, community clinics and home settings.

RIGHT CARE

Right Care in our Best Care Framework is defined as 'I receive help that makes me feel better'.

We have focused over the past 12 months on understanding and supporting the care needs of our patients.

CHEMOTHERAPY SYMPTOM SUPPORT

Feedback from patients and carers on their lack of confidence in managing chemotherapy symptoms and associated presentations to the Emergency Department prompted the introduction of an innovative Symptom Urgent Review Clinic (SURC). Staffed by experienced oncology nurses, SURC functions as a phone-in or walk-in clinic with patients, carers and clinicians encouraged to call as soon as symptoms occur. SURC has resulted in improved patient confidence in managing chemotherapy symptoms, clinician satisfaction with care and a significant reduction in the proportion of chemotherapy patients attending the Emergency Department.

END OF LIFE CARE NEEDS

Western Health has also focused on understanding end of life care needs for patients. End of life guidelines have been produced and 2013–14 saw the first formalised advance care plans developed with Western Health patients. A Western Health patient case study, 'Zoe calls the shots', was included in the Department of Health's Advance care planning: have the conversation. A strategy for Victorian health services 2014–18, launched in March 2014.

HOME DIALYSIS

Right Care is also about supporting care in the best setting for patients and their families. In what is believed to be an Australian first, Western Health is using innovative telehealth solutions to enable more Victorian patients to undertake home dialysis. Nicknamed the HUG program, it involves using iPad technology to track patients' clinical signs remotely and intervene before they deteriorate. The devices demonstrated a 15% reduction in Emergency Department visits and a 20% reduction in emergency admissions.

SAFE CARE

Safe Care in our Best Care Framework is defined as 'I feel safe'.

INFECTION PREVENTION

In the lead up to an external accreditation survey, Western Health focused on strengthening systems for preventing and controlling infections acquired in hospital. This included the introduction of infection prevention walkarounds, expansion

Safe & Effective Patient Care (cont.)

of infection prevention auditing and education programs, and roll-out of Western Health designed storage units for personal protective equipment. This activity contributed to Western Health receiving four 'met with merit' awards for infection prevention and control at accreditation survey.

CLINICAL DETERIORATION

We have also had a strong focus on timely identification and management of patients whose clinical condition deteriorates. To support the identification and management of patients at an earlier stage of deterioration, the Western Health rapid response team – Intensive Care Unit (ICU) liaison service – introduced deteriorating patient rounding to all inpatient areas and emergency departments across Western and Sunshine hospitals.

This innovative program involves the ICU liaison service conducting daily rounds within the wards and emergency departments to identify patients at risk of deterioration and to assist staff to manage these patients. The program achieved its goals of increasing the number of deteriorating patient referrals to the ICU liaison service and decreasing the unplanned admission rate to the ICU.

ACCREDITATION

Western Health underwent an organisation-wide Periodic Accreditation Review in the week of 17 March 2014, at which time our performance was measured by external surveyors against National Standards covering the governance of quality and safety, partnering with consumers, and infection prevention and control.

Western Health maintained its full accreditation status and received 'Met with Merit' awards for several areas, including:

- our consent processes
- the way we seek and act on feedback from staff on our quality and safety systems
- the action we take to reduce the risks of healthcare associated infection.

The surveyors were extremely complimentary about the care we provide at Western Health, particularly noting:

- the enthusiasm of Western Health staff about the care and services they provide
- that Western Health is ahead of the game with its connectivity with the community
- the excellent Best Care Framework (with the suggestion that we should share this framework with other health services)
- the 'can do' attitude across Western Health.

In summary, the surveyors noted that Western Health is a unique organisation with a really good feel. We 'walk the talk', display respect for each other, our patients and our community, and show a genuine enthusiasm and a real commitment to quality patient care.

VICTORIAN PUBLIC HEALTHCARE AWARDS

In November 2013, Western Health teams were shortlisted as finalists in the following three sub-categories of the Victorian Public Healthcare Awards:

- Excellence in supporting self-managed healthcare – an aquatic approach to balance retraining for falls and prevention: the Ai Chi based group 'Aquabalance'
- Excellence in person-centred care – a culturally sensitive approach to parent education in food modification: the Global Mealtime Guide
- Secretary's Award for improving patient outcomes and patient experience – The SMART partnership in managing palliative care.

Western Health was also named as one of three finalists in the Metropolitan Health Service of the Year award.

(Back left to right) A/Prof Alex Cockram, Executive Director Community Integration, Allied Health & Service Planning Dr Arlene Wake, Director Allied Health Natasha Toohey (front left to right) representing the 'Aquabalance' team Physiotherapists Melissa Hewitt and Tammy Dinh.

Deb Hyde considers the Pastoral Care team at Western Health as extended family.

"It takes a special type of person to be able to take on a role in Pastoral Care and Day Hospice, so I count myself lucky to have met such special people," Deb said.

Leading up to and following the death of her mother Annie in October 2012, Deb turned to Pastoral Care Manager Khanh Do and his team to help deal with her loss. "The Pastoral Care team were there for me when I was going through one of the hardest times of my life," Deb said.

"I only met Helen (Pastoral Care Catholic Chaplain Sr. Helen Robinson RSJ) a few days before Mum passed away but I felt like I had known her for years."

"They are like an old friend, someone who is there for you, without any judgment."

"Sometimes it's just the kind words of comfort or an arm across your shoulder when you are feeling down that really helps," Deb added.

Annie was no stranger to the Pastoral Care team, having spent seven years attending the Sunshine Hospital Day Hospice. "Mum loved the Day Hospice and Pastoral Care staff," Deb said.

"She would often come home with a big smile on her face and say guess who I saw today... Khanh."

"She thought very highly of Khanh, Jenni (Day Hospice manager Jenni Zerafa) and their teams.

"To know that mum was safe and was being well cared for two days a week at the Day Hospice was one less thing for us to worry about."

"She really cherished the friendships she made through the Day Hospice program and the people there, both patients and staff, were a wonderful support to mum," Deb added.

Since her mother's death, Deb regularly visits the Pastoral Care and Day Hospice staff at Sunshine Hospital. Deb has also shared her story with others, most recently at an Acknowledgement Gathering at Sunshine Hospital to mark Pastoral Care Week October 2013.

"There is a sense of strong enthusiasm and engagement by staff and all stakeholders in the organisation."

Comment from surveyors in the Periodic Review report

People & Culture

INSPIRED BY OUR VALUES

During 2013/14, Western Health redesigned its staff recognition awards, naming them the Inspire Awards. The first recipients were presented with their awards in early 2014 and another group received their awards in May.

The INSPIRE Awards recognise and celebrate those employees and volunteers whose actions inspire others to live our values.

The Awards enable us to recognise and promote some of the great work being done by employees and volunteers at Western Health. They focus on teams as well as individuals, and on enabling input from patients, families and community as well as from employees and managers.

They offer both employees and volunteers and patients and families another way of saying thank you to someone who has made a difference to their experience of work or care at Western Health.

In an innovative approach to encouraging staff to emulate the values, a photography competition was launched by the Chief Executive. Called IMAGINE – the Western Health values in images. A diverse range of staff took part and produced some fascinating images.

PERFORMANCE DEVELOPMENT

In 2013/2014 Western Health undertook a specific project to improve our employee's annual Performance Development completion rates across all disciplines and work areas. The project enabled a focussed approach on specific staff disciplines where performance development completion rates were under the target of 90%.

By March 2014, Western Health was able to confirm that 94% of our staff had participated in an annual Performance Development discussion. The compliance rate in the Senior Medical professional group was recorded at 91% - a particularly strong result compared to previous years.

MENTORING PROGRAM

As part of the Western Health Organisational Development Plan 2013-2015, a Mentoring program was established, targeted at the Executive level initially with a longer term plan to cascade the program through the organisation.

The first group of 30 participants was selected and commenced in February 2014. Each mentoring program has a 6-9 months duration period and as each program completes it delivers a new set of educated mentors to support the next mentoring program.

The mentoring program was established to support the development of our young career professionals within our organisation. At Western Health we are fortunate to have an abundance of professional, talented employees and to enhance their prospects; we need to provide development opportunities beyond the traditional classroom education that has been their experience to date. Western Health's Mentoring Program will run annually with a new intake each year and will deliver new types of formal partnerships and networking opportunites.

A SUCCESSFUL REGISTERED TRAINING ORGANISATION

As one of only five health services in Australia that is a Registered Training Organisation (RTO), we are developing a reputation as a Centre for Excellence in Education. Since 2009, 39% of Western Health employees have gained a qualification via the RTO. In 2013, the partnership between the RTO and Victoria University was recognized with the prestigious national Ashley Goldsworthy Award for Sustained Collaboration between Business and Tertiary Education from the Business and Higher Education Roundtable.

A key strategy for Western Health has been to deliver customised, flexible and accessible training for staff through the enterprise Registered Training Organisation (RTO). The RTO provides staff with greater choices of training that focus on the knowledge and skills required to perform their role competently, whilst gaining a nationally recognised qualification. This has created an integrated and seamless health workforce through enhanced employability, and a greater amount of flexibility within the workplace. This helps meet the evolving needs of the health sector and our region, and most importantly our patients. Enterprise Registered Training Organisations can:

- Train staff at convenient times, both on and off-the-job, at times and places suited to its schedules
- Customise training to meet specific needs and adapt the training to work within its systems and procedures
- Reduce recruitment costs by increasing retention of staff
- Access government funding.

The other driving force behind the decision to gain RTO status for Western Health were the limited capability of other RTOs in our region to deliver at the required standard.

What is unique is the breadth of training and the reach the RTO has, enabling staff that would not ordinarily access or pursue formal education either because of financial restrictions or purely through fear based on prior experience. Some of our staff have never had any formal education and the RTO has built their confidence and nurtured their performance and opened up their career opportunities.

People & Culture (cont.)

SGE CREDIT UNION/WESTERN HEALTH EXCELLENCE AWARDS

At the 2013 Annual General Meeting in November, the winners of the 2013 SGE Credit Union/Western Health Excellence Awards were acknowledged and rewarded for their extraordinary work in improving services across the organisation.

The SGE Credit Union/Western Health Excellence Awards Program was launched in 2012 as an enhancement of the successful Excellence in Innovation Awards, which were presented in previous years. The program now aims to recognise and reward achievements across many of Western Health's Strategic Priority Areas. Twenty one submissions were received for this year's Awards.

The new awards were presented in four of the five Strategic Priority Areas - Safe & Effective Patient Care, Community & Partnerships, Research & Learning and Self-Sufficiency & Sustainability - and two Special Acknowledgement Awards.

The first Special Acknowledgement Award went to Kathy Kirby and the BCOP Nursing Champions Program, for excellence in response to identified patient care needs. The Program aims to support workforce capacity building in responding to the highly specialised needs of older people in hospital settings.

The second Special Acknowledgement Award went to Julia Firth and the Diabetes Foot Service, also for excellence in response to identified patient care needs. The Diabetes Foot Service at Western Health was a newly created service in 2011. It aims to address a gap in diabetes care for residents in the Western Region.

The Award for the category of Self-Sufficiency and Sustainability went to Gavin Chave and the Health Support Services team, for Linen Efficiency through Redesign. In July 2012, the Department of Health provided the Western Health Redesigning Care Team and Health Support Services with an opportunity to look at how they utilise their linen and how to implement cost effective and time saving measures, which has yielded phenomenal results.

The winner of the Safe and Effective Patient Care category of the Awards was Leigh McDougall and the team on Ward 3 East for their project "These Hands Could Kill". Leigh is the Nurse Unit Manager on Ward 3 East at Western Hospital, and in collaboration with Richard Bartolo, Infection Prevention Manager, was able to focus on reducing the local incidence of hospital-acquired C.Diff by 88%. This was achieved by the multi-pronged strategy of the "These Hands Could Kill Project".

Health Support Services Team Members (left to right) Marie Brennan, Michael Woods, Chris Neumann, Peter Jones, Karen Lamendola and Scott Hughes.

The winners of the Research and Learning category of the Awards were Dr Sam McArthur and Dr Harin Karunajeewa for Ethnically Appropriate Fetal Centile Growth Charts. Sam and Harin have been conducting research using birthweight data from the Sunshine Birthing Outcomes database to explore inter-ethnic differences and evaluate a novel methodology for deriving centile charts. With birthing numbers at Sunshine Hospital ever increasing and a great diversity of family backgrounds, this research and the outcomes it has yielded are more important than ever.

The winner of the Community and Partnerships category of the Awards was A/Prof Craig Nelson for the eMAP CKD (chronic kidney disease) Victoria project – Electronic detection & Management Assistance to Primary Care in CKD in VICtoria. eMAP CKD VIC is a program that aims to demonstrate that eHealth technologies can be developed to enable Health Services to work with Medicare Locals and Primary Care to implement best practice guidelines and quality assurance programs for Chronic Kidney Disease (CKD).

OH&S AWARD WINNERS

Each year, Western Health acknowledges the contribution made by staff in providing a safe and healthy workplace. In 2013, more emphasis was placed on OH&S than ever before, with the introduction of a number of new awards, generously sponsored by Allianz Risk Management Fund.

The winner of the new Health and Safety Representative Award, established to recognise a person who is actively involved in promoting health and safety in their designated work group, was Dimce Kotevski.

Dimce has been the Safety Representative for Adult and Specialist Drug Health Services since 2012 and assumed the role with great enthusiasm, regularly engaging with staff and managers regarding OH&S issues with the aim of improving the health and safety of all staff and clients.

The winner of the OH&S Staff Award, designed to recognise an individual staff member who has made a significant contribution towards improving the health, safety or wellbeing of their colleagues or work area, was Belinda Lyons, Facilities Manager in the WCHRE.

Belinda implemented an innovative solution to minimise the manual handling risk associated with refilling soap dispensers at the WCHRE. Her solution involved installing hinges on the mirrors and removing any unnecessary soap dispensers in every bathroom to reduce the need for cleaning staff to hold up the mirrors while refilling the soap dispensers.

The Back 4 Life Trainer Award was newly established to recognise a Back 4 Life Trainer who has acted as a positive role model and resource within their department with regards to patient manual handling.

This award went to Nicole Keogh, who has been a Back 4 Life Trainer in the Intensive Care Unit for approximately five years. Nicole is dedicated towards ensuring that the staff have completed their annual competencies and perform safe patient handling techniques.

The Group OH&S Award, designed to recognise a staff group who have made a significant contribution towards improving the health, safety or wellbeing of their work area, went to the Physiotherapy Therapeutic Handling Committee which encompasses staff from Western, Sunshine and Williamstown Hospitals.

The Committee won its Award for the development of a training, competency and procedure package for safe therapeutic handling of patients by physiotherapists across Western Health. This package assisted in maintaining the safety of Physiotherapy staff whilst allowing for the effective treatment of patients.

The Manager of the Year (OH&S) Award was also newly established last year, to recognise managers or supervisors who have been proactive in ensuring the safety and wellbeing of the staff in their department and in risk management practices.

Leigh McDougall, Nurse Unit Manager of Ward 3 East at Footscray, won the Award for being proactive in providing a safe working environment, communicating with staff regarding OH&S issues and leading by example. He has also implemented a number of solutions to manage OH&S risks within the ward.

(Left to right) Western Health Board Member Malcolm Peacock, Belinda Lyons and Allianz sponsor representative Philip Steele.

OPEN ACCESS BOARD MEETING

Western Health held its annual Open Access Board Meeting on 5 June 2014 at the Williamstown Town Hall, with close to 70 people in attendance.

The purpose of these meetings is to provide an opportunity for members of the community to learn more about key areas of focus for the Board and have an input into plans and decisions.

The evening involved hearing from consumers who have experienced the services of Western Health and learning about Western Health's Best Care Framework.

Former Western Health patient, Sharon Newall and her husband Mark addressed those gathered, sharing their various experiences throughout Sharon's treatment after suffering a stroke in December 2012.

All up, it has been calculated that Sharon worked with 46 Allied Health staff on her road to recovery.

Add to that the nurses, doctors and specialists that attended to Sharon during her three months at Western Health and continued outpatient appointments since she was discharged and Mark estimates Sharon would have come into contact with close to 400 staff members.

"All of those people made a difference, no matter how big or small their role was in my recovery," Sharon said.

"Every (staff member) has a role to play in caring for patients and every patient is as important as the next person."

Attendees also had the opportunity to talk with Board members in small groups about their own experiences and suggestions for how Western Health could provide Best Care.

The following themes were identified through group discussion and questions raised by consumers. The themes and details of group discussions have been forwarded to Western Health's Best Care Committees to compare against planned areas for improvement.

- Clearer communication between staff, patients and carers
- Vigilance and accountability in paying attention and responding
- Specific care pathways from adolescents to adults and people with disabilities
- Acknowledging and understanding cultural sensitivities and meeting the needs of specific communities, for example, transgender
- Transition to the home environment through greater support
- Emergency care and what happens at the first point of care
- Upgrading ageing buildings and facilities

Attendees were invited to complete an evaluation questionnaire, which revealed a positive response on the value of the meeting:

- 100% of respondents thought the focus of the meeting on Best Care was good or excellent
- 88% of respondents felt that the way the meeting was structured (consumer question and answer, presentation, group discussions) was good or excellent
- 83% of respondents rated their opportunity to contribute to discussions or share their thoughts as good or excellent but asked for more time to be allocated to group discussions with the board.

Community & Partnerships

COMMUNITY CARE MODELS

Western Health places a high value on providing community based care models right across its services. We offer the highest proportion of community based care options and midwifery-led models for pregnant women of any maternity hospital in the state, with 49 clinics in 15 different community locations. The Hospital in the Home services are now run directly by Western Health and in the last year, 1,600 patients received hospital care in their own homes, 600 more than the previous year. Our Residential Inreach Team provide medical care to residents in aged care facilities and this year they assisted more than 1300 patients.

SUNSHINE OPEN DAY

On Sunday 13 October, more than 2,000 members of the community came to Sunshine Hospital for a Sunshine Community Day. Sunshine Hospital was abuzz throughout the day with live music and entertainment, activities for kids, health and wellbeing workshops and fascinating behind the scenes tours.

Despite bleak weather, a strong crowd attended the festivities, aimed at showcasing the many new facilities at the hospital, including the $90 million extension, the wonderful $51 million research and training building and the Radiation Therapy Centre operated in conjunction with Peter MacCallum Cancer Centre.

WORKING WITH PARTNERS TO PROMOTE A HEALTHIER COMMUNITY

We take our role as a significant community partner in Melbourne's West very seriously. We are a major employer; we work closely with partners to promote a healthier community; we participate actively in a wide range of community events and we advocate for the overall health and wellbeing of the region.

Western Health launched the Better Health Plan for the West (BHPW) in 2012–2013, a landmark strategy in which 22 partner organisations agreed on a consistent set of health priorities. As the auspicing agency, Western Health is hosting a BHPW forum to showcase progress and identify opportunities for further regional integrated health planning. In addition, we have agreed to auspice work on Regional Sustainable Hospital Planning, to be developed with Djerriwarrh and Mercy Health in a Department of Health supported project.

Western Health is driving the implementation of truly collaborative projects in areas such as health literacy, service navigation and workforce innovation. The BHPW initiative on health literacy resulted in a consumer-led Western Health Patient Information Review Group, the first of its kind in our region. The group has reviewed more than 40 patient information publications to date.

In addition, an interactive, easy to use Patient Health Information Centre has been established for our consumers and their families, with senior clinicians offering their services pro-bono to respond to patient questions.

Strengthening our partnerships with Medicare Locals has enhanced Western Health's capacity to support self-management of chronic and complex conditions, with regular CEO level meetings held to identify and develop partnership models of service delivery. We have commenced a program with the Macedon Ranges and North Western Melbourne Medicare Local, which involves Diabetes Educators visiting GP clinics to upskill clinic nurses and providing GPs with access to a hotline.

Western Health has assisted the Western Bulldogs to establish and run the Sons of the West Men's Health Program' designed to improve health behaviour and health status. Western Health has also targeted healthy lifestyle and risk taking drug and alcohol behaviours amongst young people with the implementation of the Western Alcohol Reduction Program in conjunction with Essendon-Keilor and Copperfield colleges.

Community & Partnerships (cont.)

ABORIGINAL HEALTH

Western Health is working on various fronts to improve its response to our indigenous communities. Part of this involves our role as a major regional employer. During 2013–14, we received funding from the Department of Health to support our indigenous employment strategy.

Western Health's Aboriginal Health Unit has been expanded and now includes a staff member who manages Koori Maternity services and works with the midwife to support Aboriginal women during and after pregnancy and birth. The opening of an Aboriginal Unit Office and family room at Sunshine Hospital has had immediate impact, with the doubling of identified patients at the Sunshine Emergency Department.

A Western Health Aboriginal Health Reference Group has been set up with consumers and Aboriginal community members. Staff orientation now includes a dedicated segment presented by the Aboriginal health team; training has been introduced for staff on how to capture indigenous status; and Aboriginal cultural awareness workshops are being held on a regular basis.

REMOTE AREA HEALTH CORPS PARTNERSHIP

In 2014, five senior Western Health Emergency Department nurses will be involved in exciting placements to the Northern Territory as part of a partnership program with Remote Area Health Corps (RAHC).

During the course of their placements, the nurses will spend six weeks in remote indigenous communities providing primary health care. The first nurse departed in May, with the other participants following consecutively over seven months.

RAHC is funded by the Australian Government Department of Health under the Stronger Futures in the Northern Territory Through Health Budget measure. It aims to address critical health workforce shortages in remote indigenous communities by attracting and recruiting urban-based health practitioners and placing them in short-term placements in those communities where there is demand.

The partnership offers Western Health nursing staff the opportunity to experience the cultural and health issues of the indigenous people living in remote settings.

SUPPORTING PATIENTS WITH DEMENTIA

Dementia patients on Sunshine Hospital's Secure Geriatric Evaluation and Management (GEM) Ward now have access to a purpose-built therapy garden.

The Secure GEM Ward provides care for one of Western Health's most complex and vulnerable patient groups. Therapy gardens for people with dementia have been found to have measurable positive outcomes on behaviour, mood, depression, social interaction, sleeping patterns and awareness. The redevelopment of an outdoor area into a therapeutic garden represents a wonderful collaboration between Western Health's Division of Subacute and Aged Care, Engineering Department, Community Engagement and Volunteer Team, the Western Health Foundation and community partners.

Western Health's volunteers have also been actively engaged in our Taking Time to Talk initiative, involving specific training for volunteers to provide social support for patients with cognitive impairment.

The above initiatives have led to a marked decrease in challenging behaviours for this vulnerable patient group.

Western Health Volunteer awarded Most Outstanding Achievement

One of Western Health's youngest volunteers claimed top honours in the 2014 Minister for Health Volunteer Awards.

Western Health volunteer Linda Diep was awarded the Most Outstanding Achievement by an Individual in a Metropolitan Health Service at an awards ceremony at the Melbourne Cricket Ground on Wednesday 14 May 2014.

Linda, 20, has been volunteering at Western Health since she was 16.

She undertakes many roles, including event support for the Western Health Foundation, running the library trolley, where she has also encouraged her younger brother and her parents to complete shifts with her, along with volunteering in the Opportunity Shop on weekends with her family.

Linda frequently offers her time to sit and talk with the patients and visitors, enhancing the patient experience and contributing to their wellbeing.

Linda also provides administration support for the Research Department at Sunshine Hospital, all while doing a science degree at RMIT.

"I want to share, from my heart, what I have and what I can do best to help others and assist anyone in need, such as supporting and comforting patients and sharing good moments," Linda said. "I'm always learning more and meeting new people, and it allows me to have great connections in my community."

Western Health's Community Engagement and Volunteers Manager, Jo Spence, said Linda is a great role model for all young volunteers and has played an integral role in encouraging other young people and families from her local Vietnamese community to be connected with the local health service.

"Linda is a very community minded and giving young woman. She is a real leader and a person who others feel very comfortable around," Jo said.

"Linda has a very giving spirit and truly just wants to help wherever it is needed.

"This award is a wonderful recognition of Linda's dedication and hard work. It is also testament to the fantastic Volunteer Program at Western Health, which now has more than 450 volunteers."

Community & Partnerships (cont.)

WESTERN HEALTH FOUNDATION

The Western Health Foundation was established in 2011 to work with individuals, families and organisations across Melbourne to help us provide the best in patient care. In two short years, the Western Health Foundation has developed a vibrant and growing community of support for our hospitals and specialist healthcare services.

In July 2013, we commenced a $1.1m appeal to redevelop the Children's Ward at Sunshine. The new ward will open in October 2014 and will feature a family room, kitchen, laundry, quiet room, lounge and play room for parents and siblings. We thank Ronald McDonald House Charity (RMHC), Jenny Sadler, her family, friends and supporters from McDonald's in Melbourne's West for funding this new centre.

With a child-friendly staff station, a new high care nursery, isolation room, day procedure recovery room and treatment room, the Children's Ward will be well-equipped to serve our growing population.

We would also like to thank Dr Susan Alberti, AO, the Robertson Family and Watergardens Hotel, Fiona and Michael Bacash from Bacash Restaurant and the Zouki Group for their leadership gifts, and indeed all our supporters for their commitment to this inaugural project of the Foundation.

The annual Western Health Race Day raised a record $130,000 and in April we launched WalkWest, a new event sponsored by Toll Group, which attracted more than 500 supporters who walked and ran along the beautiful Maribyrnong River.

In a moving ceremony, with senior members of Victoria Police present, the Blue Ribbon Foundation hosted a Dedication of the new Urgent Care Centre, created to accommodate our medical and nursing staff within the Western Hospital Emergency Department.

The new Maternal Fetal Medicine Unit at Sunshine will now be equipped with 'state-of-the-art' ultrasound systems, thanks to the generous support of the Besen Family and Highpoint Property Group.

Thanks to Maribyrnong auxiliary, our Western Outpatients Department has a new ophthalmic microscope.

Special thanks to our Board Chair, Mr Bob Scarborough, and all members of the Foundation Board for their leadership and guidance over the past year.

WESTERN HEALTH VOLUNTEER PROGRAM

Western Health Community Engagement Volunteer Program is seen as one of the most dynamic programs across the health services within Victoria. Over the past 12 months the program has launched extensive engagement with the local community through partnerships with local special schools and mainstream secondary schools to establish opportunities for younger people to gain experience and knowledge in what it is like in a health service environment. These partnership have allowed for a clear pathway for the students to feel connected with their local health service. Copperfield College, Jacksons Special School, Keilor Downs Secondary College and Harvester College are all part of this program.The partnerships have resulted in refurbishments of garden spaces, beautification of patients areas and garden upgrades. The students have also been directly involved in the patient experience through pilot programs such as " bedside reading" "garden planting and harvesting" and musical performances at the bedside.

The Volunteer Program operates across all sites and during the past year has expanded the Volunteer Meals Assistance Program where the volunteers support patients at meal time. The Comfort Care Program has been reviewed and now offers support to families in the special care nursery seven days a week. The volunteers continue to offer support and comfort to our patients and families within the Emergency Departments and this program is also seen as a great support to staff within this department. During 2013/2014 the volunteer program extended the Taking Time to Talk Initiative to include Footscray Hospital. These volunteers spend time with patients who are at risk of a delirium.

Training has been a real focus for the entire volunteer program and all volunteers have had access to Cultural Diversity, Understanding the Patient Experience, development of communication skills and Occupational Health and Safety Training.

Western Health is also supported by Auxiliaries and Opportunity Shops that are resourced by volunteers.These hard working and committed volunteers have raised funds to support the Secure Gem Therapy Garden, Infection Control cabinet implementation and site redevelopment.

The Community Engagement and Volunteer Program at Western Health is a well-respected resource that the organisation acknowledge and appreciate.

With a refurbishment and a Gala Re-Opening in August, the Williamstown Opp Shop is thriving and the team is committed to supporting the 120th Anniversary Appeal for Williamstown Hospital in late 2014.

Research Highlights 2013

357
Published journal articles

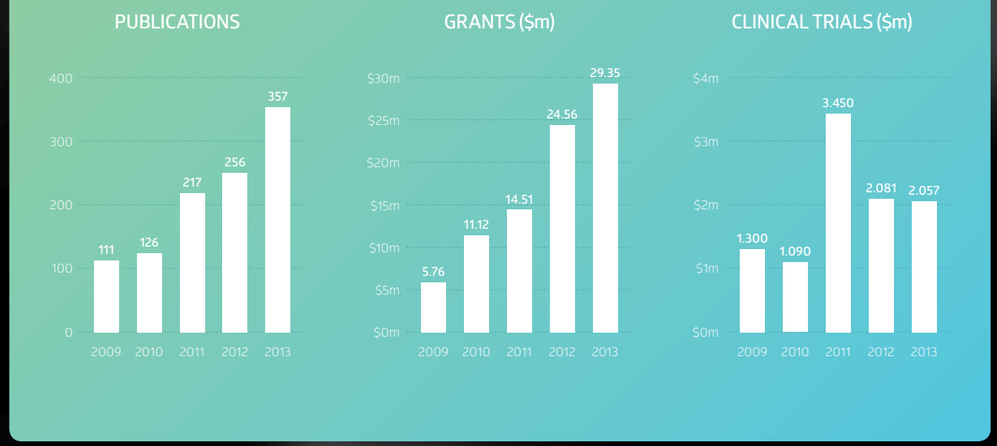
207
Research projects approved

3
Published book chapters

255
Seminar and conference presentations

$2.05m
Income from commercially sponsored clinical trials

$29.35m
Awarded or held for research grants during 2013*



** Total awarded for the duration of the grants to our researchers and their collaborators*

Research & Learning

RESEARCH WEEK AWARDS

Western Health's annual Research Week, held on 11–15 November, gave an exciting overview of the extent and variety of research undertaken by Western Health researchers with our two main partners, The University of Melbourne and Victoria University.

On Monday 11 November, the Victorian Minister for Health and Ageing, the Hon. David Davis, officially launched Western Health Research Week at the Western Centre for Health Research and Education at Sunshine Hospital. Executive Director of the Victorian Comprehensive Cancer Centre, Professor Jim Bishop AO, presented a thought-provoking opening keynote address on the impact of research partnerships in improving the health of people living in Melbourne's west, highlighting the many significant projects already underway.

Research Week featured a number of distinguished keynote addresses as well as presentations from Western Health researchers, including medical and surgical registrars, allied health and nursing staff, showcasing their research projects.

RESEARCH GRANT

The newly established Western Health Research Grant, which is funded from contributions from staff specialists at Western Health and other sources, provides funding for research conducted at Western Health. The grant program aims to promote new areas of multidisciplinary research in chronic disease, generate pilot data contributing to an external research grant application, and promote projects that will improve patient outcomes. The following researchers and their colleagues received the inaugural awards:

- Nadim Shah (Cardiology) awarded $10,000 for research into the prevalence of asymptomatic coronary heart disease in the siblings of young myocardial infarction patients and the utility of coronary CT angiography as a screening tool (with Chiew Wong, Anne-Maree Kelly, Kean Soon).
- Elizabeth Skinner (Physiotherapy) awarded the precise sum of $9,994.50 for research into serum activin, muscle mass and physical function in patients with critical illness - an observational cohort study (with David Scott, AIMSS and Yi Tian Wang, Frankston Hospital).
- Marita Walsh (Maternal Fetal Medicine) awarded $10,000 for her research 'Is Placental Growth Factor (PLGF) detected in maternal serum useful as a marker to differentiate between pathologically growth restricted foetuses and constitutionally small foetuses?' (with Jo Said).

WESTERN HEALTH LOW RISK ETHICS PANEL MEMBERSHIP

CHAIRPERSON

Elizabeth Hessian MBBS FANZCA Consultant Anaesthetist

DEPUTY CHAIRPERSON

Debra Kerr RN MBL PhD Senior Lecturer, Faculty of Nursing, Victoria University

LAWYER

Paula Shelton BA LLB Practice Group Leader-Medical Law Group Slater and Gordon Lawyers

COMMUNITY MEMBER

Keri Chater PhD M.Nurs BSocSc RN

REVIEW MEMBERS

Angela Marsiglio MBBS BMedSci DRANZCOG Anaesthetic Registrar

Angela Mellerick RN Nurse Unit Manager Day Oncology

Anne Marie Southcott MBBS FRACP Director, Respiratory and Sleep Disorders Medicine

Elizabeth Skinner PhD BPhty Physiotherapist Intensive Care Unit

Emily Incledon BBSc (Hon) DPsych (Clinical) Assoc MAPS Clinical Health Psychologist

Harin Karunajeewa MBBS FRACP PhD Director, Clinical Research – Division of Medicine

Jenny Schwarz MBBS FRACP GDipEd GDip Pall Med Clinical Associate Professor in Geriatric Medicine

Julian Choi MD FRACS Consultant Surgeon

Lei Ching Yeoh BPharm Clinical Trials Manager

Lynette Reid-Price MClinEpi MAppMgt(Hlth) BBiomedSc Manager Medical Specialty Diagnostics

Sathyajith Velandy Koottayi MBBS MD FJFICM Intensivist

Terence McCann PhD MA RMN RGN DipNurs (Lon.) RNT, RCNT Professor of Nursing, Faculty of Nursing (Victoria University)

Tissa Wijeratne MBBS (Hons) FRACP FAHA Consultant Neurologist

More than 10% of our 6,000 strong staff attained a formal qualification over the last 12 months.

Research & Learning (cont.)

MANAGER

Tam Nguyen PhD GDipSono BSc BE(Biomed) FRSPH Manager, Office for Research
Honorary Senior Fellow, Faculty of Medicine, Dentistry and Health Sciences (The University of Melbourne)

SECRETARY

Virginia Ma BBiomedSc (PharmSc)
Research Governance Officer

Note: Further detail on Western Health's research activities are contained in the Western Health Research Report – a partner document to this Annual Report.

EDUCATION STRATEGY

The Western Health Education Strategy 2011 - 2015 has moved into the third and final phase of implementation and has continued to focus on engaging talent and supporting best practice through a range of program areas. This year the objectives centred on:

- inter-professional practice and education opportunities
- expansion of clinical development programs and postgraduate activity
- best practice clinical learning environments.

During 2013–2014, we built on the success of prior years and realised a number of key achievements and firsts for Western Health. Activity continues to increase and more and more staff are receiving the benefit of continuing professional development opportunities and attainment of qualifications. The result is that Western Health is an organisation well placed to respond to a region of considerable extremes, needs and demographics.

Our commitment to the State's priorities is evidenced through the continued growth in placement activity, use of innovative approaches such as simulation, and the breadth and quality of training we deliver.

We continue to support training for the whole health workforce, from vocational certificates in technical roles (CSSD, Theatre and Pharmacy) and management training through to specialist training programs such as orthopaedics and emergency. More than 10% of our 6,000 strong staff attained a formal qualification over the last 12 months.

Our training is frequently offered to other agencies such as RDNS, Western Region Health Care, Western Private and Melbourne Health. As a result of our commitment, our turnover is very small (<6%) and retention from our graduate and intern programs is over 90%.

In other firsts, Western Health:

- developed an interventional cardiology postgraduate subject for LaTrobe University
- offered a course in service coordination in partnership with Victoria University and Health West
- was the only Victorian-based training organisation delivering a Certificate IV in Casting Technology qualification
- was accredited to support an Anaesthetic Registrar to rotate work in the simulation centre as part of their specialist training program
- delivered a surgical registrar orientation program using simulation and a skills-based teaching approach.

Part of the strategy to increase inter-professional practice and education has been an influx of activity in simulation and in face-to-face development programs in areas such as mental health, cultural awareness, clinical deterioration and communication, for example, 'Breaking Bad News' and 'Manage a Family Meeting' workshops. The Health Workforce Australia funded simulation program, STRIPE (Simulated Training and InterProfessional Education), which has moved into a third phase of delivery, and the Practical Obstetric Multidisciplinary Training program (PROMPT) are other examples of Western Health shaping the culture and building clinical capability across the continuum of learning.

Western Health strongly aligns with best practice frameworks, which can be evidenced by our strategic priorities and Education Strategy. This year we completed a detailed self-assessment against the Best Practice Clinical Learning Environment Framework and we now have a platform to build the learning culture and continue to improve systems and processes that will improve learning outcomes. This will underpin the next phase of development of the organisation-wide strategic plan from 2015.

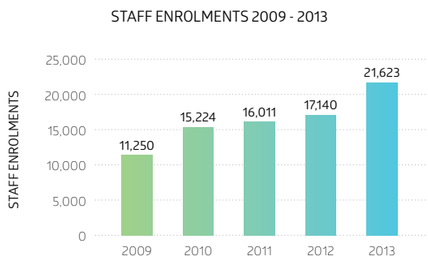
The Maternity Connect program, which is supported by Western Health on behalf of the Victorian Department of Health, has flourished this year. We have achieved well above our target of 40 midwives to enter into a clinical experience program, with more than 70 midwives accessing clinical development and support. Maternity Connect was showcased at this year's People in Health Summit at the MCG in Melbourne, along with four other program areas led by Western Health.

Western Health is focused on a holistic approach to staff development and we have heavily invested in our leadership development. In 2013, 125 clinicians completed a leadership program and our third intake into a Graduate Certificate of Health Service Management began in March 2014.

EDUCATION HIGHLIGHTS

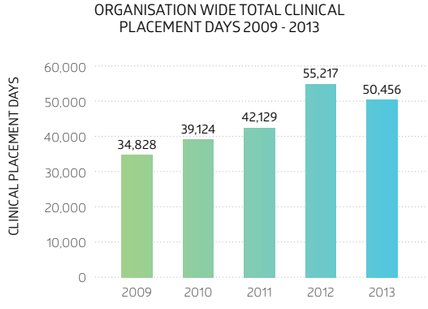
EDUCATION ENROLMENT TRENDS

In 2013, there were a total of 1126 education sessions and a total of 21,623 staff enrolled.



WESTERN HEALTH CLINICAL PLACEMENT DAYS

The graph outlines the growth in clinical placement activity across the last five years 2009–2013. This activity covers allied health, medicine, midwifery and nursing.



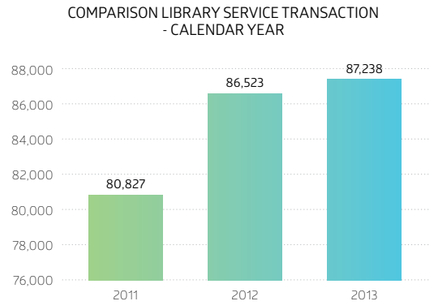
SIMULATION ACTIVITY

A total of 1,651 hours of simulated education was delivered in 2013.

LIBRARY TRANSACTION TRENDS

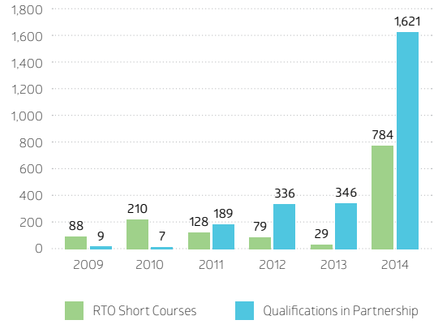
This includes hands-on database training sessions, orientation, print loans, document delivery, acquisitions, librarian mediated literature searches, cataloguing, borrower registrations and reference queries.

The 0.82% increase is attributable to an increase in the number of group database and library orientation sessions.



ACCREDITED TRAINING AND REGISTERED TRAINING ORGANISATION ACTIVITIES

Western Health's Registered Training Organisation (RTO) delivers cost-effective training through the development of partnerships and by harnessing internal training capacity.



Western Health hosts International Simulation Course

In late February 2014, the Simulation Centre in the Western Centre for Health Research and Education (WCHRE) at Sunshine Hospital hosted an international simulation course titled 'Simulation as a Teaching Tool'.

Course Directors Robert Simon and Demien Szyld, from the Centre for Medical Simulation in Boston in the US, which is affiliated with Harvard University, and Julian van Dijk, the Director of Simulation from St Vincent's Hospital in Melbourne, conducted the four-day course.

The course, attended by seven doctors from Western Health and 13 clinicians from across Melbourne, provided an opportunity for participants to explore the methodology of simulation.

"The course draws on the disciplines of aviation, healthcare, psychology, experiential learning and organisational behaviour, and participants learn how to teach clinical, behavioural, and cognitive skills through simulation," Simulation and Welearn Manager, Janet Beer said.

"A large focus of the course was the debriefing method called Advocacy/Inquiry, which teaches clinicians to use good judgment when debriefing and explores the frames of individuals to try and understand and change behaviours to achieve the desired performance." Janet, who completed the course in 2009 said.

"I know many of our senior clinicians are very passionate about teaching and want to advance their skills in simulation, particularly debriefing, so it was wonderful that they were able to participate in this course." Janet said.

"I could see they were all gaining so much from it as the week went by. We even had a simulated cardiac arrest scenario in the stairwell, which one of the groups created, where a footy fan (SimMan) required resuscitation, with a simulated crowd to cause a distraction. That was a lot of fun."

Feedback from the participants was overwhelmingly positive with one participant saying that he felt the course was a "life changing experience".

Executive Director of Medical Services, Mark Garwood, closed the course and noted its focus on providing tools for clinicians to improve communication between themselves and patients and carers, importantly leading to improved safety, quality of care and experience for patients.

"Ineffective communication is one of the main contributing factors in medical errors and inadvertent patient harm," Mark said. "Based on the success of this course, it is likely to be the first of many such courses held in the Simulation Centre at Sunshine Hospital."

Self-Sufficiency & Sustainability

THEATRE OPENING

Victorian Minister for Health and Ageing, the Hon. David Davis, was on hand to officially open Williamstown Hospital's long awaited fourth operating theatre on 27 February 2014.

An initiative of the National Partnership Agreement, the redevelopment of the operating suite includes an additional operating room, nine recovery bays and the expansion of the Central Sterile Supply Department (CSSD).

The new theatre offers state-of-the art operating and teaching facilities. It has the capability to upload patient images, taken during surgical procedures, directly to Western Health's digital medical record.

Victorian Minister for Health & Ageing, the Hon David Davis cuts the ribbon to officially open the fourth theatre at Williamstown Hospital.

The Williamstown Hospital theatres are used predominantly for elective orthopaedics and urology procedures. They are also supported by ear, nose and throat, general surgery and a small amount of plastic surgery. Having Williamstown Hospital as an elective surgery centre has assisted Western Health to meet all elective surgery activity and timeliness targets by the end of 2013/14. We are also running a new model of surgical specialty location aimed at reducing the burden of emergency interruptions to theatres, which is also working extremely well.

Western Health was pleased to receive two additional funding packages from the State Government following bids we made, to treat more elective surgery patients between January and June 2014. The first was a partnership with Djerriwarrh Health Services, providing 100 Western Health elective surgery patients with the opportunity to have their surgery at an earlier time at Bacchus Marsh Hospital. We also received funding to perform an additional 120 ear, nose and throat operations, enabling children on the elective surgery waiting list to have their operations at an earlier date.

REG GEARY HOUSE

On 20 March 2014, Western Health's residential aged care facility, Reg Geary House was officially closed after 20 years of service in the Melton community. After taking a range of factors into consideration, Western Health decided to close Reg Geary House due to the ageing building no longer meeting the needs of residents and the very small size of the service.

From the time the closure was decided, the residents were well supported and their wishes, and those of their families, were considered. Close to 40 Reg Geary staff members were redeployed to other areas across Western Health in Nursing, PSA, Engineering and Allied Health roles.

ENVIRONMENTAL SUSTAINABILITY

In 2009, Western Health, in conjunction with the Vinyl Council of Australia and industry partner Baxter, developed a world first medical PVC recycling program. Plastics are a significant share of hospital general waste. PVC, or vinyl, is a plastic widely used in healthcare in both building products, such as floor coverings, and medical products, such as intravenous fluid bags, tubing, oxygen masks and blood bags.

Having demonstrated the recyclability of PVC from within hospitals, it was discovered that over 50 million IV bags could potentially be diverted from landfill using this system. In 2013, Western Health joined the Vinyl Council and Baxter to create a short film and a selection of online resources describing the processes used to establish successful segregation and collection of PVC from the waste stream.

The program continues to demonstrate that some PVC medical products can be separated relatively easily by hospital staff; the PVC can be recycled in Australia and the recycled product can be re-manufactured into useful new products. This approach is now being adopted by health services elsewhere in Victoria, New South Wales, Tasmania and also in New Zealand and its feasibility is currently being assessed in the US and UK.

A total of 340 tonnes of Western Health's waste (27% of all Western Health waste) is now diverted from landfill per annum (zero in 2007/2008) and there are now 12 recycling streams operating at Western Health.

A 10% reduction in Western Health's water consumption (kilolitres per m2 of floor space) has been recorded since 2007/2008.

Western Health's 8% improvement in energy efficiency per metre of floor space since 2007/08 demonstrates the implementation of various energy efficiency projects and the improvement in resource efficiency available via energy conservation inclusions in new builds.

Western Health sustainability crusader, Dr Forbes McGain, has been honoured for his work in improving environmental practices at Western Health and beyond. Dr McGain won the non-executive category in the 2013 SACS Leadership Awards for his work in healthcare sustainability.

"Dr McGain is a visionary leader who realised early in his medical career that the health and wellbeing of people is impacted by the health of the environment and that sustainable approaches need to be part of the ethic of healthcare provision," Divisional Director of Perioperative and Critical Care Services, Claire Culley said.

"He has changed healthcare operations thinking, systems and practices, reducing environmental impacts at Western Health and more widely."

A staff specialist Anaesthetist and Intensivist at Western Health, Dr Forbes is also the Hospital Medical Director for Organ and Tissue Donation.

Dr McGain joined Western Health in 2007 and at that time there was minimal waste recycling, no sustainability committee or officer, no plan to deal with national greenhouse and energy reporting, no recycling of water and no quality assurance or research into sustainability.

Dr McGain obtained the support of the Executive and subsequently consulted with engineering, legal services, nursing, medical and ancillary staff to establish a sustainability committee in late 2007, of which he remains the Chair.

Under his stewardship the committee has developed a sustainability strategic plan that has implemented numerous initiatives across nine key areas to improve Western Health's environmental performance: management and communications; education and training; waste; energy; travel; water; purchasing choices; planning and infrastructure; biodiversity and water quality.

A world first medical PVC recycling program, in conjunction with industry partner Baxter, has been implemented, with the waste transformed into agricultural pipes.

This program is now being adopted by health services elsewhere in Victoria, along with New South Wales and Tasmania.

In 2011, Dr McGain secured recurrent funding for a Sustainability Officer: this role reports waste, water and energy hospital activities to senior executive and mitigated the financial risk of non-compliance with federal greenhouse gas reporting.

> "The Award is an opportunity to reflect upon what one can do as a team rather than as an individual," Dr McGain said.

"I would like to thank my colleagues for supporting me in my extra endeavours and I would also like to thank all staff at Western Health who have suffered from my enthusiasm and perhaps even become enthused by sustainability within healthcare."

Self-Sufficiency & Sustainability (cont.)

ENHANCING OUR TECHNOLOGY TO SUPPORT CLINICAL CARE

To progress Western Health's vision of an integrated digital environment, wi-fi coverage was deployed to all areas of Western Health over 2013–14. This has enabled the introduction of the 'Bring Your Own Device' initiative, securely connecting clinicians to Western Health applications from mobile tablet devices.

Industry partners actively work with us to provide better bedside care, evidenced by the Intelligent Patient Journey System (iPJS), an interactive tool developed in partnership with Western Health to provide real time patient journey information and guidance. Proof of concept for the system is now completed and it is being expanded across Western Health. The system has also attracted interest from Victorian and interstate health services.

Enhancement of Western Health's Digital Medical Record (DMR) has continued, with more than 50% of medical record documentation now either uploaded from source systems or directly entered. Additional functionality has been developed, including alerts management, electronic patient referral and electronic discharge summaries. It has also enabled a new e-messaging gateway, assembling clinical information transmitted electronically to general practitioners (GPs). Discharge summaries, outpatient letters and pharmacy information are being included. Currently, 20 GPs are receiving e-messaging from Western Health.

To progress ward to board reporting systems, the Western Health MaP (Monitoring and Performance) system has developed clinical quality and mandatory training dashboards. All dashboards developed within MaP enable information to be reported from organisational level to the ward, unit and employee level. More than 700 employees access the data daily.

NEW WESTERN HEALTH WEBSITE

A wonderful new website for Western Health was launched in November 2013.

The website includes street maps and internal campus maps to make it easier for patients, visitors, staff, students and volunteers to find their way around our facilities. There is ready access to Western Health Emergency Department information; improved search functionality; clear links to referral guidelines, information about Western Health services and at which site these are offered; and greater visibility for the Western Health Foundation.

The new website can be found at www.westernhealth.org.au

DEVELOPING ONE WESTERN HEALTH (CAPITAL DEVELOPMENTS)

SUNSHINE HOSPITAL ICU

Construction of the new ICU at Sunshine Hospital commenced in early 2014 and is due to be completed in August 2014. The ICU will deliver 13 new ICU beds on the campus.

SUNSHINE HOSPITAL FOOD SERVICES

A new receiving kitchen at Sunshine Hospital was funded by the state government to allow catering for the increasing numbers of beds on the site. The kitchen is being constructed in the lower level ground and will replace the current kitchen on the ground floor. Completion of the kitchen is expected in late 2014.

MERCY MENTAL HEALTH AT FOOTSCRAY

Funding was provided to establish a new adult mental health unit at the Western Hospital in Footscray. This unit will be operated by Mercy Mental Health. Construction has commenced and is due for completion late 2014.

SUNSHINE HOSPITAL CHILDREN'S WARD

The Western Health Foundation has managed a funding campaign to allow for the refurbishment of the children's ward at Sunshine. Detailed design was completed and a competitive construction tender was undertaken to award the construction works. The children's ward will be temporarily relocated to the Acute Services Building to allow the refurbishment works to be completed by October 2014.

MINOR CAPITAL WORKS

As part of the 2013–14 Department of Health Securing Our Health System (SOHS) program, the following Western Health projects were funded through the Medical Equipment Infrastructure Replacement Program (MEIRP) for items valued above $300,000:

- New X-Ray in the Emergency Department at Western Hospital Footscray – completed
- MRI chiller at the Western Hospital in Footscray - works are ongoing and scheduled for completion by late 2014

Also through the SOHS, a number of Special Purpose Capital Grant (SPCG) projects for items valued under $300,000 were delivered during the year.

Self-Sufficiency & Sustainability (cont.)

CELEBRATING WILLIAMSTOWN HOSPITAL AND WESTERN HOSPITAL MILESTONES

Celebrating
60 YEARS OF WESTERN HOSPITAL
120 YEARS OF WILLIAMSTOWN HOSPITAL

This year Western Health is celebrating the 120th anniversary of Williamstown Hospital.

In 1889 a group of Williamstown residents held a meeting and identified a need for a local hospital.

The increasing risk of accidents from a busy port, the railway workshops and the growing industrial area of Newport, Spotswood and Footscray led to the community establishing Melbourne's first suburban public general hospital.

Over the years it has continued to grow and adapt, and Western Health is proud to have played a part in its great tradition.

In February 2014, Victorian Minister for Health and Ageing, the Hon. David Davis met with patients and staff at Williamstown Hospital to mark this significant anniversary.

This year Western Health is also celebrating the 60th anniversary of Western Hospital, Footscray. The hospital was founded as a result of the drive and resourcefulness of local communities, and to this day remains an integral part of the communities it serves.

The communities which founded the hospital faced real challenges in achieving their goal. After fundraising and purchasing the site, the Charities' Board refused permission to establish the hospital in 1924. Undeterred, the committee instead decided to build an Outpatients' Clinic, Dispensary and Casualty Station to treat the needy and poor of Footscray, until in 1941, the Charities' Board granted permission for a 30-bed community hospital.

However, it wasn't long after the funds to build the hospital were raised, that the next hurdle cropped up. The war situation in 1942 resulted in the hospital being put on hold, until construction began in 1947. In 1953 the Footscray & District Hospital finally opened, after 34 years of hard work and commitment to the cause.

Further information on the history of Western and Williamstown Hospitals can be found on the Western Health website (www.westernhealth.org.au)

Western Health Management

EXECUTIVE

Associate Professor Alex Cockram
Chief Executive Officer

Dr Arlene Wake
Executive Director Community Integration, Allied Health & Service Planning

Russell Harrison
Executive Director Operations

Juliette Alush
Executive Director People, Culture and Communications

Denise Patterson
Executive Director Nursing and Midwifery

Dr Mark Garwood
Executive Director Medical Services

Russell Jones
Corporate Counsel

Mark Lawrence
Executive Director Finance and Performance

Jason Whakaari
Executive Director ICT, Capital and Contracts

DIVISIONAL DIRECTORS

Claire Culley
Divisional Director Perioperative and Critical Care Services

Susan Gannon
Divisional Director Women's and Children's Services

Christine Neumann-Neurode
Divisional Director Health Support Services

Susan Race
Divisional Director Sub Acute and Aged Care

Sally Taylor
Divisional Director Clinical Support and Specialist Clinics

Rhonda Beattie-Manning
Divisional Director Emergency, Medicine and Cancer Services

CLINICAL SERVICES DIRECTORS

Dr Andrew Jeffries
Clinical Services Director Perioperative and Critical Care Services (from July 2013)

Associate Professor Trevor Jones
Clinical Services Director Perioperative and Critical Care Services (until July 2013)

Dr Ian Kronborg
Clinical Services Director Allied Health and Clinical Support

Associate Professor Garry Lane
Clinical Services Director Emergency, Medicine and Cancer Services

Associate Professor Glyn Teale
Clinical Services Director Women's and Children's Services

Dr Richard Whiting
Clinical Services Director Sub Acute and Aged Care

DIVISIONAL DIRECTORS OF NURSING

Wendy Davis
Director of Nursing Sunbury Day Hospital; Acting Director of Nursing Western Hospital (until January 2014)

Douglas Mill
Director of Nursing Williamstown Hospital

Joy Turner
Director of Nursing Western Hospital (from January 2014)

Wendy Watson
Director of Nursing Sunshine Hospital

Western Health Management (cont.)

SENIOR MANAGEMENT

Bianca Bell
General Practice Integration Co-ordinator

Scott Bennett
Director Service Planning and Development

Suellen Bruce
Director Workforce Planning and Development

Leanne Dillon
Director Clinical Governance and Medico-Legal (until August 2013)

Sean Downer
Director Health Information Management

Collette Geaney
HMO Manager Medical Workforce Unit

Leonie Hall
Director People Services

Robyn Jackson
Acting Group Manager Drug Health Services

David Jones
Director Western Health Foundation

Wendy Lacey
Director of Nursing Reg Geary (until March 2014)

Joy MacDonald
Director Quality, Safety and the Patient Experience (from January 2014)

Lebe Malkoun
Director Community Services (from February 2014)

Andrew Leong
Chief Technology Officer

Louise McKinlay
Director Education and Learning

Assunta Morrone
Manager Community Participation and Diversity

Debbie Munro
Director Community Services (until September 2013)

David Newman
Director Office for Research (until March 2014)

Dr Tam Nguyen
Manager Office for Research

Steven Parker
Director OH&S, Wellbeing and Emergency Management Services

Vanessa Raines
Director Clinical Innovation and Service Improvement

Alison Rule
Director Corporate Governance and Planning

Arnold Roxas
Manager Contracts and Commercial Relationships

Nicholas Russell
Director Finance

Najla Sarkis
Director Capital Development

Cathy Sommerville
Director Stakeholder Relations and Public Affairs

Jo Spence
Manager Community Engagement and Volunteers

Natasha Toohey
Director Allied Health

Jacqueline Watkins
Manager Aboriginal Health Policy, Planning and Implementation

Jennifer Williams
Director of Nursing Hazeldean Transition Care

Western Health Services

EMERGENCY, MEDICINE AND CANCER SERVICES

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

PERIOPERATIVE AND CRITICAL CARE SERVICES

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

SUBACUTE AND AGED CARE SERVICES

- Subacute and Nonacute Assessment and Pathways Service
- Geriatric Medicine – Acute
- Geriatric Evaluation and Management
- Rehabilitation
- Restorative Care
- Palliative Care (inpatient service)
- Hazeldean Transition Care
- Residential Aged Care – Reg Geary House (until March 2014)

WOMEN'S AND CHILDREN'S SERVICES

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

ALLIED HEALTH

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

CARE COORDINATION

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

CLINICAL SUPPORT AND SPECIALIST CLINIC SERVICES

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

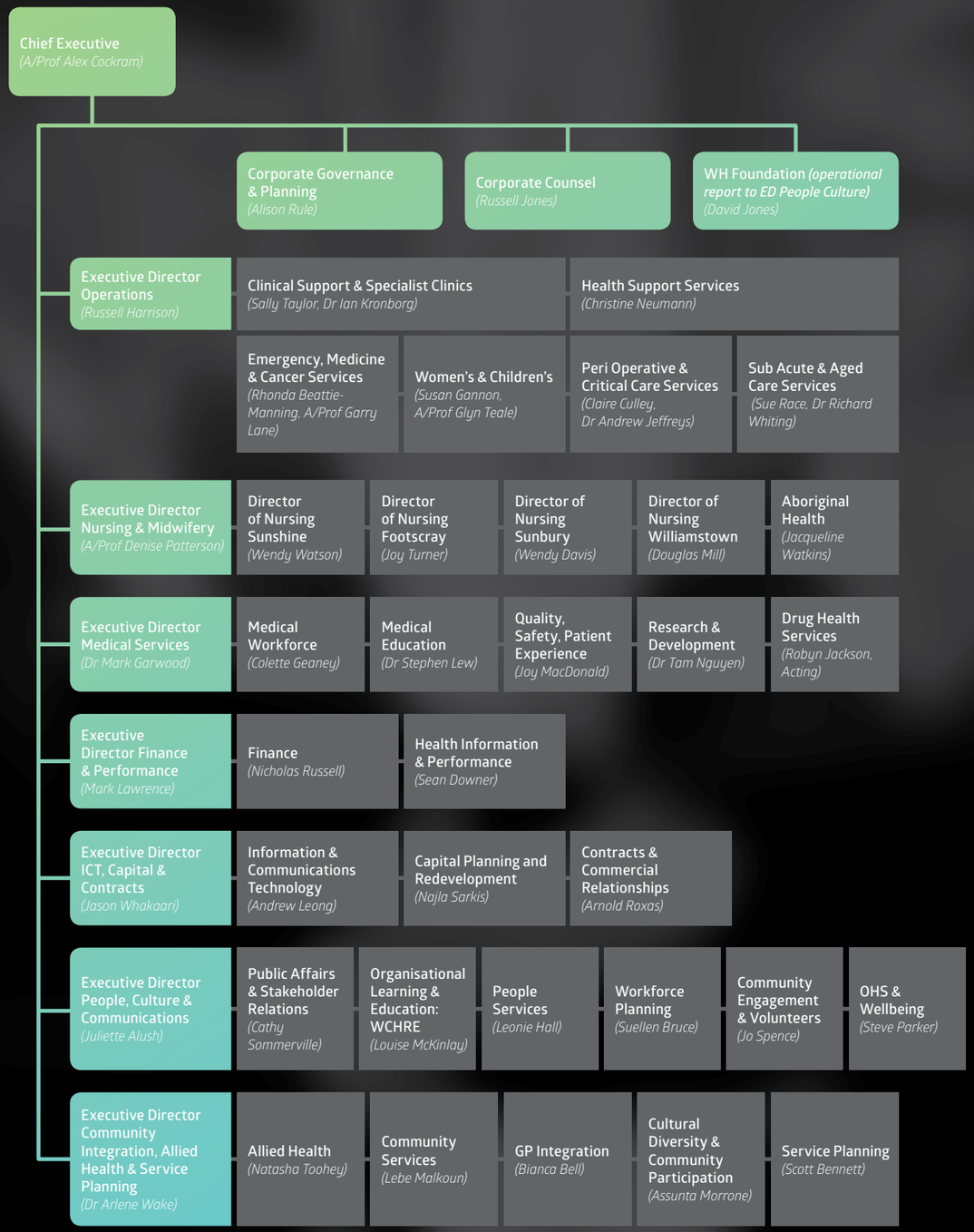
COMMUNITY PROGRAMS

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

DRUG AND HEALTH SERVICES

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

Organisational Structure



Corporate Governance

The Board of Western Health consists of independent non-executive members from a range of backgrounds and with local ties to Melbourne's West. The Board consists of ten directors. Directors also have a role on board committees.

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

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

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

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

Over the period 1 July 2013 to 30 June 2014, the board comprised of ten members, including the chair.

THE HON RALPH WILLIS, AO
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 and 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 and Trustee of the Stan Willis (Charitable) Trust. He was previously Chair of the Construction and Building Industry Superannuation Fund (CBUS) and Chair of LeadWest, a regional representational body for the western suburbs of Melbourne.

In 2011, Mr Willis was awarded an Honorary Doctorate by Victoria University.

Mr Willis was 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.

Appointed July 2004
Term Completed June 2014

MRS ELLENI BEREDED-SAMUEL
MED, GRAD DIP COUNSELLING, BA (FOREIGN LANGUAGES AND LITERATURE AND ENGLISH AS A SECOND LANGUAGE)

Elleni Bereded-Samuel was born in Ethiopia and is now a resident of the western suburbs of Melbourne. Elleni has focused her life's work on strengthening education, training and employment for culturally and linguistically diverse communities in Australia. Her dynamic leadership has resulted in new solutions for community to access and participate in society. Mrs Bereded-Samuel is the Community Development Manager at Victoria University.

From 2005–2011, Elleni served as the first African born commissioner appointed to the Victorian Multicultural Commission. For six years she served on the Board of Directors of The Women's Hospital and chaired the Community Advisory Committee. She also served for three years as the inaugural member of the Australian Social Inclusion Board and is a current Director of the SBS Board.

Elleni is one of 40 Australian champions independently selected as the People of Australia Ambassadors appointed by the Prime Minister. In 2012, she was recognised as one of the 100 most influential African Australians and was named a Living Legend.

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

Appointed July 2011

MR GERARD BLOOD
BEng (Civil), MBA (London), MIEAust, MICE, CPEng, MAICD

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

Corporate Governance (cont.)

Having worked in 16 countries, Gerard has gained exposure to a variety of different health systems. This experience has challenged his views on healthcare delivery and led to his desire to contribute this knowledge and experience as a member of the Western Health Board.

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

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

Appointed August 2013

PROFESSOR COLIN CLARK
BBUS, DIP ED, MBA, PHD, FCPA, FCA, FIPAA, FAICD

Colin Clark is Dean of Business and Professor of Accounting at Victoria University and is a resident of the Western suburbs of Melbourne.

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

Professor Clark is Chair of the Finance and Resources Committee.

Appointed July 2010

MR ROBERT MITCHELL
LLB, MPHIL, GRAD DIP TAX, MTHST, GRAD DIP THEOL

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

Bob has a strong interest in international development work and justice issues. He has served as the Director of Legal Risk and Governance, and the Chief of Mission at World Vision Australia, and has been appointed CEO of Anglican Overseas Aid.

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

Mr Mitchell is Chair of the Audit and Risk Committee and Chair of the Governance and Remuneration Committee.

Appointed July 2010

DR VLADIMIR VIZEC
MBBS (Monash)

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

Dr Vizec is on the Board of Australian Medical Association Victoria Services, is a member of the Committee of Management of Australian Croatian Community Services, and is a recent appointee to the Advisory Committee of the South West Melbourne Medicare Local. His experience and continuing involvement with a range of organisations gives him a broad understanding of the needs and challenges faced by health service providers and community members in the west.

Dr Vizec is a member of the Primary Care and Population Health Committee and a member of the Cultural Diversity and Community Advisory Committee.

Appointed October 2013

MRS PATRICIA VEJBY
JP, CMC

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

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

Trish enjoys her role as a Civil Celebrant/ Commonwealth Authorised Marriage Celebrant.

Mrs Vejby is Chair of the Primary Care and Population Health Advisory Committee and a Member of the Quality and Safety Committee.

Appointed July 2011

ASSOCIATE PROFESSOR CASSANDRA SZOEKE
PH.D, FRACP, MBBS, BSC (HONS)

Associate Professor Cassandra Szoeke is a practicing neurologist with an honours degree in Genetics and Pharmacology, MBBS and FRACP with specialisation in neurology and subspecialisation in epileptology. She completed her PhD thesis in epidemiology examining women's healthy ageing and her postdoctoral studies conducted between Stanford University and Duke University focused on cognition. She has been in clinical research for over a decade and is a reviewer for national and international journals and funding bodies.

Cassandra is the Director of the Women's Healthy Ageing Project and Chair of the Vascular Stream in the Australian Imaging Biomarker and Lifestyle Study of Ageing. She led the research program in Neurodegenerative Diseases, Mental Disorders and Brain Health at the Australian Commonwealth Science and Industry Organisation (CSIRO) and then became a Clinical Consultant to the CSIRO.

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

Appointed August 2012

MR MALCOLM PEACOCK
MAICD

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

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

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

At present he is the Operations Officer for Emergency Services in the western suburbs for the Australian Red Cross.

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

Appointed October 2012

DR MIMMIE CLAUDINE NGUM CHI WATTS
PhD (LaTrobe), MPH (UniMelb), GCTE (Victoria University)

Dr Mimmie Ngum Chi Watts' has a diverse range of skills and interests particularly in International Health; Health of Minority and Disadvantaged Women; Gender inequalities, Advocacy, Health policy; Research and Curriculum Development. Dr Ngum Chi has presented at many national and international conferences; has served on and continue to serve on several committees and Boards including the National FGM Reference Group, Learn Access Engage Professions (LEAP); is Patron for the Women's Federation for World Peace and many others. Dr Ngum Chi has been recognised at local and national level for her research and community engagement activities in Australia. Mimmie is passionate about migrant peoples (women) health, the health of minority persons and people with low socioeconomic backgrounds. Improving sexual health needs for women, providing better education for girls and disadvantaged persons and increasing opportunities amongst disadvantaged groups remains an area of interest of Mimmie's.

Appointed February 2014

MS VIVIENNE NGUYEN
BCOM, MAPPLFIN

Vivienne Nguyen is a business leader, company director, and community leader. 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. Vivienne lives in the Western suburbs.

Ms Nguyen was a member of the Finance and Resources Committee and the Governance and Remuneration Committee.

Appointed July 2009
Resignation October 2013

BOARD COMMITTEES

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

AUDIT AND RISK COMMITTEE

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

Corporate Governance (cont.)

CULTURAL DIVERSITY AND COMMUNITY ADVISORY COMMITTEE

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

FINANCE AND RESOURCES COMMITTEE

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

GOVERNANCE AND REMUNERATION COMMITTEE

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

PRIMARY CARE AND POPULATION HEALTH ADVISORY COMMITTEE

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

QUALITY AND SAFETY COMMITTEE

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

EDUCATION, RESEARCH AND DEVELOPMENT COMMITTEE

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

BOARD MEETING ATTENDANCE 2013/14

DIRECTORS	MEETINGS ATTENDED/ MEETINGS HELD
Hon Ralph Willis (Chair)	11/11
Elleni Bereded- Samuel	11/11
Gerard Blood	11/11
Prof Colin Clark	10/11
Robert Mitchell	9/11
Mimmie Ngum Chi Watts	4/4
Malcolm Peacock	11/11
A/Prof Cassandra Szoeke	9/11
Patricia Vejby	11/11
Dr Vladimir Vizec	9/9
Vivienne Nguyen	(Resignation: October 2013)

ATTESTATION ON DATA INTEGRITY

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

Associate Professor Alex Cockram
Chief Executive
15 August 2014

ATTESTATION FOR COMPLIANCE WITH MINISTERIAL STANDING DIRECTION 4.5.5.1 - INSURANCE

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

Associate Professor Alex Cockram
Chief Executive
15 August 2014

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

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

Associate Professor Alex Cockram
Chief Executive
15 August 2014

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	1494
Full Access	1127
Partial Access	0
Access Denied	1
Applications Withdrawn	111
No Documents	12
Applications Not Processed	243
VCAT Appeal	0
Appeal Withdrawn	0

OCCUPATIONAL HEALTH AND SAFETY 2013/14

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

- Regular reports provided to the Western Health Board of Directors, Executive and the Occupational Health and Safety Committee detailing OH&S and WorkCover performance.
- Mandatory OH&S training courses for managers and supervisors – as part of a Diploma Unit - Manage Workplace Health and Safety (WHS) Processes.
- OH&S training provided to Patient Services Assistants trainees.
- Efficient and effective staff rehabilitation and return to work processes embedded into organisational standard practice.
- Further enhancements to the "Back 4 Life" (No Lift) program with strategies progressively introduced to address the risks associated with patient and general manual handling and to foster a safe working culture.
- 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 data base,

Corporate Governance (cont.)

and Hazstop chemical information folder training.

- The ongoing development of a comprehensive intranet site to facilitate an easy reference source for obtaining information on OH&S, wellbeing and emergency management for staff.
- A proactive approach adopted and maintained to minimise and control risks by management, in conjunction with staff Health and Safety representatives (HSRs).
- Ongoing support for staff Health and Safety Representatives including initial 5 day and annual refresher training and the development of a resource package to support newly elected representatives.
- The use of a HSR monthly report card, which is designed to encourage a proactive risk management approach working with management to ensure a safe working environment for staff in designated work areas.
- Ensuring dangerous goods and hazardous substances manifests and information are readily available and up to date.
- Introduction and revision of OH&S related policies and procedures to ensure systematic standardised and effective processes.
- Annual OH&S Awards which acknowledges significant contributions in improving the health, safety or well-being by Health and Safety Representatives (HSR's), staff members, Back 4 Life trainers, management and groups.
- Psychological support made available to staff offering critical incident stress management, employee assistance programs and counselling services.
- Participation in the WorkSafe WorkHealth checks for staff as part of the well-being initiative.
- Promotion of staff well-being and fitness with the introduction of on-site Health Clubs at the Western and Sunshine Hospitals.

WORKCOVER CLAIMS AND WORKSAFE NOTIFIABLE INCIDENTS

Twenty five (25) standard WorkCover claims (9 Western Hospital, 10 Sunshine Hospital, 4 Williamstown Hospital, 1 Sunbury Day Hospital and 1 Reg Geary House) and one (1) minor claim were recorded for the year. Sixteen (16) standard claims were rejected by the insurer and some of these may undergo an appeal process which could affect the liability outcome.

Forty three (43) standard claims, including the sixteen (16) rejected claims, were registered by WH's insurer, which were the standard claims received for year and minor claims converting to standard claims from previous years.

There were six (6) Notifiable Incidents [where either the injury or event is deemed as serious defined from section 38 (3) OH&S Act 2004 and regulation 904 Equipment (Public Safety) Regulations 2007] which resulted in no Improvement Notices issued by WorkSafe Victoria.

OPEN ACCESS BOARD MEETING

An open access board meeting was held in June 2014 at Williamstown Town Hall, with the theme of Best Care. Refer to a feature article on this meeting on page 22 of the Annual Report.

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 2013 to 30 June 2014. Where applicable, the appropriate building permits and certificates of occupancy were obtained in line with the requirements of the Building Act.

PROTECTED DISCLOSURE ACT

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

In accordance with the provisions of section 21(2) of the Act, there were no disclosures in the 2013-14 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.

2013-14 – New/Completed Victorian Industry Participation Projects

PROCUREMENT NAME	SUNSHINE HOSPITAL ICU & CATH LABS
Value of Procurement	$5,796,500
Project Location	Metro
Local Content Committed (%)	72.9%
Commencement Date	31/01/2014
Expected Completion Date	13/08/2014
Existing Jobs Committed to be retained (annualised employee equivalent – AEE)	25
New Jobs Committee to be created (AEE)	3

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

(a) A statement of pecuniary interest has been completed;

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

(c) Details of publications produced by the Department about the activities of Western Health 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 statements and Report of Operations;

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

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

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

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

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

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

Key Performance Statistics

FINANCIAL PERFORMANCE

WIES Activity Performance	Target	2013–14 Actuals
Percentage of WIES (public and private) performance to target	100%	102.6%

ACCESS PERFORMANCE

Emergency Care	Target	Western	Sunshine	Williamstown
Percentage of operating time on hospital bypass	3%	2.8%	3.0%	n/a
Percentage of ambulance transfers within 40 minutes	90%	84%	90%	98%
NEAT – Percentage of emergency patients to physically leave the emergency department for admission to hospital, be referred to another hospital for treatment, or be discharged within four hours (July – Dec 2013)	75%	46%	60%	93%
NEAT – Percentage of emergency patients to physically leave the emergency department for admission to hospital, be referred to another hospital for treatment, or be discharged within four hours (January – June 2014)	81%	52%	60%	91%
Number of patients with length of stay in the emergency department greater than 24 hours	0	11	24	n/a
Percentage of Triage Category 1 emergency patients seen immediately	100%	100%	100%	100%
Percentage of Triage Category 1 to 5 emergency patients seen within clinically recommended times	80%	76%	66%	87%

Elective Surgery	Target	2013–14 Actuals
Percentage of Urgency Category 1 elective patients treated within 30 days	100%	100%
NEST – Percentage of Urgency Category 2 elective surgery patients treated within 90 days (July – December 2013)	80%	79%
NEST – Percentage of Urgency Category 2 elective surgery patients treated within 90 days (January – June 2014)	88%	89%
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days (July – December 2013)	94.5%	95%
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days (January – June 2014)	97%	98%
Number of patients on the elective surgery waiting list (waiting list as at 30 June 2014)	4,265	4,196
Number of Hospital Initiated Postponements per 100 scheduled admissions	8.0%	6.3%

SERVICE PERFORMANCE

Elective Surgery	Target	2013–14 Actuals
Number of patients admitted from the elective surgery waiting list – quarter 1	2,753	3,064
Number of patients admitted from the elective surgery waiting list – quarter 2	2,853	3,032
Number of patients admitted from the elective surgery waiting list – quarter 3	3,380	3,233
Number of patients admitted from the elective surgery waiting list – quarter 4	4,114	3,836

Critical Care	Target	2013–14 Actuals
Number of days below agreed Adult ICU minimum operating capacity	0	3

Quality & Safety	Target	2013–14 Actuals
Health service accreditation	Full compliance	Full compliance
Residential aged care accreditation	Full compliance	Full compliance
Cleaning standards (Overall)	Full compliance	Full compliance
Cleaning standards (AQL-A)	90	94.8
Cleaning standards (AQL-B)	85	93.13
Cleaning standards (AQL-C)	85	94.2
Health care worker immunisation – influenza	60*	46**
Hospital acquired infection surveillance	No outliers	No outliers
Hand hygiene (rate)	70	80.7
SAB rate per occupied bed days	<2/10,000	0.63/10,000
Victorian Patient Satisfaction Monitor (OCI) (July-December 2013)		
– Western Hospital	73	67.9
– Sunshine Hospital	73	71.3
– Williamstown Hospital	73	76.0
Consumer Participation Indicator (July-December 2013)		
– Western Hospital	75	70.3
– Sunshine Hospital	75	75.2
– Williamstown Hospital	75	76.5
Victorian Hospital Experience Measurement Instrument (January – June 2014)	Full compliance	Full compliance
People Matter Survey	Full compliance	Full compliance

Maternity	Target	2013–14 Actuals
Percentage of women with prearranged postnatal home care	100%	99%

**2012/13 target*
***2012/13 actual*

Key Performance Statistics (cont.)

ACTIVITY AND FUNDING

Funding Type	2013–14 Activity Achievement
Acute Admitted	
WIES Public	70,920
WIES Private	5,421
Total PPWIES (Public and Private)	76,341
WIES DVA	803
WIES TAC	328
WIES TOTAL	77,472
Subacute & Nonacute Admitted	
GEM DVA	1,474
GEM Private	4,637
GEM Public	33,198
Palliative Care DVA	13
Palliative Care Private	572
Palliative Care Public	4,250
Rehab DVA	224
Rehab Private	2,509
Rehab Public	19,417
Transition Care – bed days	11,964
Transition Care – Home Day	10,371
Aged Care	
Residential Aged Care	5,767
Mental Health and Drug Services	
Drug Services	2,400
Primary Health	
Community Health/Primary Care Programs	not avail.

Disclosure Index

The annual report of Western Health is prepared in accordance with all relevant Victorian legislation. This index has been prepared to facilitate identification of the Department's compliance with statutory disclosure requirements.

Financial Snapshot

WORKFORCE FULL TIME EQUIVALENT (FTE) PER ANNUAL ACCOUNTS

Labour Category	June Current Month Average FTE		June YTD Average FTE	
	2013	2014	2013	2014
Nursing	1,833	1796	1,817	1759
Administration and Clerical	558	546	567	527
Medical Support	329	320	339	320
Hotel and Allied Services	305	259	306	264
Medical Officers	110	113	104	112
Hospital Medical Officers	383	446	385	438
Sessional Clinicians	72	83	72	94
Ancillary Staff (Allied Health)	325	369	331	340
Total	**3915**	**3932**	**3921**	**3854**

FINANCIAL SNAPSHOT

$'000	2013–14	2012–13	2011–12	2010–11	2009–10
Total Revenue	607,881	571,686	585,579	566,530	511,627
Total Expenses	627,039	592,161	570,352	523,254	482,653
Net Result for the Year (inc. Capital and Specific Items	**(19,158)**	**(20,475)**	**15,227**	**43,276**	**28,974**
Transfer to Accumulated Surplus	(710)	(571)		3	
Share of Joint Venture Accumulated Surplus			59		
Retained Surplus/(Accumulated Deficit)	51,799	71,667	92,713	77,427	34,148
Total Assets	684,698	640,413	658,515	629,085	572,014
Total Liabilities	134,359	122,814	120,441	106,297	92,490
Net Assets	**550,339**	**517,599**	**538,074**	**522,788**	**479,524**
Total Equity	**550,339**	**517,599**	**538,074**	**522,788**	**479,524**

FINANCIAL ANALYSIS OF OPERATING REVENUES AND EXPENSES

$'000	2013–14	2012–13
Revenues		
Services Supported by Health Services Agreements		
Government Grants	518,751	493,085
Indirect Contributions by Department of Health	1,693	1,684
Patient Fees	18,727	16,480
Recoupment from Private Practice	17,156	15,931
Interest	2,747	2,311
Other Revenue	15,014	15,343
	574,088	**544,834**
Services Supported by Hospital & Community Initiatives		
Private Practice Fees	0	138
Donations and Bequests	1,222	913
Property Income	315	333
Other Revenue	7,113	7,496
	8,650	**8,880**
	582,738	**553,714**
Expenses		
Services Supported by Health Services Agreements		
Employee Benefits	417,751	397,948
Non Salary Labour Costs	7,698	8,172
Supplies and Consumables	80,733	76,001
Other Expenses	66,899	61,279
	573,081	**543,400**
Services Supported by Hospital & Community Initiatives		
Employee Entitlements	3,073	3,043
Non Salary Labour Costs	70	99
Supplies and Consumables	496	532
Other Expenses	1,789	2,414
	5,428	**6,088**
	578,509	**549,488**
Surplus for the Year Before Capital Purpose Income & Depreciation	**4,229**	**4,226**
Capital Purpose Income	23,972	17,115
Depreciation	(47,359)	(41,816)
Net Result for the Year	**(19,158)**	**(20,475)**

Financial Snapshot (cont.)

FINANCIAL PERFORMANCE

Operating Result	Target	2013–14 Actuals
Annual Operating Result ($'m)	$0.5	$4.2

CASH MANAGEMENT / LIQUIDITY	Target	2013–14 Actuals
Creditors (days)	<60	42
Debtors (days)	<60	55

CONSULTANCIES

OVER $10,000

Name	Particulars	Total Project Fees (Excl GST)	Amount Incurred (Excl GST)	Future Commitments (Excl GST)
WS Group	Review of the Western Health Outpatients Department access & improvements through redesign	$222,557	$222,557	$0
Mercer Consulting Australia Pty Ltd	Provision of independent work value assessments and remuneration advice for Director positions	$18,900	$18,900	$0
Smooth Hospital Move Pty Ltd	Review of the Western Health Maternity Service	$14,464	$14,464	$0
Fenton Strategic Communications Pty Ltd	Research and planning to inform development of a new Stakeholder engagement strategy for Western Health	$10,000	$10,000	$0
	Total	**$265,921**	**$265,921**	**$0**

UNDER $10,000

In 2013–14, Western Health engaged 23 consultants where the total fees payable to the consultants were less than $10,000, with total expenditure of $127,957 (excl. GST).

REVENUE INDICATORS

Average Collection Days	2013–14	2012–13
Private	64	73
Transport Accident Commission	137	117
Victorian WorkCover Authority	128	112
Other Compensable	43	51
Nursing Home	42	47

Debtors Outstanding as at 30 June 2014	Under 30 Days	31–60 Days	61–90 Days	Over 90 Days	Total 2014
Private	748	151	29	184	1,112
Transport Accident Commission	47	28	11	115	201
Victorian WorkCover Authority	144	164	69	369	746
Other Compensable	931	269	74	984	2,258
Nursing Home	10	0	0	0	10
	1,880	**612**	**183**	**1,652**	**4,327**

Financial Statements & Accompanying Notes

FOR THE YEAR ENDED 30TH JUNE 2014

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

FOR THE YEAR ENDED 30TH JUNE 2014

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, including Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement Of Changes In Equity, Cash Flow Statement and accompanying notes, presents fairly the financial transactions during the year ended 30 June 2014 and the financial position of Western Health at 30 June 2014.

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

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

Hon Bronwyn Pike
Board Chairperson
Melbourne
15th August 2014

Associate Professor Alex Cockram
Chief Executive Officer
Melbourne
15th August 2014

Mark Lawrence
Chief Finance Officer
Melbourne
15th August 2014

Comprehensive Operating Statement

FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2014 $'000	2013 $'000
Revenue from Operating Activities	2	579,956	551,385
Revenue from Non-operating Activities	2	2,782	2,329
Employee Expenses	3	(420,824)	(400,991)
Non Salary Labour Expenses	3	(7,768)	(8,271)
Supplies & Consumables	3	(81,229)	(76,533)
Other Expenses From Continuing Operations	3	(68,688)	(63,693)
Net Result Before Capital & Specific Items		**4,229**	**4,226**
Capital Purpose Income	2	25,143	17,934
Assets Received Free of Charge	2	-	38
Expenditure using Capital Purpose Income	3	(1,171)	(857)
Depreciation and Amortisation	4	(47,359)	(41,816)
NET RESULT FOR THE YEAR		**(19,158)**	**(20,475)**
Other comprehensive income		-	-
Revaluation increment on Non Financial Physical Assets	16a	51,898	-
COMPREHENSIVE RESULT FOR THE YEAR		**32,740**	**(20,475)**

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

Balance Sheet

AS AT 30TH JUNE 2014

	Note	2014 $'000	2013 $'000
Current Assets			
Cash and Cash Equivalents	5	59,717	23,158
Receivables	6	11,136	15,466
Other Financial Assets	7	-	25,126
Inventories	8	1,499	1,446
Non-Financial Assets Classified as Held For Sale	9	946	-
Other Current Assets	10	385	669
Total Current Assets		**73,683**	**65,865**
Non-Current Assets			
Receivables	6	8,309	7,120
Property, Plant and Equipment	11	601,576	565,635
Intangible Assets	12	1,130	1,793
Total Non-Current Assets		**611,015**	**574,548**
TOTAL ASSETS		**684,698**	**640,413**
Current Liabilities			
Payables	13	23,233	21,098
Provisions	14	100,598	92,551
Total Current Liabilities		**123,831**	**113,649**
Non-Current Liabilities			
Provisions	14	10,528	9,165
Total Non-Current Liabilities		**10,528**	**9,165**
TOTAL LIABILITIES		**134,359**	**122,814**
NET ASSETS		**550,339**	**517,599**
EQUITY			
Property, Plant & Equipment Revaluation Surplus	16a	294,114	242,216
Restricted Specific Purpose Reserve	16a	1,446	736
Contributed Capital	16b	202,980	202,980
Accumulated Surplus	16c	51,799	71,667
TOTAL EQUITY	16d	**550,339**	**517,599**
Commitments For Expenditures	19		
Contingent Assets and Contingent Liabilities	20		

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

Statement of Changes in Equity

FOR THE YEAR ENDED 30TH JUNE 2014

	Note	Property, Plant & Equipment Revaluation Surplus	Restricted Specific Purpose Surplus	Contributed by Owners	Accumulated Surpluses/ (Deficits)	Total
		$'000	$'000	$'000	$'000	$'000
Balance at July 1st 2012		**242,216**	**165**	**202,980**	**92,713**	**538,074**
Net result for the year	16c	-	-	-	(20,475)	(20,475)
Other comprehensive income for the year	16a	-	-	-	-	-
Transfer to accumulated surplus	16c	-	571	-	(571)	-
Balance at June 30th 2013		**242,216**	**736**	**202,980**	**71,667**	**517,599**
Net result for the year	16c	-	-	-	(19,158)	(19,158)
Other comprehensive income for the year	16a	51,898	-	-	-	51,898
Transfer from accumulated surplus	16c	-	710	-	(710)	-
Balance at June 30th 2014		**294,114**	**1,446**	**202,980**	**51,799**	**550,339**

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

Statement of Cash Flows

FOR THE YEAR ENDED 30TH JUNE 2014

	Note	2014 $'000	2013 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		512,108	490,495
Patient and Resident Fees Received		20,903	13,724
Private Practice Fees Received		17,642	15,399
Donations and Bequests Received		1,222	960
GST Received from ATO		8,930	7,612
Recoupment from Private Practice		448	637
Interest Received		2,913	2,315
Other Receipts		24,699	23,604
Employee Expenses		(412,343)	(396,639)
Non Salary Labour Expenses		(8,269)	(9,102)
Supplies & Consumables Expenses		(92,199)	(86,073)
Other Payments		(61,525)	(58,453)
Cash Generated from Operations		**14,529**	**4,479**
Capital Grants from Government		30,623	18,414
Capital Grants from Non-Government		-	-
NET CASH INFLOW FROM OPERATING ACTIVITIES	**17**	**45,152**	**22,893**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant & Equipment		(33,650)	(26,487)
Proceeds from Sale of Property, Plant & Equipment		(69)	10
Purchase of Investments		-	(10,126)
Proceeds from Sale of Investments		25,126	-
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(8,593)**	**(36,603)**
NET INCREASE/(DECREASE) IN CASH HELD		**36,559**	**(13,710)**
Cash and Cash Equivalents at beginning of the year		23,158	36,868
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	**5**	**59,717**	**23,158**

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies

These annual financial statements are the audited general purpose financial statements for Western Health, (the "Health Service"), for the period ending 30th June 2014. The purpose of the report is to provide users with information about the Health Service's stewardship of the resources entrusted to it.

(A) STATEMENT OF COMPLIANCE

These financial statements are general purpose financial statements, prepared in accordance with the Financial Management Act 1994 and applicable Australian Accounting Standards (AASs) and include interpretations issued by the Australian Accounting Standards Board (AASB). They are presented in a manner consistent with the requirements of AASB 101 Presentation of Financial Statements.

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

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

The annual financial statements were authorised for issue by the Board of Western Health on 15th August 2014.

(B) BASIS OF ACCOUNTING PREPARATION AND MEASUREMENT

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30th June 2014 and the comparative information presented in these financial statements for the year ended 30th June 2013.

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

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

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

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

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

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

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

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

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

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

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

The Valuer-General Victoria (VGV) is the Health Service's independent valuation agency in respect of land and buildings.

The Health Service, in conjunction with VGV monitors the changes in the fair value of each asset and liability through relevant data sources to determine whether revaluation is required.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods. Judgements and assumptions made by management in the application of AASs that have significant effects on the financial statements and estimates, with a risk of material adjustments in the subsequent reporting period, relate to:

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

(C) REPORTING ENTITY

The financial statements include all the controlled 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. It does not form part of these financial statements.

OBJECTIVES AND FUNDING

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

The Health Service is predominantly funded by activity based grant funding.

(D) PRINCIPLES OF CONSOLIDATION

In accordance with AASB 127 Consolidated and Separate Financial Statements, the consolidated financial statements of the Health Service incorporates the assets and liabilities of all entitles controlled by the Health Service as at 30th June 2014 and their income and expenses for that part of the reporting period in which control existed. Control exists when the Health Service has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The consolidated financial statements include the audited financial statements of the controlled entities listed in note 26.

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

INTERSEGMENT TRANSACTIONS

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

JOINTLY CONTROLLED ASSETS AND OPERATIONS

The Health Service holds a 12.5 percent interest in a jointly controlled entity, the Victorian Comprehensive Cancer Centre (VCCC). The VCCC has been established to bring together experts in cancer to build on and strengthen collaborations in cancer research, cancer education and training and cancer treatment and care to ensure the best possible outcomes for the benefit of people affected by cancer. The arrangements of the joint venture are similar to that of a jointly controlled asset and accordingly the Health Service has carried out proportionate consolidation to account for its proportionate share of the joint venture's assets, liabilities, revenue and expense. The details of the joint venture are disclosed in Note 22.

(E) SCOPE AND PRESENTATION OF FINANCIAL STATEMENTS

FUND ACCOUNTING

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

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (cont.)

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

Activities classified as Services Supported by Health Services Agreement (HSA) are substantially funded by the Victorian Department of Health and include Residential Aged Care Services (RACS) and are also funded from sources such as the 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 share its resources. The results of the 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.

Effective from 31st March 2014, the Residential Aged Care Service has ceased.

COMPREHENSIVE OPERATING STATEMENT

The comprehensive operating statement includes the subtotal entitled 'Net Result Before Capital & Specific Items' to enhance the understanding of the financial performance of the Health Service. This subtotal reports the result excluding items such as capital grants, assets received or provided free of charge, depreciation, expenditure using capital purpose income and items of an unusual nature and amount such as specific income and expenses. The exclusion of these items is made to enhance matching of income and expenses facilitating 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 operating performance of health services.

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

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

BALANCE SHEET

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

STATEMENT OF CHANGES IN EQUITY

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

CASH FLOW STATEMENT

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

ROUNDING

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

AASB 13 FAIR VALUE MEASUREMENT

AASB 13 establishes a single source of guidance for all fair value measurements. AASB 13 does not change when a health service is required to use fair value, but rather provides guidance on how to measure fair value under AASs when fair value is required or permitted. The Health Service has considered the specific requirements relating to highest and best use, valuation premise, and principal (or most advantageous) market. The methods, assumptions, processes and procedures for determining fair value were revised and adjusted where applicable. In light of AASB 13, the Health Service has reviewed the fair value principles as well as its current valuation methodologies in assessing the fair value, and the assessment has not materially changed the fair values recognised.

AASB 13 has predominantly impacted the disclosures of the Health Service. It requires specific disclosures about fair value measurements and disclosures of fair values, some of which replace existing disclosure requirements in other standards, including AASB 7 Financial Instruments: Disclosures.

The disclosure requirements of AASB 13 apply prospectively and do not need to be provided for comparative periods, before initial application. Consequently, comparatives of these disclosures have not been provided for 2012-13, except for financial instruments, of which the fair value disclosures are required under AASB 7 Financial Instruments: Disclosures.

AASB 119 EMPLOYEE BENEFITS

In 2013-14, the Health Service has applied AASB 119 Employee Benefits, (Sep 2011, as amended), and related consequential amendments for the first time.

The revised AASB 119 changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligation and plan assets. As the current accounting policy is for the Department of Treasury and Finance to recognise and disclose the State's defined benefit liabilities in its financial statements, changes in defined benefit obligations and plan assets will have limited impact on the Health Service.

The revised standard also changes the definition of short-term employee benefits. These were previously benefits that were expected to be settled within 12 months after the end of the reporting period in which the employees render the related service, however, short-term employee benefits are now defined as benefits expected to be settled wholly within 12 months after the end of the reporting period in which the employees render the related service. As a result, accrued annual leave balances which were previously classified as short-term employee benefits no longer meet this definition and are now classified as long-term employee benefits. This has resulted in a change of measurement for the annual leave provision from an undiscounted to discounted basis.

The change in classification has not materially altered the Health Service measurement of the annual leave provision.

(F) INCOME FROM TRANSACTIONS

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

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

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

- Funding for Insurance is recognised as revenue when advised by the Department of Health.
- Long Service Leave (LSL) – funding for LSL is recognised as revenue upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Services Division Hospital Circular 05/2013 (update for 2012-13 onwards).

PATIENT AND RESIDENT FEES

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

PRIVATE PRACTICE FEES

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

REVENUE FROM COMMERCIAL ACTIVITIES

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

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (cont.)

DONATIONS AND BEQUESTS

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

INTEREST REVENUE

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

SALE OF INVESTMENT

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

FAIR VALUE OF ASSETS AND SERVICES RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

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

(G) EXPENSE RECOGNITION

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

COST OF GOODS SOLD

Cost of goods sold are recognised when the sale of an item occurs by transferring the cost or value of the item(s) from inventories.

EMPLOYEE EXPENSES

Employee expenses include:

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

DEFINED CONTRIBUTION SUPERANNUATION PLANS

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

DEFINED BENEFIT SUPERANNUATION PLANS

The amount charged to the comprehensive operating statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect of the services of current Health Service staff during the reporting period. Superannuation contributions are made to the plans based on the relevant rules of each plan and are based upon actuarial advice.

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

The name and details of the major employee superannuation funds and contributions made by the Health Service are disclosed in Note 15: Superannuation.

DEPRECIATION

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

Internally generated intangible assets with finite lives are depreciated on a systematic basis over the asset's useful life. Depreciation is calculated on a straight line basis, at a rate that allocates the asset value, less any estimated residual value, over its estimated useful life.

Estimates of the remaining useful life, residual value and depreciation method for all assets are reviewed at least annually and adjustments are made where appropriate.

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

	2014	2013
Buildings		
– Structures Shell Building Fabric	40-52 years	40-52 years
– Site Engineering Services and Central Plant	23-40 years	23-40 years
Central Plant		
– Fit Out	15-40 years	15-40 years
– Trunk Reticulated Building System	21-40 years	21-40 years
Plant and Equipment	10 Years	10 Years
Medical Equipment	7-10 Years	7-10 Years
Non Medical Equipment	10 Years	10 Years
Furniture and Fittings	10 Years	10 Years
Motor Vehicles	4 Years	4 Years
Computers and Communication	3 Years	3 Years

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

AMORTISATION

Amortisation begins when the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management. The consumption of intangible non-produced assets with finite useful lives is classified as amortisation.

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period. In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the asset concerned is tested to see if its carrying value exceeds its recoverable amount. 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 (2013: 3 years).

OTHER OPERATING EXPENSES

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

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

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

(H) OTHER COMPREHENSIVE INCOME

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

NET GAIN/(LOSS) ON NON-FINANCIAL ASSETS

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

- **Revaluation gains/(losses) on non-financial physical assets**
  Refer to Note 1(j) Revaluations of non-financial physical assets.
- **Net gain/(loss) on disposal of non-financial assets**
  Any gain or loss on the disposal of non-financial assets is recognised at the date of disposal and is the difference between the proceeds and the carrying value of the asset at the time.
- **Amortisation of Non-Produced Intangible Assets**
  Intangible non-produced assets with finite useful lives are amortised as an other economic flow on a systematic basis over the asset's useful life. Amortisation begins when the asset is available for use, that is when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (cont.)

(I) FINANCIAL INSTRUMENTS

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Health Service's activities, certain financial assets and financial liabilities arise under statute rather than a contract. Such financial assets and financial liabilities do not meet the definition of financial instruments in AASB 132 Financial Instruments: Presentation. For example, statutory receivables arising from taxes, fines and penalties do not meet the definition of financial instruments as they do not arise under contract.

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

The following refers to financial instruments unless otherwise stated.

CATEGORIES OF NON-DERIVATIVE FINANCIAL INSTRUMENTS

Loans and Receivables

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

Loans and receivables includes cash and deposits (refer to Note 1(j)), term deposits with maturity greater than three months, trade receivables, loans and other receivables, but not statutory receivables.

Financial Liabilities at Amortised Cost

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

(J) ASSETS

CASH AND CASH EQUIVALENTS

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

Term Deposits with a maturing date in excess of three months are therefore classed as an investment rather than cash.

RECEIVABLES

Receivables consist of:

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

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

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

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

INVESTMENTS AND OTHER FINANCIAL ASSETS

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

Investments are classified in the following categories:

- financial assets at fair value through profit or loss;
- held-to-maturity; and
- loans and receivables.

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

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

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

INVENTORIES

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

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

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

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

NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD FOR SALE

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

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

PROPERTY, PLANT AND EQUIPMENT

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

Valuation techniques and inputs used in determining the fair value of non-financial physical assets are discussed in Note 11 Property, Plant and Equipment.

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

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

REVALUATIONS OF NON-CURRENT PHYSICAL ASSETS

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

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

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

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

Revaluation surplus is not transferred to accumulated funds on derecognition of the relevant asset.In accordance with FRD 103E, the Health Service's non-current physical assets were

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (cont.)

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, such as computer software and development costs.

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

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

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

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

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

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

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

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

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

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

PREPAYMENTS

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or that part of expenditure made in one accounting period covering a term extending beyond that period.

DISPOSAL OF NON-FINANCIAL ASSETS

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

- inventories;
- non-current physical assets held for sale; and
- assets arising from construction contracts

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

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

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

INVESTMENTS IN JOINTLY CONTROLLED ASSETS AND OPERATIONS

In respect of any interest in jointly controlled assets, the Health Service recognises in the financial statements:

- its share of jointly controlled assets;
- any liabilities that it had incurred;
- its share of liabilities incurred jointly by the joint venture;
- any income earned from the selling or using of its share of the output from the joint venture; and
- any expenses incurred in relation to being an investor in the joint venture.

For jointly controlled operations, the Health Service recognises:

- the assets that it controls;
- the liabilities that it incurs;
- expenses that it incurs; and
- the share of income that it earns from selling outputs of the joint venture.

DERECOGNITION OF FINANCIAL ASSETS

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

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

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

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

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

IMPAIRMENT OF FINANCIAL ASSETS

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

Receivables are assessed for bad and doubtful debts on a regular basis. Bad debts considered as written off and allowances for doubtful receivables are expensed.

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

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

(K) LIABILITIES

PAYABLES

Payables consist of:

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

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

PROVISIONS

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

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

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

EMPLOYEE BENEFITS

This provision arises for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave for services rendered to the reporting date. The provision also includes allowances for workers compensation premium and superannuation.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (cont.)

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

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

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

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

Long Service Leave (LSL)

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

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

The components of this current LSL liability are measured at:

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

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

Any gain or loss followed revaluation of the present value of non-current LSL liability is recognised as a transaction, except to the extent that a gain or loss arises due to changes in bond interest rates for which it is then recognised as an other economic flow.

Termination Benefits

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

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

ON-COSTS

Provision for 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.

(L) LEASES

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

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

For service concession arrangements, the commencement of lease term is deemed to be the date the asset is commissioned.

All other leases are classified as operating leases.

FINANCE LEASE

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

OPERATING LEASES

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

LEASE INCENTIVES

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

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

(M) EQUITY

CONTRIBUTED CAPITAL

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

PROPERTY, PLANT & EQUIPMENT REVALUATION SURPLUS

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

SPECIFIC RESTRICTED PURPOSE SURPLUS

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

(N) COMMITMENTS

Commitments for future expenditure include operating and capital commitments arising from contracts. These commitments are disclosed by way of a note, (refer to Note 19), at their nominal value and are inclusive of the GST payable. In addition, where it is considered appropriate and provides additional relevant information to users, the net present values of significant individual projects are stated. These future expenditures cease to be disclosed as commitments once the related liabilities are recognised on the balance sheet.

(O) CONTINGENT ASSETS AND CONTINGENT LIABILITIES

Contingent assets and contingent liabilities are not recognised in the balance sheet, but are disclosed by way of note and, if quantifiable, are measured at nominal value. Contingent assets and contingent liabilities are presented inclusive of GST receivable or payable respectively.

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

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

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

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

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

(Q) FOREIGN CURRENCY

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

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

Certain new Australian accounting standards have been published that are not mandatory for the 30th June 2014 reporting period. DTF assesses the impact of all these new standards and advises the Health Service of their applicability and early adoption where applicable.

NOTES TO THE FINANCIAL STATEMENTS

Note 1: Summary of Significant Accounting Policies (cont.)

As at 30th June 2014, the following standards and interpretations had been issued by the AASB but were not yet effective. They become effective for the first financial statements for reporting periods commencing after the stated operative dates as detailed in the table below. The Health Service has not and does not intend to adopt these standards early.

STANDARD / INTERPRETATION	SUMMARY	APPLICABLE FOR ANNUAL REPORTING PERIODS BEGINNING ON	IMPACT ON FINANCIAL STATEMENTS
AASB 9 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).	1 Jan 2017	Preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 10 Consolidated Financial Statements	"This Standard forms the basis for determining which entities should be consolidated into an entity's financial statements. AASB 10 defines ""control"" as requiring exposure of rights to variable returns and the ability to affect those returns through power over an investee, which may broaden the concept of control for public sector entities. The AASB has issued an Australian Implementation Guidance for Not-for-Profit Entities - Control and Structured Entities that explains and illustrates how the principles in the Staqndard apply from the perspective of not-for-profit entities in the private and public sectors."	1 Jan 2014 (not-for-profit entities)	Preliminary assessment has identified that the financial impact of available for sale (AFS) assets will now be reported through other comprehensive income (OCI) and no longer recycled to the profit and loss. While the preliminary assessment has not identified any material impact arising from AASB 9, it will continue to be monitored and assessed.
AASB 11 Joint Arrangements	This Standard deals with the concept of joint control, and sets out a new principles based approach for determining the type of joint arrangement that exists and the corresponding accounting treatment. The new categories of joint arrangements under AASB 11 are more aligned to the actual rights and obligations of the parties to the arrangement.	1 Jan 2014 (not-for-profit entities)	Based on current assessment, entities already apply the equity method when accounting for joint ventures. It is anticipated that there would be no material impact. Ongoing work is being done to monitor and assess the impact of this standard.
AASB 12 Disclosure of Interests in Other Entities	This Standard requires disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with, interests in other entities and the effects of those interests on the financial statements. This Standard replaces the disclosure requirements in AASB 127 Separate Financial Statements and AASB 131 Interests in Joint Ventures.	1 Jan 2014 (not-for-profit entities)	The new standard is likely to require additional disclosures and ongoing work is being done to determine the extent of additional disclosure required.
AASB 127 Separate Financial Statements	This revised Standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.	1 Jan 2014 (not-for-profit entities)	Current assessment indicates that there is limited impact on Victorian Public Sector entities. Ongoing work is being done to monitor and assess the impact of this standard.
AASB 128 Investments in Associates and Joint Ventures	This revised Standard sets out the requirements for the application of the equity method when accounting for investments in associates and joint ventures.	1 Jan 2014 (not-for-profit entities)	Current assessment indicates that there is limited impact on Victorian Public Sector entities. Ongoing work is being done to monitor and assess the impact of this standard.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2013-14 reporting period (as listed below). In general, these amending standards include editorial and references changes that are expected to have insignificant impacts on public sector reporting. The AASB Interpretation in the list below is also not effective for the 2013-14 reporting period and is considered to have insignificant impacts on public sector reporting.

- AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010)
- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards
- AASB 2013-3 Amendments to AASB 136 - Recoverable Amount Disclosures for Non-Financial Assets
- AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities
- AASB 2013-6 Amendments to AASB 136 arising from Reduced Disclosure Requirements
- AASB 2013-7 Amendments to AASB 1038 arising from AASB 10 in relation to consolidation and interests of policy holders
- AASB 2013-9 Amendments to Australian Accounting Standards - Conceptual Framework, Materiality and Financial Instruments
- AASB Interpretation 21 Levies

(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, Koori 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 fall into this category group.

NOTES TO THE FINANCIAL STATEMENTS

Note 2: Revenue

	HSA[i] 2014 $'000	HSA[i] 2013 $'000	Non HSA 2014 $'000	Non HSA 2013 $'000	Total 2014 $'000	Total 2013 $'000
Revenue from Operating Activities						
Government Grants						
– Department of Health	45,100	197,049	-	-	45,100	197,049
– Victorian Health Funding Pool	452,873	269,481	-	-	452,873	269,481
– Department of Human Services	97	96	-	-	97	96
– Commonwealth Government						-
– Residential Aged Care Subsidy	831	1,481	-	-	831	1,481
– Other	19,850	24,978	-	-	19,850	24,978
Total Government Grants	**518,751**	**493,085**	**-**	**-**	**518,751**	**493,085**
Indirect Contributions by Department of Health						
– Insurance	505	829	-	-	505	829
– Long Service Leave	1,188	855	-	-	1,188	855
Total Indirect Contributions by Department of Health	**1,693**	**1,684**	**-**	**-**	**1,693**	**1,684**
Patient and Resident Fees						
– Patient and Resident Fees (refer note 2b)	18,342	15,862	-	-	18,342	15,862
– Residential Aged Care (refer note 2b)	385	618	-	-	385	618
Total Patient and Resident Fees	**18,727**	**16,480**	**-**	**-**	**18,727**	**16,480**
Business Units						
– Diagnostic Imaging	12,214	12,156	-	-	12,214	12,156
Commercial Activities & Specific Purpose Funds						
– Private Practice Fees	4,494	3,138	-	138	4,494	3,276
– Research	94	139	1,454	1,614	1,548	1,753
– Pharmacy	48	730	-	-	48	730
– Property Income	226	234	315	333	541	567
– Cafeteria	-	-	251	227	251	227
– Car Park	-	-	3,181	2,817	3,181	2,817
– Television	-	-	39	38	39	38
Total Commercial Activities & Specific Purpose Funds	**17,076**	**16,397**	**5,240**	**5,167**	**22,316**	**21,564**
Donations and Bequests	-	47	1,222	913	1,222	960
Recoupment from Private Practice for Use of Hospital Facilities	448	637	-	-	448	637
Other Revenue from Operating Activities	14,646	14,193	2,153	2,782	16,799	16,975
Total Revenue from Operating Activities	**571,341**	**542,523**	**8,615**	**8,862**	**579,956**	**551,385**

	HSA[i] 2014 $'000	HSA[i] 2013 $'000	Non HSA 2014 $'000	Non HSA 2013 $'000	Total 2014 $'000	Total 2013 $'000
Revenue from Non-Operating Activities						
Interest	2,747	2,311	35	18	2,782	2,329
Total Revenue from Non-Operating Activities	**2,747**	**2,311**	**35**	**18**	**2,782**	**2,329**
Capital Purpose Income						
State Government Capital Grants						
– Targeted Capital Works and Equipment	-	-	24,509	16,910	24,509	16,910
Commonwealth Government Capital Grants	-	-	584	481	584	481
Assets Received Free of Charge (refer note 2d)	-	-	-	38	-	38
Net Gain/(Loss) On Disposal Of Non-Financial Assets (refer note 2c)	-	-	(128)	7	(128)	7
Donations and Bequests	-	-	-	-	-	-
Other Capital Purpose Income	-	-	178	536	178	536
Total Capital Purpose Income	**-**	**-**	**25,143**	**17,972**	**25,143**	**17,972**
Total Revenue (refer to note 2a)	**574,088**	**544,834**	**33,793**	**26,852**	**607,881**	**571,686**

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 the receipt from the Department of Health as revenue and service/supply as an expense.

This note relates to revenues above the net result line only, and does not reconcile to comprehensive income.

(i) Health Service Agreement

NOTES TO THE FINANCIAL STATEMENTS

Note 2a: Analysis of Revenue by Source

2014	Admitted Patients $'000	Outpatients $'000	EDS[i] $'000	Ambulatory $'000	RAC[ii] $'000	Aged Care $'000	Other $'000	Total $'000
Revenue from Services Supported by Health Services Agreement								
Government Grants	377,657	32,248	56,507	34,243	1,767	9,826	6,503	518,751
Indirect contributions by Department of Health	1,354	85	186	34	-	34	-	1,693
Patient and Resident Fees (refer note 2b)	13,740	798	1,037	2,354	385	413	-	18,727
Donations and Bequests (non capital)	-	-	-	-	-	-	-	-
Recoupment from Private Practice - use of Hospital Facilities	-	-	-	-	-	-	448	448
Business Unit - Diagnostic Imaging	3,198	6,827	1,206	513	-	-	470	12,214
Private Practice Fees	-	4,402	-	92	-	-	-	4,494
Other Revenue from Operating Activities	7,692	355	659	481	1	197	5,629	15,014
Interest	1,650	338	129	219	-	-	411	2,747
Total Revenue from Services Supported by Health Services Agreement	405,291	45,053	59,724	37,936	2,153	10,470	13,461	574,088
Revenue from Services Supported by Hospital and Community Initiatives								
Commercial Activities and Specific Purpose Funds							4,925	4,925
Donations & Bequests (non capital)							1,222	1,222
Rental Income							315	315
Other							2,188	2,188
Capital Purpose Income (refer note 2)							25,143	25,143
Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	**33,793**	**33,793**
Total Revenue	**405,291**	**45,053**	**59,724**	**37,936**	**2,153**	**10,470**	**47,254**	**607,881**

2013	Admitted Patients $'000	Outpatients $'000	EDS[i] $'000	Ambulatory $'000	RAC[ii] $'000	Aged Care $'000	Other $'000	Total $'000
Revenue from Services Supported by Health Services Agreement								
Government Grants	369,983	20,843	55,217	30,669	2,397	9,236	4,740	493,085
Indirect contributions by Department of Health	1,347	84	185	41	-	27	-	1,684
Patient and Resident Fees (refer note 2b)	11,823	543	1,001	2,157	618	338	-	16,480
Donations and Bequests (non capital)	-	-	-	-	-	-	47	47
Recoupment from Private Practice - use of Hospital Facilities	-	-	-	-	-	-	637	637
Business Unit - Daignostic Imaging	12,156	-	-	-	-	-	-	12,156
Private Practice Fees	2,986	152	-	-	-	-	-	3,138
Other Revenue from Operating Activities	8,121	283	912	506	10	468	4,996	15,296
Interest	1,383	281	108	182	-	16	341	2,311
Total Revenue from Services Supported by Health Services Agreement	407,799	22,186	57,423	33,555	3,025	10,085	10,761	544,834
Revenue from Services Supported by Hospital and Community Initiatives								
Commercial Activities and Specific Purpose Funds							4,696	4,696
Donations & Bequests (non capital)							913	913
Private Practice Fees							138	138
Rental Income							333	333
Other							2,800	2,800
Capital Purpose Income (refer note 2)							17,972	17,972
Total Revenue from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	**26,852**	**26,852**
Total Revenue	**407,799**	**22,186**	**57,423**	**33,555**	**3,025**	**10,085**	**37,613**	**571,686**

NOTES TO THE FINANCIAL STATEMENTS

Note 2b: Patient and Resident Fees

	2014 $'000	2013 $'000
Patient and Resident Fees		
Acute		
– Inpatients	13,740	11,823
– Outpatients	798	543
– Other	3,804	3,496
Residential Aged Care	385	618
Total Patient and Resident Fees	**18,727**	**16,480**

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

	2014 $'000	2013 $'000
Proceeds from Disposals of Non-Current Assets		
Medical Equipment	15	10
Non Medical Equipment	30	-
Furniture and Fittings	-	-
Motor Vehicles	24	-
Total Proceeds from Disposal of Non-Current Assets	**69**	**10**
Less: Written Down Value of Non-Current Assets		
Medical Equipment	91	3
Non Medical Equipment	56	-
Furniture and Fittings	50	-
Motor Vehicles	-	-
Total Written Down Value of Non-Current Assets	**197**	**3**
Net gains/(losses) on Disposal of Non-Current Assets	**(128)**	**7**

Note 2d: Assets Received Free of Charge

	2014 $'000	2013 $'000
During the reporting period, the fair value of assets received free of charge was as follows:		
Medical equipment (SimNewB) - Mercy Health	-	38
Total Assets Received Free of Charge	**-**	**38**

NOTES TO THE FINANCIAL STATEMENTS

Note 3: Expenses

	HSA(i) 2014 $'000	HSA(i) 2013 $'000	Non HSA 2014 $'000	Non HSA 2013 $'000	Total 2014 $'000	Total 2013 $'000
Employee Expenses						
Salaries & Wages	370,238	353,843	2,735	2,684	372,973	356,527
WorkCover Premium	4,281	4,407	29	28	4,310	4,435
Departure Packages	1,021	581	-	46	1,021	627
Long Service Leave	9,779	8,898	69	61	9,848	8,959
Superannuation	32,432	30,219	240	224	32,672	30,443
Total Employee Expenses	**417,751**	**397,948**	**3,073**	**3,043**	**420,824**	**400,991**
Non Salary Labour Expenses						
Fees for Visiting Medical Officers	2,493	2,507	-	-	2,493	2,507
Agency Costs - Nursing	2,598	2,721	-	-	2,598	2,721
Agency Costs - Other	2,607	2,944	70	99	2,677	3,043
Total Non Salary Labour Expenses	**7,698**	**8,172**	**70**	**99**	**7,768**	**8,271**
Supplies and Consumables						
Drug Supplies	23,049	22,173	184	162	23,233	22,335
S100 Drugs	-	276	-	-	-	276
Medical, Surgical Supplies and Prosthesis	36,971	33,869	62	196	37,033	34,065
Pathology Supplies	11,065	10,481	18	3	11,083	10,484
Food Supplies	9,648	9,202	232	171	9,880	9,373
Total Supplies and Consumables	**80,733**	**76,001**	**496**	**532**	**81,229**	**76,533**
Other Expenses						
Domestic Services & Supplies	5,196	4,887	-	-	5,196	4,887
Fuel, Light, Power and Water	6,229	5,650	-	-	6,229	5,650
Insurance	10,924	10,736	3	-	10,927	10,736
Motor Vehicles	332	284	-	-	332	284
Repairs & Maintenance	4,929	3,540	22	16	4,951	3,556
Maintenance Contracts	6,234	5,904	-	-	6,234	5,904
Patient Transport	3,197	3,081	9	15	3,206	3,096
Bad & Doubtful Debts	1,596	854	-	-	1,596	854
Leases	3,169	3,384	55	23	3,224	3,407
Other Administrative	16,932	15,967	1,625	2,334	18,557	18,301
Other	7,896	6,695	71	22	7,967	6,717
Audit Fees						
– VAGO - Audit of Financial Statements	121	110	4	4	125	114
– Internal Audit Fees	144	187	-	-	144	187
Total Other Expenses	**66,899**	**61,279**	**1,789**	**2,414**	**68,688**	**63,693**
Expenditure using Capital Purpose Income						
Employee Expenses						
Salaries & Wages	-	-	178	185	178	185
WorkCover Premium	-	-	-	2	-	2
Superannuation	-	-	17	13	17	13
Long Service Leave	-	-	-	4	-	4
Total Employee Expenses	**-**	**-**	**195**	**204**	**195**	**204**
Non Salary Labour Expenses						
Agency/Contract Labour Expenses	-	-	34	4	34	4
Total Non Salary Labour Expenses	**-**	**-**	**34**	**4**	**34**	**4**
Other Expenses						
Administrative Expenses	-	-	59	148	59	148
Other	-	-	883	501	883	501
Total Other Expenses	**-**	**-**	**942**	**649**	**942**	**649**
Total Expenditure using Capital Purpose Income	**-**	**-**	**1,171**	**857**	**1,171**	**857**
Depreciation and Amortisation	-	-	47,359	41,816	47,359	41,816
Total Depreciation and Amortisation	**-**	**-**	**47,359**	**41,816**	**47,359**	**41,816**
Total Expenses	**573,081**	**543,400**	**53,958**	**48,761**	**627,039**	**592,161**

NOTES TO THE FINANCIAL STATEMENTS

Note 3a: Analysis of Expenses by Source

2014	Admitted Patients $'000	Outpatients $'000	EDS[i] $'000	Ambulatory $'000	RAC[ii] $'000	Aged Care $'000	Other $'000	Total $'000
Services Supported by Health Services Agreement								
Employee Expenses	282,154	32,573	50,887	33,579	1,884	9,162	7,512	417,751
Non Salary Labour Expenses	5,469	152	260	368	28	83	1,338	7,698
Supplies & Consumables	67,585	2,625	7,407	2,026	138	821	131	80,733
Other Expenses from Continuing Operations	43,306	7,412	6,604	6,582	215	1,633	1,147	66,899
Total Expenses from Services Supported by Health Services Agreement	**398,514**	**42,762**	**65,158**	**42,555**	**2,265**	**11,699**	**10,128**	**573,081**
Services Supported by Hospital and Community Initiatives								
Employee Expenses							3,073	3,073
Non Salary Labour Expenses							70	70
Supplies & Consumables							496	496
Other Expenses from Continuing Operations							1,789	1,789
Total Expenses from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	**5,428**	**5,428**
Expenditure using Capital Purpose Income								-
Employee Expenses							195	195
Non Salary Labour Expenses							34	34
Supplies & Consumables							-	-
Other Expenses							942	942
Total Expenditure using Capital Purpose Income	-	-	-	-	-	-	**1,171**	**1,171**
Depreciation & Amortisation (refer note 4)							47,359	47,359
Total Expenditure from Services Supported by Health Services Agreement and by Hospital and Community Initiatives	-	-	-	-	-	-	**47,359**	**47,359**
Total Expenses	**398,514**	**42,762**	**65,158**	**42,555**	**2,265**	**11,699**	**64,086**	**627,039**

2013	Admitted Patients $'000	Outpatients $'000	EDS[i] $'000	Ambulatory $'000	RAC[ii] $'000	Aged Care $'000	Other $'000	Total $'000
Services Supported by Health Services Agreement								
Employee Expenses	267,542	30,479	49,555	31,638	2,563	9,013	7,158	397,948
Non Salary Labour Expenses	6,443	638	518	335	93	94	51	8,172
Supplies & Consumables	63,715	2,436	6,977	1,764	212	764	133	76,001
Other Expenses from Continuing Operations	40,904	6,018	5,384	6,377	242	1,313	1,041	61,279
Total Expenses from Services Supported by Health Services Agreement	**378,604**	**39,571**	**62,434**	**40,114**	**3,110**	**11,184**	**8,383**	**543,400**
Services Supported by Hospital and Community Initiatives								
Employee Expenses							3,043	3,043
Non Salary Labour Expenses							99	99
Supplies & Consumables							532	532
Other Expenses from Continuing Operations							2,414	2,414
Total Expenses from Services Supported by Hospital and Community Initiatives	-	-	-	-	-	-	**6,088**	**6,088**
Expenditure using Capital Purpose Income								
Employee Expenses							204	204
Non Salary Labour Expenses							4	4
Other Expenses							649	649
Total Expenditure using Capital Purpose Income	-	-	-	-	-	-	**857**	**857**
Depreciation & Amortisation (refer note 4)							41,816	41,816
Total Expenses from Services Supported by Health Services Agreement and by Hospital and Community Initiatives	-	-	-	-	-	-	**41,816**	**41,816**
Total Expenses	**378,604**	**39,571**	**62,434**	**40,114**	**3,110**	**11,184**	**57,144**	**592,161**

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

NOTES TO THE FINANCIAL STATEMENTS

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

	2014 $'000	2013 $'000
Commercial Activities		
Private Practice and Other Patient Activities	32	54
Car Parking	652	645
Opportunity Shops	97	22
Property Expenses	1	1
Internal and Specific Purpose Funds	1,374	1,688
Other	571	691
Other Activities		
Fundraising and Community Support	1,042	1,010
Research	1,659	1,977
TOTAL	**5,428**	**6,088**

Note 4: Depreciation and Amortisation

	2014 $'000	2013 $'000
Depreciation		
Buildings	34,722	31,177
Plant and Equipment	1,330	1,055
Medical Equipment	6,657	5,682
Computers and Communication	2,009	1,614
Furniture and Fittings	581	515
Non Medical Equipment	428	419
Total Depreciation	**45,727**	**40,462**
Amortisation		
Intangibles Assets	1,632	1,354
Total Amortisation	**1,632**	**1,354**
Total Depreciation and Amortisation	**47,359**	**41,816**

NOTES TO THE FINANCIAL STATEMENTS

Note 5: Cash and Cash Equivalents

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

	2014 $'000	2013 $'000
Cash on Hand	14	17
Cash at Bank	24,576	23,141
Deposits at Call	35,127	-
Total Cash and Cash Equivalents	**59,717**	**23,158**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	59,717	23,158
Total Cash and Cash Equivalents	**59,717**	**23,158**

Note 6: Receivables

	2014 $'000	2013 $'000
CURRENT		
Contractual		
Inter Hospital Debtors	592	399
Trade Debtors	1,109	2,139
Patient Fees	4,327	6,448
Accrued Investment Income	203	334
Accrued Revenue	4,408	6,546
less Allowance for Doubtful Debts		
– Inter Hospital Debtors	-	-
– Trade Debtors	-	-
– Patient Fees	(1,314)	(1,740)
	9,325	**14,126**
Statutory		
GST Receivable	994	1,340
Accrued Revenue - DH	817	-
	1,811	1,340
TOTAL CURRENT RECEIVABLES	**11,136**	**15,466**
NON CURRENT		
Statutory		
Long Service Leave - DH	8,309	7,120
TOTAL NON CURRENT RECEIVABLES	**8,309**	**7,120**
TOTAL RECEIVABLES	**19,445**	**22,586**

NOTES TO THE FINANCIAL STATEMENTS

Note 6: Receivables (cont.)

(A) MOVEMENT IN THE ALLOWANCE FOR DOUBTFUL DEBTS

	2014 $'000	2013 $'000
Balance at beginning of year	1,740	1,671
Amounts written off during the year	(2,022)	(785)
Increase/(decrease) in allowance recognised in net result	1,596	854
Balance at end of year	**1,314**	**1,740**

(b) Ageing analysis of receivables

Please refer to note 18 for the ageing analysis of contractual receivables.

(c) Nature and extent of risk arising from receivables

Please refer to note 18 for the nature and extent of credit risk arising from contractual receivables.

Note 7: Investments and Other Financial Assets

	Operating Fund		Specific Purpose Fund		Capital Fund		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
CURRENT								
Term Deposit								
– Australian Dollar Term Deposits > 3 months	-	25,126	-	-	-	-	-	25,126
Total Current	**-**	**25,126**	**-**	**-**	**-**	**-**	**-**	**25,126**
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**-**	**25,126**	**-**	**-**	**-**	**-**	**-**	**25,126**
Represented by:								
Health Service Investments	-	25,126	-	-	-	-	-	25,126
TOTAL INVESTMENTS AND OTHER FINANCIAL ASSETS	**-**	**25,126**	**-**	**-**	**-**	**-**	**-**	**25,126**

(a) Ageing analysis of investments and other financial assets

Refer to note 18 (b) for the ageing analysis of investments and other financial assets.

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

Refer to note 18 (b) for the nature and extent of credit risk arising from investments and other financial assets.

NOTES TO THE FINANCIAL STATEMENTS

Note 8: Inventories

	2014 $'000	2013 $'000
Pharmaceuticals		
At cost	1,305	1,260
Radiology		
At cost	194	186
TOTAL INVENTORIES	**1,499**	**1,446**

Note 9: Non-Financial Physical Assets Classified as Held For Sale

	2014 $'000	2013 $'000
CURRENT		
Land	694	-
Buildings	252	-
TOTAL NON-FINANCIAL PHYSICAL ASSETS CLASSIFIED AS HELD FOR SALE	**946**	**-**

The Health Service has an agreement to dispose of land and buildings (129, Durham Road, Sunshine) that it no longer utilises and settlement is expected to occur in September 2014. The property was previously used as a drug and alcohol centre and no longer fit for its purpose. No impairment loss was recognised on reclassification of the land and buildings as held for sale or at the end of the reporting period.

Note 10: Other Assets

	2014 $'000	2013 $'000
CURRENT		
Prepayments	385	669
TOTAL OTHER ASSETS	**385**	**669**

NOTES TO THE FINANCIAL STATEMENTS

Note 11: Property, Plant & Equipment

(A) GROSS CARRYING AMOUNT AND ACCUMULATED DEPRECIATION

	2014 $'000	2013 $'000
Land		
Land at Fair Value	66,425	38,604
Total Land	**66,425**	**38,604**
Buildings		
Buildings under Construction at Cost	13,903	79,043
Buildings at Fair Value	467,097	517,186
– Less Accumulated Depreciation	-	(117,197)
Total Buildings	**481,000**	**479,032**
Plant and Equipment		
Plant and Equipment at Fair Value	20,090	14,327
– Less Accumulated Depreciation	(7,367)	(6,039)
Total Plant and Equipment	**12,723**	**8,288**
Medical Equipment		
Medical Equipment at Fair Value	79,261	70,953
– Less Accumulated Depreciation	(45,799)	(39,596)
Total Medical Equipment	**33,462**	**31,357**
Non Medical Equipment		
Non Medical Equipment at Fair Value	5,081	4,900
– Less Accumulated Depreciation	(2,780)	(2,361)
Total Non Medical Equipment	**2,301**	**2,539**
Computers and Communication		
Computers and Communication at Fair Value	14,939	13,202
– Less Accumulated Depreciation	(13,287)	(11,278)
Total Computers and Communications	**1,652**	**1,924**
Furniture and Fittings		
Furniture and Fittings at Fair Value	6,212	5,527
– Less Accumulated Depreciation	(2,199)	(1,636)
Total Furniture and Fittings	**4,013**	**3,891**
Motor Vehicles		
Motor Vehicles at Fair Value	117	175
– Less Accumulated Depreciation	(117)	(175)
Total Motor Vehicles	**-**	**-**
TOTAL PROPERTY, PLANT & EQUIPMENT	**601,576**	**565,635**

(B) RECONCILIATIONS OF THE CARRYING AMOUNTS OF EACH CLASS OF ASSET FOR THE ENTITY AT THE BEGINNING AND END OF THE PREVIOUS AND CURRENT FINANCIAL YEAR IS SET OUT BELOW.

	Land $'000	Buldings $'000	Buldings Under Constn $'000	Plant and Equipment $'000	Medical Equipment $'000	Non Medical Equipment $'000	Computer and Comm $'000	Furniture and Fittings $'000	Motor Vehicles $'000	Total $'000
Balance at 1 July 2012	**38,604**	**428,201**	**68,550**	**5,592**	**32,453**	**2,712**	**2,383**	**4,049**	**-**	**582,544**
Additions	-	1,842	16,515	387	4,148	245	435	51	-	23,623
Disposals	-	(40)	-	-	(3)	(6)	-	(21)	-	(70)
Net transfer between classes	-	1,163	(6,022)	3,364	441	7	720	327	-	-
Depreciation and Amortisation (note 4)	-	(31,177)	-	(1,055)	(5,682)	(419)	(1,614)	(515)	-	(40,462)
Balance at 1 July 2013	**38,604**	**399,989**	**79,043**	**8,288**	**31,357**	**2,539**	**1,924**	**3,891**	**-**	**565,635**
Additions	-	835	14,456	6,120	8,024	246	511	721	-	30,913
Disposals	-	-	-	-	(91)	(56)	-	(50)	-	(197)
Asset classified as held for sale	(694)	(252)	-	-	-	-	-	-	-	(946)
Revaluation increments/ (decrements)	28,515	23,383	-	-	-	-	-	-	-	51,898
Net transfer between classes	-	77,864	(79,596)	(355)	829	-	1,226	32	-	-
Depreciation and Amortisation (note 4)	-	(34,722)	-	(1,330)	(6,657)	(428)	(2,009)	(581)	-	(45,727)
Balance at 30 June 2014	**66,425**	**467,097**	**13,903**	**12,723**	**33,462**	**2,301**	**1,652**	**4,013**	**-**	**601,576**

Land and buildings carried at valuation

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

A fair value assessment of plant and equipment was conducted by management as to whether the fair value of plant and equipment differs materially from its carrying amount at 30th June 2014. The outcome indicated that the carrying amount of plant and equipment does approximate fair value.

NOTES TO THE FINANCIAL STATEMENTS

Note 11: Property, Plant & Equipment (cont.)

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

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

Specialised Land and Specialised Buildings

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

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

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

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

Plant and Equipment

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

There were no changes in valuation techniques throughout the period to 30th June 2014.

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

(D) RECONCILIATION OF LEVEL 3 FAIR VALUE

2014	Land $'000	Buldings $'000	Buldings Under Constn $'000	Plant and Equipment $'000	Medical Equipment $'000	Total $'000
Opening Balance	**33,504**	**399,018**	**79,043**	**8,288**	**31,357**	**551,210**
Purchases	-	835	14,456	6,120	8,009	29,420
Transfers in (out) of Level 3		77,864	(79,596)	(355)	829	(1,258)
	-	-	-	-	-	-
Gain/(loss) recognised in net result	-	-	-	-	(76)	(76)
Depreciation	-	(34,652)	-	(1,330)	(6,657)	(42,639)
Sub Total	**33,504**	**443,065**	**13,903**	**12,723**	**33,462**	**536,657**
						-
Unrealised gains/(losses) on non-financial assets revaluation	27,099	23,548	-	-	-	50,647
Balance at 30 June 2014	**60,603**	**466,613**	**13,903**	**12,723**	**33,462**	**587,304**

NOTES TO THE FINANCIAL STATEMENTS

Note 11: Property, Plant & Equipment (cont.)

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

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

NOTES TO THE FINANCIAL STATEMENTS

Note 12: Intangible Assets

	2014 $'000	2013 $'000
Software	9,537	8,567
– Less Accumulated Amortisation	(8,407)	(6,774)
Total Intangible Assets	**1,130**	**1,793**

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

	2014 $'000	2013 $'000
Balance at 1 July 2012	**2,611**	**723**
Additions	536	3,565
Amortisation (note 4)	(1,354)	(1,677)
Balance at 1 July 2013	**1,793**	**2,611**
Additions	969	536
Amortisation (note 4)	(1,632)	(1,354)
Balance at 30 June 2014	**1,130**	**1,793**

Note 13: Payables

	2014 $'000	2013 $'000
CURRENT		
Contractual		
Trade Creditors	5,716	5,200
Accrued Expenses	7,251	8,223
Salary Packaging	1,991	1,566
Other - Melbourne Health	6,744	4,291
Other	1,531	1,522
	23,233	**20,802**
Statutory		
Repayable Grants - DH	-	296
	-	**296**
TOTAL PAYABLES	**23,233**	**21,098**

(A) MATURITY ANALYSIS OF PAYABLES

Please refer to note 18 (c) for the ageing analysis of payables

(B) NATURE AND EXTENT OF RISK ARISING FROM PAYABLES

Please refer to note 18 (c) for the nature and extent of risk arising from contractual payables

NOTES TO THE FINANCIAL STATEMENTS

Note 14: Provisions

	2014 $'000	2013 $'000
Current Provisions		
Employee Benefits[i]		
Annual Leave (Note 14 (a))		
– Unconditional and expected to be settled within 12 months	27,923	25,800
– Unconditional and expected to be settled after 12 months[ii]	4,624	4,275
Long Service Leave (Note 14 (a))		
– Unconditional and expected to be settled within 12 months	4,952	4,715
– Unconditional and expected to be settled after 12 months[ii]	36,950	34,240
Employee Termination Benefits		
– Unconditional and expected to be settled within 12 months	16,317	14,400
– Unconditional and expected to be settled after 12 months[ii]	-	-
	90,766	**83,430**
Provisions Related to Employee Benefit On-Costs		
– Unconditional and expected to be settled within 12 months	4,427	4,114
– Unconditional and expected to be settled after 12 months[ii]	5,405	5,007
Total Current Provisions	**100,598**	**92,551**
Non-Current Provisions		
Employee Benefits[i]	9,317	8,111
Provisions related to Employee Benefit On-Costs	1,211	1,054
Total Non-Current Provisions	**10,528**	**9,165**
Total Provisions	**111,126**	**101,716**
(a) Employee Benefits and Related On-Costs		
Current Employee Benefits and related on-costs		
Annual Leave Entitlements	36,778	33,985
Accrued Wages and Salaries	13,852	12,296
Accrued Days Off	1,085	1,030
Unconditional Long Service Leave Entitlements	47,349	44,019
Superannuation	1,275	973
Other	259	248
Non-Current Employee Benefits and related on-costs		
Conditional Long Service Leave Entitlements[iii]	10,528	9,165
Total Employee Benefits and Related On-Costs	**111,126**	**101,716**
(b) Movements in provisions		
Movement in Long Service Leave:		
Balance at start of year	**53,184**	**48,922**
Provision made during the year		
– Revaluations	278	67
– Expense recognising Employee Service	9,986	9,499
Settlement made during the year	(5,571)	(5,304)
Balance at end of year	**57,877**	**53,184**

Notes:

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

(ii) The amounts disclosed are at present values.

NOTES TO THE FINANCIAL STATEMENTS

Note 15: Superannuation

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

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

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

	Paid Contribution for the Year		Contribution Oustanding at Year End	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000
Defined benefit plans[i]:				
State Superannuation Fund - revised and new	663	746	28	25
Defined contribution plans:				
First State Super	30,751	28,736	1,247	948
	31,414	**29,482**	**1,275**	**973**

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

NOTES TO THE FINANCIAL STATEMENTS

Note 16: Equity

	2014 $'000	2013 $'000
(a) Surpluses		
Property, Plant and Equipment Revaluation Surplus[1]		
Balance at the beginning of the reporting period	242,216	242,216
Revaluation Increment/(Decrement)		
– Land	28,515	-
– Buildings	23,383	-
Balance at the end of the reporting period	**294,114**	**242,216**
Represented by:		
– Land	54,250	25,735
– Buildings	239,864	216,481
	294,114	**242,216**
Restricted Specific Purpose Surplus		
Balance at the beginning of the reporting period	736	165
Transfer from Accumulated Surplus	710	571
Balance at the end of the reporting period	**1,446**	**736**
Total Surpluses	**295,560**	**242,952**
(b) Contributed Capital		
Balance at the beginning of the reporting period	202,980	202,980
Balance at the end of the reporting period	**202,980**	**202,980**
(c) Accumulated Surplus		
Balance at the beginning of the reporting period	71,667	92,713
Net Result for the Year	(19,158)	(20,475)
Transfers to Restricted Specific Purpose Surplus	(710)	(571)
Balance at the end of the reporting period	**51,799**	**71,667**
(d) Total Equity at end of financial year	**550,339**	**517,599**

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

NOTES TO THE FINANCIAL STATEMENTS

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

	2014 $'000	2013 $'000
Net Result For The Year	(19,158)	(20,475)
Non-cash movements:		
Depreciation & Amortisation	47,359	41,816
Provision for Doubtful Debts	1,596	854
Assets Received Free of Charge	-	(38)
Movements included in investing and financing activities:		
Net (Gain)/Loss from Disposal of Non Financial Physical Assets	128	(7)
Movements in assets and liabilities:		
Change in operating assets and liabilities		
– (Increase)/Decrease in Receivables	2,478	(4,418)
– (Increase)/Decrease in Other Assets	1,932	2,379
– (Increase)/Decrease in Prepayments	284	279
– Increase/(Decrease) in Payables	3,034	(4,235)
– Increase/(Decrease) in Provisions	7,552	6,705
– Change in Inventories	(53)	33
NET CASH INFLOW FROM OPERATING ACTIVITIES	**45,152**	**22,893**

Note 18: Financial Instruments

(A) FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Health Service's principal financial instruments comprises:

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

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

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

The Health Service uses different methods to measure and manage the different risks to which it is exposed. Primary responsibility for the identification and management of financial risks rests with the financial risk management committee of the Health Service.

NOTES TO THE FINANCIAL STATEMENTS

Note 18: Financial Instruments (cont.)

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

2014	Contractual financial assets - receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Financial Assets			
Cash and Cash Equivalents	59,717		59,717
Receivables			
– Trade Debtors	1,701		1,701
– Patient Fees	3,013		3,013
– Other Receivables	4,611		4,611
Total Financial Assets [i]	**69,042**	**-**	**69,042**
Financial Liabilities			
Payables		21,702	21,702
Other Financial Liabilities		1,531	1,531
Total Financial Liabilities [ii]	**-**	**23,233**	**23,233**

2013	Contractual financial assets - receivables $'000	Contractual financial liabilities at amortised cost $'000	Total $'000
Financial Assets			
Cash and Cash Equivalents	23,158		23,158
Receivables			
– Trade Debtors	2,538		2,538
– Patient Fees	4,708		4,708
– Other Receivables	6,880		6,880
Other Financial Assets			
– Term Deposits	25,126		25,126
Total Financial Assets [i]	**62,410**	**-**	**62,410**
Financial Liabilities			
Payables		19,280	19,280
Other Financial Liabilities		1,522	1,522
Total Financial Liabilities [ii]	**-**	**20,802**	**20,802**

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

(B) CREDIT RISK

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

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

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

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

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

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

2014	Financial Institutions (AAA credit rating) $'000	Other $'000	Total $'000
Financial Assets			
Cash and Cash Equivalents	59,717		59,717
Receivables			
– Trade Debtors		1,701	1,701
– Patient Fees		3,013	3,013
– Other Receivables [i]		4,611	4,611
Other Financial Assets			
– Term Deposit	-		-
Total Financial Assets	**59,717**	**9,325**	**69,042**
2013 Financial Assets			
Cash and Cash Equivalents	23,158		23,158
Receivables			
– Trade Debtors		2,538	2,538
– Patient Fees		4,708	4,708
– Other Receivables [i]		6,880	6,880
Other Financial Assets			
– Term Deposit	25,126		25,126
Total Financial Assets	**48,284**	**14,126**	**62,410**

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

NOTES TO THE FINANCIAL STATEMENTS

Note 18: Financial Instruments (cont.)

Contractual financial assets that are either past due or impaired

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

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

(C) LIQUIDITY RISK

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

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

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

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

Maturity analysis of financial liabilities as at 30 June

			Maturity Dates			
2014	Carrying Amount $'000	Nominal Amount $'000	Less than 1 Month $'000	1-3 Month $'000	3 Months - 1 Year $'000	1-5 Years $'000
Financial Liabilities						
At amortised cost						
Payables	21,702	21,702	21,640	51	11	
Other Financial Liabilities [i]	1,531	1,531	1,531	-	-	
Total Financial Liabilities	**23,233**	**23,233**	**23,171**	**51**	**11**	**-**
2013 Financial Liabilities						
At amortised cost						
Payables	19,280	19,280	18,848	385	47	
Other Financial Liabilities [i]	1,522	1,522	1,522	-	-	
Total Financial Liabilities	**20,802**	**20,802**	**20,370**	**385**	**47**	**-**

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

(D) MARKET RISK

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

Currency Risk

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

Interest Rate Risk

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

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

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

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

Other Price Risk

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

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

			Interest Rate Exposure		
2014	Weighted Average Effective Interest Rate (%)	Carrying Amount $'000	Fixed Interest Rate $'000	Variable Interest Rate $'000	Non-Interest Bearing $'000
Financial Assets					
Cash and Cash Equivalents	3.3	59,717	35,127	24,576	14
Receivables					
– Trade Debtors	-	1,701	-	-	1,701
– Patient Fees	-	3,013	-	-	3,013
– Other Receivables	-	4,611	-	-	4,611
Other Financial Assets					
– Term Deposit	-	-	-	-	-
Total Financial Assets		**69,042**	**35,127**	**24,576**	**9,339**
Financial Liabilities					
At amortised cost					
Payables	-	21,702	-	-	21,702
Other Financial Liabilities	-	1,531	-	-	1,531
Total Financial Liabilities	**-**	**23,233**	**-**	**-**	**23,233**
Net Financial Asset/Liabilities	**-**	**45,809**	**35,127**	**24,576**	**(13,894)**

NOTES TO THE FINANCIAL STATEMENTS

Note 18: Financial Instruments (cont.)

2013	Weighted Average Effective Interest Rate (%)	Carrying Amount $'000	Interest Rate Exposure: Fixed Interest Rate $'000	Interest Rate Exposure: Variable Interest Rate $'000	Interest Rate Exposure: Non-Interest Bearing $'000
Financial Assets					
Cash and Cash Equivalents	3.3	23,158	-	23,141	17
Receivables					
– Trade Debtors	-	2,538	-	-	2,538
– Patient Fees	-	4,708	-	-	4,708
– Other Receivables	-	6,880	-	-	6,880
Other Financial Assets					
– Term Deposit	4.4	25,126	25,126	-	-
Total Financial Assets		**62,410**	**25,126**	**23,141**	**14,143**
Financial Liabilities					
At amortised cost					
Payables	-	19,280	-	-	19,280
Other Financial Liabilities	-	1,522	-	-	1,522
Total Financial Liabilities	-	20,802	-	-	20,802
Net Financial Asset/Liabilities	-	41,608	25,126	23,141	(6,659)

Sensitivity disclosure analysis

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

- A shift of 100 basis points up and down in market interest rates (AUD) from year-end rates
- A parallel shift of +1% and -1% in inflation rate from year-end rates
- A movement of 15% up and down (2013: 15%) for the top ASX 200 index

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

2014	Carrying Amount	Interest Rate Risk: -1% Profit $'000	Interest Rate Risk: -1% Equity $'000	Interest Rate Risk: +1% Profit $'000	Interest Rate Risk: +1% Equity $'000	Other Price Risk: -1% Profit $'000	Other Price Risk: -1% Equity $'000	Other Price Risk: +1% Profit $'000	Other Price Risk: +1% Equity $'000
Financial Assets									
Cash and Cash Equivalents	59,703	(597)	(597)	597	597	-	-	-	-
Receivables									
– Trade Debtors	1,701	-	-	-	-	-	-	-	-
– Patient Fees	3,013	-	-	-	-	-	-	-	-
– Other Receivables	4,611	-	-	-	-	-	-	-	-
Other Financial Assets									
– Term Deposit	-	-	-	-	-	-	-	-	-
Total Financial Assets	**69,028**	**(597)**	**(597)**	**597**	**597**	**-**	**-**	**-**	**-**
Financial Liabilities									
Payables	21,702	-	-	-	-	-	-	-	-
Other Financial Liabilities	1,531	-	-	-	-	-	-	-	-
Total Financial Liabilities	**23,233**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Financial Asset/Liabilities	**45,795**	**(597)**	**(597)**	**597**	**597**	**-**	**-**	**-**	**-**

2013	Carrying Amount	Interest Rate Risk: -2% Profit $'000	Interest Rate Risk: -2% Equity $'000	Interest Rate Risk: +2% Profit $'000	Interest Rate Risk: +2% Equity $'000	Other Price Risk: -1% Profit $'000	Other Price Risk: -1% Equity $'000	Other Price Risk: +1% Profit $'000	Other Price Risk: +1% Equity $'000
Financial Assets									
Cash and Cash Equivalents	23,141	(463)	(463)	463	463	-	-	-	-
Receivables									
– Trade Debtors	2,538	-	-	-	-	-	-	-	-
– Patient Fees	4,708	-	-	-	-	-	-	-	-
– Other Receivables	6,880	-	-	-	-	-	-	-	-
Other Financial Assets									
– Term Deposit	25,126	(503)	(503)	503	503	-	-	-	-
Total Financial Assets	**62,393**	**(966)**	**(966)**	**966**	**966**				
Financial Liabilities									
Payables	19,280	-	-	-	-	-	-	-	-
Other Financial Liabilities	1,522	-	-	-	-	-	-	-	-
Total Financial Liabilities	**20,802**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Financial Asset/Liabilities	**41,591**	**(966)**	**(966)**	**966**	**966**	**-**	**-**	**-**	**-**

NOTES TO THE FINANCIAL STATEMENTS

Note 18: Financial Instruments (cont.)

(E) FAIR VALUE

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

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

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

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

Comparison between carrying amount and fair value

	Carrying Amount 2014 $'000	Fair Value 2014 $'000	Carrying Amount 2013 $'000	Fair Value 2013 $'000
Financial Assets				
Cash and Cash Equivalents	59,717	59,717	23,158	23,158
Receivables				
– Trade Debtors	1,701	1,701	2,538	2,538
– Patient Fees	3,013	3,013	4,708	4,708
– Other Receivables	4,611	4,611	6,880	6,880
Other Financial Assets				
– Term Deposit	-	-	25,126	25,126
Total Financial Assets	**69,042**	**69,042**	**62,410**	**62,410**
Financial Liabilities				
Payables	21,702	21,702	19,280	19,280
Other Financial Liabilities	1,531	1,531	1,522	1,522
Total Financial Liabilities	**23,233**	**23,233**	**20,802**	**20,802**

NOTES TO THE FINANCIAL STATEMENTS

Note 19: Commitments for Expenditure

(a) Commitments

	2014 $'000	2013 $'000
Capital Expenditure Commitments		
Payable:		
– Buildings	21,682	41,365
– Plant and equipment	14,834	7,092
– Medical equipment	11,342	-
– Computer equipment	791	608
– Furniture and fittings	-	30
– Intangible assets	1,566	1,537
Total capital expenditure commitments	**50,215**	**50,632**
Other Expenditure Commitments		
Payable:		
– Supplies and consumables	19,985	37,628
– Service agreements	6,464	10,313
– Maintenance contracts	30,567	47,332
Total other expenditure commitments	**57,016**	**95,273**
Lease Commitments		
Commitments in relation to leases contracted for at the reporting date:		
Operating leases	7,915	10,304
Total lease commitments	**7,915**	**10,304**
Operating Leases		
Cancellable	-	-
Sub-Total	**-**	**-**
Non-cancellable	7,915	10,304
Total operating lease commitments	**7,915**	**10,304**
Total lease commitments	**7,915**	**10,304**
Health Service's share of jointly controlled entity capital expenditure commitments payable	**-**	**-**
Total Commitments (inclusive of GST)	**115,146**	**156,209**

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

NOTES TO THE FINANCIAL STATEMENTS

Note 19: Commitments for Expenditure (cont.)

(b) Commitments For Expenditure

Nominal Values	2014 $'000	2013 $'000
Capital expenditure commitments payable		
Less than 1 year	38,335	42,599
Longer than 1 year but not longer than 5 years	11,880	8,033
Total capital expenditure commitments	**50,215**	**50,632**
Other expenditure commitments payable		
Less than 1 year	30,205	47,607
Longer than 1 year but not longer than 5 years	26,811	47,666
Total other expenditure commitments	**57,016**	**95,273**
Lease commitments payable		
Less than 1 year	2,850	2,835
Longer than 1 year but not longer than 5 years	4,883	7,126
5 years or more	182	343
Total lease commitments	**7,915**	**10,304**
Total commitments (inclusive of GST)	**115,146**	**156,209**
Less GST recoverable from the Australian Tax Office	**10,468**	**14,201**
Total commitments (exclusive of GST)	**104,678**	**142,008**

Note 20: Contingent Assets & Contingent Liabilities

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

	2014 $'000	2013 $'000
Contingent Assets		
The Directors are not aware of any quantifiable or non quantifiable contingent assets	-	-
	-	**-**
Contingent Liabilities		
Quantifiable		
Recallable capital grant - Car Park System	1,040	1,300
Recallable capital grant - Digital Medical Record	900	1,200
Total Quantifiable Contingent Liabilities	**1,940**	**2,500**

NOTES TO THE FINANCIAL STATEMENTS

Note 21: Operating Segments

	RAC		Public Health		Total	
	2014 $'000	2013 $'000	2014 $'000	2013 $'000	2014 $'000	2013 $'000
REVENUE						
External Segment Revenue	2,153	3,025	602,946	566,332	605,099	569,357
Total Revenue	**2,153**	**3,025**	**602,946**	**566,332**	**605,099**	**569,357**
EXPENSES						
External Segment Expenses	2,265	3,110	624,774	589,051	627,039	592,161
Total Expenses	**2,265**	**3,110**	**624,774**	**589,051**	**627,039**	**592,161**
Net Result from ordinary activities	**(112)**	**(85)**	**(21,828)**	**(22,719)**	**(21,940)**	**(22,804)**
Interest Income	-	-	2,782	2,329	2,782	2,329
Net Result for Year	**(112)**	**(85)**	**(19,046)**	**(20,390)**	**(19,158)**	**(20,475)**
OTHER INFORMATION						
Segment Assets	10	552	657,642	615,908	657,652	616,460
Unallocated Assets	-	-	27,046	23,953	27,046	23,953
Total Assets	**10**	**552**	**684,688**	**639,861**	**684,698**	**640,413**
Segment Liabilities	-	664	120,560	111,575	120,560	112,239
Unallocated Liabilities	-	-	13,799	10,575	13,799	10,575
Total Liabilities	**-**	**664**	**134,359**	**122,150**	**134,359**	**122,814**
Investments in associates and joint venture partnership	-	-	-	-	-	-
Acquisition of property, plant and equipment and intangible assets	-	240	30,913	23,383	30,913	23,623
Depreciation & amortisation expense	43	33	47,316	41,783	47,359	41,816
Non cash expenses other than depreciation	-	-	505	853	505	853
Impairment of inventories	-	-	-	-	-	-

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

Business Segments	Services
Residential Aged Care Services (RAC)	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.

Effective from 31 March 2014, the Residential Aged Care Service has ceased.

NOTES TO THE FINANCIAL STATEMENTS

Note 22: Jointly Controlled Assets and Operations

Name of Entity	Principal Activity	Ownership Interest 2014 %	Ownership Interest 2013 %
Victorian Comprehensive Cancer Centre Joint Venture ("VCCC")	Cancer research, education and training and patient care	12.5%	12.5%

The Health Service interest in assets employed in the above jointly controlled assets and operations is detailed below. The amounts are included in the financial statements under their respective asset categories:

	2014 $'000	2013 $'000
Current Assets		
Cash and Cash Equivalents	223	169
Receivables	3	13
Prepayments	5	17
Total Current Assets	**231**	**199**
Non-Current Assets		
Property, Plant and Equipment	4	5
Total Non-Current Assets	**4**	**5**
SHARE OF TOTAL ASSETS	**235**	**204**
Current Liabilities		
Payables	47	29
Provisions	37	37
Total Current Liabilities	**84**	**66**
Non-Current Liabilities		
Payables	6	5
Total Non-Current Liabilities	**6**	**5**
SHARE OF TOTAL LIABILITIES	**90**	**71**
NET ASSETS	**145**	**133**
Share of VCCC's Net Assets	**145**	**133**

The Health Service's interest in revenues and expenses resulting from the jointly controlled assets and operations is detailed below:

	2014 $'000	2013 $'000
Contributions from Department of Health	182	212
Contributions from Members Entities	182	182
Other Income	7	15
Interest	6	8
Total Revenue	**377**	**417**
Employee Expenses	169	166
Other Expenses	193	237
Depreciation	1	1
Total Expenses	**363**	**404**
NET RESULT	**14**	**13**
Share of VCCC's Net Result After Income Tax	**14**	**13**
Contingent Assets and Contingent Liabilities	-	-
Commitments for Expenditure	-	-

NOTES TO THE FINANCIAL STATEMENTS

Note 23a: Responsible Persons Disclosures

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

	Period
Responsible Ministers	
The Honourable David Davis, MLC, Minister for Health and Ageing	1/7/2013 - 30/06/2014
The Honourable Mary Wooldridge, MLA, Minister for Mental Health	1/7/2013 - 30/06/2014
Governing Board	
Hon Bronwyn Pike (Chair - appointed 1 July 2014)	_
Mr Ralph Willis (Chair - term completed 30 June 2014)	1/7/2013 - 30/06/2014
Professor Colin Clark (reappointed 1 October 2013)	1/10/2013 - 30/06/2014
Ms Vivienne Nguyen (resignation 29 October 2013)	1/7/2013 - 29/10/2013
Mrs Elleni Bereded-Samuel	1/7/2013 - 30/06/2014
Mrs Patricia Vejby	1/7/2013 - 30/06/2014
Mr Robert Mitchell	1/7/2013 - 30/06/2014
Associate Professor Cassandra Szoeke	1/7/2013 - 30/06/2014
Mr Malcolm Peacock	1/7/2013 - 30/06/2014
Mr Gerard Blood (appointed 30 July 2013)	30/7/2013 - 30/06/2014
Mr Vladimir Vizec (appointed 1 October 2013)	1/10/2013 - 30/06/2014
Mrs Mimmie Ngum Chi Watts (appointed 18 February 2014)	18/2/2014 - 30/06/2014
Accountable Officer	
Associate Professor Alex Cockram	1/7/2013 - 30/06/2014

	2014 No.	2013 No.
Remuneration of Responsible Persons		
The number of Responsible Persons are shown in their relevant income bands:		
Income Band		
$0 - $9,999	2	1
$10,000 - $19,999	4	0
$20,000 - $29,999	4	7
$30,000 - $39,999	0	0
$40,000 - $49,999	0	1
$50,000 - $59,999	1	0
$240,000 - $249,999	0	1
$280,000 - $289,999	0	1
$430,000 - $439,999	1	0
Total Numbers	**12**	**11**
Total remuneration received or due and receivable by Responsible Persons from the reporting entity amounted to:	**$662,005**	**$768,587**

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.

NOTES TO THE FINANCIAL STATEMENTS

Note 23b: Executive Officer Disclosures

Executive Officers' Remuneration

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

	Total Remuneration		Base Remuneration	
	2014	2013	2014	2013
$0 - $ 99,999	9	5	9	6
$100,000 - $109,999	0	0	0	0
$110,000 - $119,999	0	1	0	0
$120,000 - $129,999	0	2	0	2
$130,000 - $139,999	3	1	3	2
$140,000 - $149,999	3	6	3	7
$150,000 - $159,999	3	2	3	3
$160,000 - $169,999	3	5	3	4
$170,000 - $179,999	5	3	5	2
$180,000 - $189,999	3	3	3	4
$190,000 - $199,999	1	1	1	2
$200,000 - $209,999	1	1	3	2
$210,000 - $219,999	2	2	1	0
$220,000 - $229,999	1	1	1	1
$230,000 - $239,999	1	1	1	0
$240,000 - $249,999	0	1	0	0
$250,000 - $259,999	1	0	1	0
$260,000 - $269,999	1	0	0	0
$270,000 - $279,999	0	0	0	1
$280,000 - $289,999	0	0	0	0
$290,000 - $299,999	0	0	1	1
$300,000 - $309,999	1	0	1	0
$310,000 - $319,999	1	2	0	0
Total number of executives	**39**	**37**	**39**	**37**
Total annualised employee equivalent [1]	**32**	**33**	**32**	**33**
Total Remuneration	**$6,124,817**	**$6,083,932**	**$6,028,739**	**$5,768,647**

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

NOTES TO THE FINANCIAL STATEMENTS

Note 24: Remuneration of Auditors

	2014 $'000	2013 $'000
Victorian Auditor-General's Office		
Audit of financial statement	117	114
Acquittal audit - WHCRE and HWA	8	-
Internal Audit	144	187
	269	**301**

Note 25: Events Occurring after the Balance Sheet Date

At the time this report was being prepared the Directors were not aware of any events occurring after the reporting date that would have a material impact on the financial statements, with the exception of the following, the financial effects of which has not been provided for in the financial statements as the unincorporated joint venture has not been established.

The Health Service worked cooperatively with a group of Affiliated Organisations, including the University of Melbourne, public health services, research institutes and the Bio21 Cluster to develop a health science centre in Melbourne known as the Melbourne Academic Centre for Health (MACH). An unincorporated joint venture will be formed to achieve the aims of MACH, including delivering better health outcomes for Victorian communities, provide improved educational support and drive the translation and application of health research into the delivery of healthcare.

Note 26: Controlled Entities

Name of Entity	Country of Incorporation	Equity Holding
Western Health Foundation Limited	Australia	100%

Western Health Foundation Limited, a public company limited by guarantee was incorporated on 19th October 2011 with its principal activity being that of managing fundraising and philanthropic activities on behalf of the Health Service.

NOTES TO THE FINANCIAL STATEMENTS

Note 27: Economic Dependency

The financial statements are prepared on a going concern basis as at 30th June 2014. The Health Service has:

- A surplus from operating activities of $4.2 million for the year ended 30th June 2014 ($4.2 million surplus for the year ended 30 June 2013).
- Working capital ratio (excluding long-term employee entitlements) is calculated at 0.94 as at 30th June 2014 (0.94 as at 30 June 2013).

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

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Western Health

The Financial Report

The accompanying financial report for the year ended 30 June 2014 of Western Health which comprises comprehensive operating statement, balance sheet, statement of changes in equity, statement of cash flows, notes comprising a summary of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance 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, and the financial reporting requirements of the *Financial Management Act 1994*, and for such internal control as the Board Members determine is necessary to enable the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the Board Members, as well as evaluating the overall presentation of the financial report.

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

Independent Auditor's Report (continued)

Independence

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

Opinion

In my opinion, the financial report presents fairly, in all material respects, the financial position of Western Health as at 30 June 2014 and of its financial performance and its cash flows for the year then ended in accordance with applicable Australian Accounting Standards, and the financial reporting requirements of the *Financial Management Act 1994*.

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 2014 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
18 August 2014

John Doyle
Auditor-General

Notes

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St Albans VIC 3021
8345 1333

SUNSHINE HOSPITAL RADIATION THERAPY CENTRE

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8395 9999

WESTERN CENTRE FOR HEALTH RESEARCH AND EDUCATION

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8345 1333

SUNBURY DAY HOSPITAL

7 Macedon Road
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WILLIAMSTOWN HOSPITAL

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9393 0100

DRUG HEALTH SERVICES

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Western Health