easternhealth
GREAT HEALTH AND WELLBEING

Annual Report 2012-2013

OUR MISSION

To provide positive health experiences for people and communities in the east

OUR VISION

Great health and wellbeing

EASTERN HEALTH CATCHMENTS

Eastern Health's *Annual Report 2011-12* received Bronze at the 2013 Australasian Reporting Awards. Primarily a benchmarking activity, the awards recognise organisations that are able to satisfy the ARA criteria after a comprehensive review by an expert panel of accounting, legal and communications professionals.

Eastern Health provides a comprehensive range of high-quality acute, sub-acute, palliative care, mental health, drug and alcohol, residential care and community health services to people and communities that are diverse in culture, age, socio-economic status, population and healthcare needs.

Our ***Annual Report 2012-13*** provides information about our sites, services, staff and operational achievements and challenges during this financial year.

This report should be read in conjunction with Eastern Health's other annual publications:

- *Quality of Care Report 2013*, which details Eastern Health's progress and achievements in many clinical areas
- *Research Report 2013*, which highlights research undertaken by our clinicians and other health professionals
- *Sustainability Report 2013*, which outlines our performance in the area of environmental and economic stainability
- *Turning Point 2013*, which showcases the centre's myriad work in alcohol, other drugs and gambling research, treatment and education.

Our publications are available on Eastern Health's website at **www.easternhealth.org.au**. A limited number of printed copies can be obtained by telephoning **03 9895 4879**.

The *Annual Report 2012-13* has been prepared in accordance with Victorian Government guidelines and the directions of the Minister for Finance. It will be presented to the public at Eastern Health's annual meeting on 5 December 2013.

Manner of establishment

As a public health service established under section 181 of the Victorian *Health Services Act 1988*, Eastern Health reports to the Victorian Minister for Health, the Honourable David Davis MP. The functions of a public health service Board of Directors are outlined in the Act and include establishing, maintaining and monitoring the performance of systems to ensure the health service meets community needs.

Our role

Since forming in 2000, we have played a key role in the provision of public health services in Melbourne's eastern suburbs. We work with community healthcare providers, such as general practitioners, community health services and affiliated healthcare agencies. Geographically, we cover the municipalities of Boroondara, Knox, Manningham, Maroondah, Whitehorse and Yarra Ranges.

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OUR CHAIR AND CHIEF EXECUTIVE

Eastern Health has had a very successful 12 months. We are confident that we have extended and improved access to the many services we provide.

Dr Joanna Flynn AM
Chair
Eastern Health Board of Directors

Alan Lilly
Chief Executive
Eastern Health

We have responded to increasing demand and at the same time, continued to develop and evolve our models of care to make them more patient and family centred.

This past year has been characterised by funding challenges, new access targets, ever-increasing demand, greater consumer involvement and an organisation growing in its capacity to respond to these challenges. The sudden and unprecedented Commonwealth withdrawal of funding in the middle of the financial year caused great concern and required a swift change to service delivery plans in 2012-13.

However, with the later reinstatement of funding, Eastern Health was able to meet all of our elective surgery commitments, as originally planned. In fact, Eastern Health performed more elective surgeries than planned and decreased our elective surgery waiting list below the target set for this year.

Eastern Health is the second largest provider of elective surgery in Victoria and has a 100 per cent track record in treating urgent patients (those classified as needing surgery within 30 days) on time. Following a major service improvement initiative this year, Eastern Health plans to undertake even more elective surgery in 2013-14.

We have also experienced an increase in the number of people presenting to our three emergency departments and an increasing number of patients arriving by ambulance. In response to this and to the Commonwealth requirement to treat, admit or discharge patients within four hours, Eastern Health embarked on a major improvement project.

This involved changing the way patients are assessed and treated in the emergency department, changing the way patients are treated in our inpatient units and changing the way we staff those areas with junior and senior doctors, nurses and allied health professionals.

This major change initiative under the umbrella of *"Great Care Everywhere"* is widely recognised as an innovative approach to improving healthcare and is based on the rapid improvement methodology of our partner NHS organisation, the Bolton NHS Foundation Trust in the United Kingdom.

At Eastern Health, we have also improved our continuing care, community, mental health, outpatient, residential care and ambulatory (in the home) programs. With improved care and better support after discharge, patients are able to return to their homes more quickly. This is better for them and their families and also helps create capacity to treat the increasing number of patients arriving for elective surgery or emergency care.

“We are proud to recognise those staff and volunteers who exemplify our organisation’s values of Accountability, Collaboration, Compassion, Excellence, Respect, Teamwork and Integrity.”

A significant achievement this year was the release of Eastern Health’s first 10-year Strategic Clinical Service Plan, known as *Eastern Health 2022*. We undertook comprehensive staff and community consultation on this exciting plan as it developed and it now provides a blueprint for our services over the next decade.

Following extensive feedback from the Healesville community, we implemented changes in the final plan to ensure surgical services continue at Healesville & District Hospital.

Our commitment to Closing the Health Gap and reducing inequality in healthcare status and outcomes between Aboriginal and Torres Strait Islander peoples and non-indigenous Australians was strengthened.

We signed a Statement of Intent with the Victorian Minister for Health and the statement was co-signed by Aboriginal elders at our inaugural breakfast meeting of the Board, Executive and Aboriginal community in August 2012. Feedback suggests this approach is working.

Our strengthening relationship was illustrated by a Community Sports Day in Healesville in March 2013, with football and netball teams fielded by the Aboriginal community and Eastern Health. Our second annual breakfast meeting is scheduled in August 2013.

We also observed growth in our capital and information technology program with a major investment of $479.3 million from the Commonwealth and state governments.

This program is preparing Eastern Health for the next 50 years and includes the new clinical services building at Box Hill Hospital, a redevelopment of Yarra Valley Community Health and Healesville & District Hospital, a major critical care and sub-acute service expansion at Maroondah Hospital and new education and simulation centres at Wantirna Health and Healesville & District Hospital.

As well as being a leader in the implementation of the electronic medical record, Eastern Health is a lead agency working with the Inner East Medicare Local on the Commonwealth initiative to make Personally Controlled Electronic Health Records available to all Australians.

More than 9000 people work as staff and volunteers at Eastern Health. We continued our commitment to celebrating their contribution through the annual reward and recognition initiative across all sites and programs, leading to our third Eastern Health Aspire to Inspire (A2i) Awards in April 2013.

We are proud to recognise those staff and volunteers who exemplify our organisation’s values of Accountability, Collaboration, Compassion, Excellence, Respect, Teamwork and Integrity, as well as those staff who provide long and distinguished service and those who help us realise our vision of *Great Health and Wellbeing*.

During the year, we were delighted to receive external recognition at the Victorian Public Healthcare Awards for our Patient Experience of Care program *In the Patient’s Shoes*, which received a High Commendation, and our integrated Diabetes Program with Whitehorse Community Health Service, which received a Silver Medal.

We were also pleased to receive a Minister for Health Volunteer Award for our Volunteer Program as a result of the program’s innovative work to prevent falls at the Peter James Centre.

Not withstanding the challenges of the past year, we are pleased to report that Eastern Health delivered a surplus operating budget result of $1.8 million, meeting our commitment to live within our means. As the Chair and Chief Executive of Eastern Health, we are proud of our achievements over the past 12 months, made possible through years of good work building solid foundations.

One of Eastern Health’s major strengths is the excellent leadership, service delivery and care provided at all levels of the organisation, from the ward through to the Board. We would like to thank the Board Directors, the Executive Management Team, Senior Leadership Team, our Board Committee and Community Advisory Committee members and all the staff and volunteers who deliver or support care and services across our health service.

We would also like to specifically acknowledge the wonderful contributions of Janet Compton (former Executive Director, Acute Health) who was appointed Chief Executive at Northern Health in May 2013 and former Board Directors Martin Botros and Jeanette Ward, who concluded their Board appointments on 30 June 2013.

As 2013-14 gets underway, there is a real sense of optimism in the air and it is with great pleasure that we commend Eastern Health’s *2012-13 Annual Report* to you.

OUR BOARD FINANCE COMMITTEE CHAIR AND CHIEF FINANCE OFFICER

The Financial Statements for 2012-13 reflect a year of great development and delivery on planned outcomes.

Stuart Alford
Chair
Board Finance Committee

Peter Hutchinson
Chief Finance Officer
Eastern Health

The net result before capital and specific items is an operating surplus of $1.777 million. This is a better outcome than the target of $0.5 million forecast at the beginning of the year.

The overall total comprehensive result for Eastern Health was an entity surplus of $79.496 million which includes the indirect contribution of revenue from government for capital projects and, in particular, the Box Hill Hospital redevelopment.

A detailed plan was established at the beginning of the financial year for delivering an operating surplus of $0.5 million. The operating budget program was supported by detailed economic sustainability strategies and a bed management plan to achieve the forecast outcomes.

This was interrupted during the year with the withdrawal and subsequent reinstatement some months later of Commonwealth funds totalling $8.3 million. Notwithstanding this interruption, it is pleasing to report that overall services delivered to the community exceeded the 100 per cent targets in all major programs.

A key to the plan was the continuation of growth in revenues that over the year increased by 3.6 per cent. In particular, the rise in private fees of 5.8 per cent was a major element.

Containing staffing costs is always a challenge with escalating demand across our catchment. Overall staffing numbers remained constant during the course of the year with total labour costs rising by 2.6 per cent, which aligns to government wages policy.

The close monitoring of supplies and consumables has also limited the growth in costs to only 2.5 per cent. Reviews of contract pricing and stock levels have resulted in significant gains over the year.

It is pleasing to report the reduction in current asset receivables of $1.6 million whilst fees increased considerably. This enabled the overall cash balance to remain similar to the previous year and is reported at $23.6 million.

The ongoing close monitoring of employee provisions has continued to deliver good outcomes with annual leave and accrued days off remaining constant in value. Overall, this ensures financial benefits as well as supporting "great health and wellbeing" for our staff.

The Management Accounting team is commended on their consistent and timely reporting of results throughout the year. This assisted the directorates to deliver on their objectives. They are well supported by the tireless efforts of the Decision Support Services area which provides a wealth of information to health service managers to monitor and improve outcomes.

We are pleased to present 2012-13 financial statements as part of Eastern Health's Annual Report and thank the financial accounting team for meeting the reporting deadline requirements.

The statements provide a strong foundation for achieving our goals for 2013-14 which we expect will include a new set of challenges for consideration as we strive to provide ***positive health experiences for people and communities in the east***.

ABOUT US

- Caring for more than **750,000** people
- More than **65** sites across **29** locations
- Services located across **2816** square kilometres
- More than **9000** staff and volunteers
- More than **800,000** episodes of patient care each year

Acute Stroke Nurse, Skye Coote, speaking to stroke survivor, John Benson.

EASTERN HEALTH ORGANISATIONAL PROFILE

Larger sites	Corporate functions
• Angliss Hospital	• Access and Patient Support Services
• Box Hill Hospital	• Corporate Projects and Sustainability
• Healesville & District Hospital	• Finance, Procurement and Information Services
• Maroondah Hospital	• Fundraising, Legal Counsel and Clinical Governance
• Peter James Centre	• Human Resources and Communications
• Turning Point Alcohol & Drug Centre	• Quality, Planning and Innovation
• Wantirna Health	• Research
• Yarra Ranges Health	
• Yarra Valley Community Health	

Life Enhancement Co-ordinator, Kerry Loe and Registered Nurse, Maria Lucero work at Mooroolbark Nursing Home, one of four residential aged care facilities at Eastern Health.

OUR CLINICAL PROGRAMS AND SERVICES

Directorate	Clinical Program	Clinical Service Group	Clinical Support
Acute Health	Emergency and General Medicine	1 General medicine 2 Emergency services 3 Intensive care services	**Clinical Support Services** (Includes, but not limited to, pathology, medical imaging, pharmacy, allied health, anaesthetics, biomedical engineering, health information services)
	Women and Children	4 Gynaecology 5 Maternity services 6 Neonatology 7 Paediatric services (includes paediatric medicine, paediatric surgery)	
	Specialty Medicine	8 Cardiology (includes interventional cardiology) 9 Dermatology 10 Endocrinology 11 Endoscopy services 12 Gastroenterology 13 Haematology 14 Infectious diseases 15 Neurology (includes acute stroke and multiple sclerosis services) 16 Oncology, chemotherapy and radiotherapy 17 Renal medicine and dialysis 18 Respiratory medicine 19 Rheumatology	
	Surgery	20 Breast and endocrine surgery 21 Colorectal surgery 22 Ear, nose and throat surgery 23 General surgery 24 Ophthalmology 25 Orthopaedic surgery 26 Plastic surgery 27 Thoracic surgery 28 Upper gastro-intestinal surgery (includes bariatric surgery) 29 Urology 30 Vascular surgery	
Continuing Care, Community and Mental Health	Mental Health	31 Adult mental health 32 Aged persons' mental health 33 Child and youth mental health services	
	Continuing Care	34 Geriatric evaluation and management 35 Residential aged care 36 Palliative care 37 Rehabilitation	
	Ambulatory and Community Health	38 Ambulatory services 39 Transition care program 40 Community health	
	Statewide Services	41 Turning Point 42 Spectrum	

Above: Yarra Valley Community Health's "Mums' Day Out" program.
Below: Patient Jen Connelly receives care in her own home from oncology nurses Maree Lennon and Jacinta MacCormack.

OUR PERFORMANCE

- A total of **13,260** patients were admitted for elective surgery – up by 2.8 per cent
- A total of **142,778** emergency department presentations – up 1.1 per cent
- A total of **4559** babies were delivered at our hospitals

Lorraine Casey has worked at Box Hill Hospital for more than 40 years.

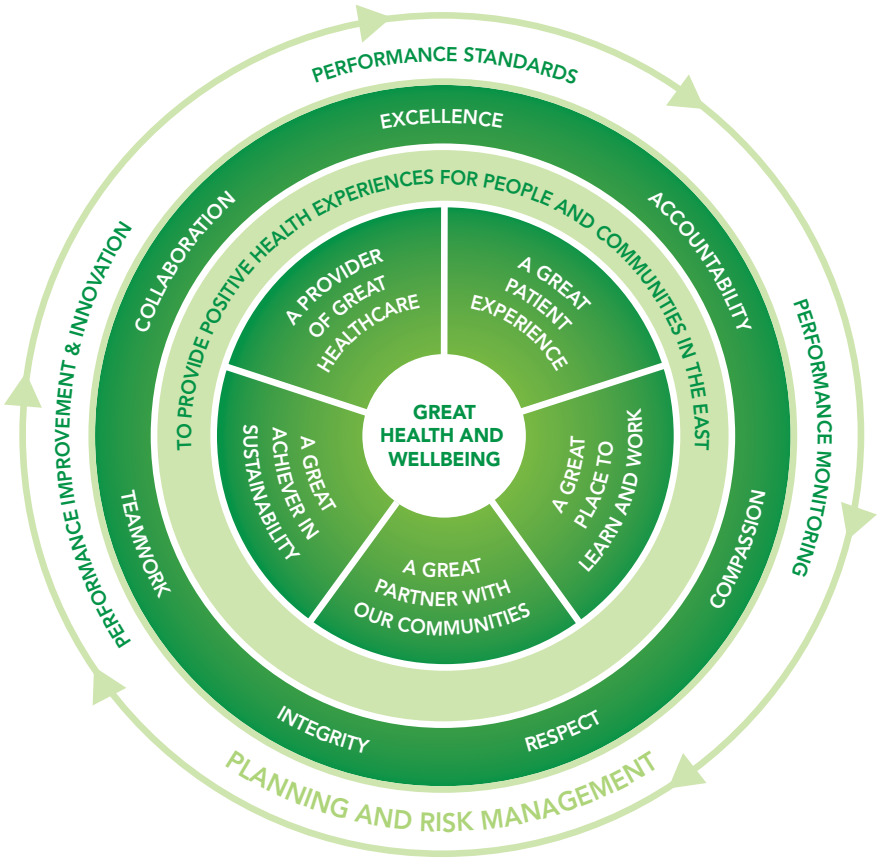
OUR CORPORATE PERFORMANCE

During 2012-13, we continued to improve our performance by taking a strategic approach to all our operations.

The Eastern Health Performance Excellence Framework (below) guides us to ensure Eastern Health is a high-performing organisation by driving improvements in the right areas and doing this in a consistent way to achieve desired outcomes.

Our strategic directions and goals influence how the organisation's objectives are set and achieved, how risks are identified, assessed and treated, and how performance is continuously improved.

PERFORMANCE EXCELLENCE FRAMEWORK



Quality, planning and risk management

The quality and safety of our services and effective risk management are underpinned by our governance framework, which encapsulates both clinical and corporate governance.

Eastern Health has a well defined and explicit approach to planning which ensures we take into account internal and external factors, and that our continuous improvement activities are focused on the areas of highest priority. Eastern Health planning is overseen by the Board Strategy, Planning and Human Resources Committee.

Eastern Health actively and systematically identifies, assesses and treats clinical and non-clinical risks. Our staff are encouraged to identify and escalate risks so they can be managed effectively.

We believe a formal approach to risk management improves decision making, performance, accountability and outcomes.

We have a risk management framework and policy which assists us to provide a co-ordinated, organisation-wide approach to risk management and it ensures we respond in an appropriate and timely manner.

This approach is designed to provide opportunity for improvement in patient safety and the provision of efficient, high-quality services. Importantly, it ensures risk management is accepted as a core component of Eastern Health's service delivery and is part of every staff member's role.

Risk management is overseen by the Board Risk and Audit Committee. In 2012-13, we have continued to improve risk management systems to ensure they are the best they can be.

Strategy

In 2012-13, Eastern Health finalised its first Strategic Clinical Service Plan, known as *Eastern Health 2022*. This plan outlines the future service profile of Eastern Health programs and clinical services, at site and organisation-wide levels, to best meet the needs of our communities over the next 10 years and to improve equity of access for Eastern Health services.

Following a comprehensive consultation process with our staff and many external stakeholders, we formulated strategies that will contribute to our vision of ***great health and wellbeing***.

We look forward to working with all Eastern Health staff and our communities as we commence implementation of our plan in 2013-14.

Accreditation

In March 2009, the Australian Council on Healthcare Standards awarded Eastern Health full accreditation for four years. Following a periodic review in 2011 we were advised that we had satisfactorily addressed recommendations from the 2009 survey and that we would maintain our full accreditation status until the next survey in the second half of 2013.

In 2012, Eastern Health commenced implementation of the new National Safety and Quality Health Service (NSQHS) Standards. Eastern Health is preparing for an organisation-wide survey in September 2013 against these standards as well as the five additional EQuIP National Standards, the National Standards for Mental Health Services and the Community Common Care Standards.

In 2012-13, Eastern Health successfully completed a National Association of Testing Authorities (NATA) review for cardiology and achieved full accreditation for four years. Our three pathology laboratories at Angliss, Maroondah and Box Hill hospitals, and our medical imaging services have also achieved NATA accreditation.

Eastern Health's four residential aged care facilities – Edward Street in Upper Ferntree Gully, Monda Lodge in Healesville, Mooroolbark and Northside in Burwood East were surveyed by the Aged Care Standards and Accreditation Agency in 2012 and achieved full accreditation for another three years.

Our general practice clinic at Yarra Valley Community Health was surveyed under the Royal Australian College of General Practitioners accreditation scheme in May 2013 and was successful in achieving full accreditation for another three years.

Left: Box Hill Hospital Nurse, Elizabeth Cini. Right: Transfusion Nurse Consultants Janine Carnell and Clare Hennessy.

Attestation on compliance with Australian/ New Zealand Risk Management Standard

I, Alan Lilly, certify that Eastern Health has risk management processes in place consistent with AS/NZS ISO 31000:2009 Risk management – principles and guidelines.

I certify that Eastern Health has an internal control system in place that enables the Executive to understand, manage and satisfactorily control risk exposures. The Board Risk and Audit Committee verifies this assurance and that the risk profile of Eastern Health has been critically reviewed within the last 12 months.

Alan Lilly
Chief Executive, Eastern Health
8 August 2013

Box Hill Hospital redevelopment

The Box Hill Hospital redevelopment has progressed significantly throughout this financial year. The new clinical services building celebrated an important milestone in March 2013 with the traditional "topping out" ceremony on the 10th floor to mark completion of the building structure. This event was attended by a number of dignitaries, including the Premier of Victoria Dr Denis Napthine and the Minister for Health David Davis.

Construction of an additional floor as a result of project cost-savings has been a major accomplishment. Being able to accommodate all of our acute beds within the new building will enable us to deliver more efficient healthcare and access to high-quality services and amenities for our patients.

The new building is expected to open in mid-2014 followed by some refurbishment of the existing hospital, to be completed in 2015.

Upon completion, the expanded Box Hill Hospital will deliver:

- An increase of more than 200 beds
- A larger emergency department supported by 20 short-stay beds
- Improved women and children's services
- 11 new operating theatres
- A new intensive care unit
- Expanded services for cardiology patients
- More inpatient and day beds for cancer and renal services
- Two floors of basement parking to provide 220 spaces for community use, as well as bike storage and shower facilities to encourage "green travel" for staff.

Our project team, comprising members of Eastern Health and the Victorian Department of Health, has continued to engage stakeholders via a range of communication channels, including the project website, bulletins, letter drops and community forums.

For the latest information and photographs, visit **www.health.vic.gov.au/boxhill/**

Other capital works and IT projects

Eastern Health continued to progress our extensive building program (almost $480 million in capital projects) during 2012-13 including:

- Maroondah Hospital expansion, which includes completion of the first stage of the North/South block as part of the new critical care unit and ward development ($22 million)
- Expansion of sub-acute services ($5.7 million) at Maroondah and Angliss hospitals progressed with construction of the 20-bed continuing care unit at Maroondah Hospital and Angliss Hospital successfully commencing operation of new sub-acute beds
- Planning for the $3 million upgrade of Healesville & District Hospital progressed
- Completion of the Simulated Learning Environment within the new education precinct at Wantirna Health. The next stage includes progressing partnerships with Deakin University, La Trobe University and Monash University, possible due to funding made available from Health Workforce Australia, an Australian Government initiative, to complete the broader learning centre.
- ehCare@eastern (Cerner Millennium) has been progressively introduced at Eastern Health, allowing staff to order pathology and radiology tests and prescribe medications electronically, reducing the risk of medication errors and improving pathology and radiology ordering practices
- Eastern Health is working in collaboration with the Inner East Melbourne Medicare Local, Department of Health Victoria, the National eHealth Transition Authority and other key stakeholders on the implementation of the Personally Controlled Electronic Health Record which is part of the National Health Reforms.

Buildings and facilities

We comply with building standards and regulations, with all works completed in 2012-13 according to the *Building Code of Australia, Standard for Publicly Owned Buildings 1994* and relevant statutory regulations.

We ensure works are inspected by independent building surveyors and maintain a register of building surveyors, as well as the jobs they have certified and for which occupancy certificates have been issued.

All building practitioners are required to show evidence of current registration and must maintain their registration status throughout the course of their work with us. All contractors engaged by us in major construction projects are on the approved Department of Transport Construction Supplier Register.

Freedom of information

We comply with the Victorian *Freedom of Information Act 1982* (FOI). During 2012-13, we received 1141 FOI requests as follows:

Freedom of information requests 2012-13	
Number of requests	1141
Access provided in full	808
Access provided in part	251
No documents	29
Access denied	8
Request withdrawn by applicant	11
Transferred to another agency	0
Requests not completed by 30 June 2013	34

Privacy

We respect the private information that staff, patients and clients entrust to us and are committed to protecting it. We are bound by a strict code of confidentiality and comply with all legislation related to privacy and confidentiality, including the following Victorian Acts:

- *Health Services Act 1988*
- *Information Privacy Act 2000*
- *Health Records Act 2001.*

Competitive neutrality

We are committed to ensuring that services demonstrate both quality and efficiency. Competitive neutrality, which supports the Commonwealth Government's national competition policy, helps to ensure that net competitive advantages which accrue to a government business are offset. We understand the requirements of competitive neutrality and act accordingly.

We support the principles of the Partnerships Victoria policy, which relates to responsible expenditure and infrastructure projects, and the creation of effective partnerships between private enterprise and the public sector.

Victorian Industry of Participation Policy

We comply with the Victorian *Industry Participation Policy Act 2003*, which requires local industry participation in supplies, taking into account the value for money principle and transparent tendering processes.

Procurement benchmarking

We have purchasing and external contract policies in place, which help to ensure our procurement, tendering and awarding of contracts takes place consistently and appropriately. Our practices reflect the Victorian Government purchasing board principles, policies and processes. We also comply with Health Purchasing Victoria contractual arrangements.

Conflicts of interest

Eastern Health has a policy and process to assist staff to manage real or perceived conflicts of interest when dealing with our suppliers. As part of this, Eastern Health has developed a *Statement of Business Ethics*, which outlines what we expect from our suppliers and what they can expect from us in our business dealings.

Responsible bodies' declaration

In accordance with the *Financial Management Act 1994*, I am pleased to present the report of operations for Eastern Health for the year ending 30 June 2013.

Dr Joanna Flynn AM
Chair, Eastern Health Board of Directors
20 August 2013

Alan Lilly
Chief Executive, Eastern Health
20 August 2013

Attestation on data accuracy

I, Alan Lilly, certify that Eastern Health has put in place appropriate internal controls and processes to ensure that the Victorian Department of Health is provided with data that reflects actual performance. Eastern Health has critically reviewed these controls and processes during the year.

Alan Lilly
Chief Executive, Eastern Health
8 August 2013

Attestation for Compliance with the Ministerial Standing Direction 4.5.5.1 – Insurance

I, Alan Lilly, certify that Eastern Health has complied with Ministerial Direction 4.5.5.1 – Insurance, notwithstanding partial compliance with maintaining a current register of contractual indemnities.

Alan Lilly
Chief Executive, Eastern Health
8 August 2013

OUR OPERATIONAL PERFORMANCE

Operating result	Target	Result
Annual operating result before capital and specific items ($M)	0.50	1.80

Cash management/liquidity	Target	Result
Creditors	Less than or equal to 60 days	38.3
Debtors	Less than or equal to 60 days	59.9

WIES activity performance	Target	Result
Percentage of WIES (public and private) performance to target	100	101

Elective surgery	Target	Result
Elective surgery admissions: Quarter 1	3502	3627
Elective surgery admissions: Quarter 2	3306	3351
Elective surgery admissions: Quarter 3	2870	2788
Elective surgery admissions: Quarter 4	3001	3498

Critical care	Target	Result
ICU minimum operating capacity – Box Hill Hospital	0 instances reporting below 9	14
ICU minimum operating capacity – Maroondah Hospital	0 instances reporting below 5	1

Quality and safety	Target	Result
Health service accreditation	Full compliance	Full compliance
Residential aged care accreditation	Full compliance	Full compliance
Cleaning standards	Full compliance	Full compliance
Submission of data to VICNISS	Full compliance	Full compliance
Hospital acquired infection surveillance	No outliers	Achieved
Hand hygiene (rate) **	70	Achieved
Victorian Patient Satisfaction Monitor Overall Care index ***	73	Not achieved
Consumer Participation Indicator ***	75	Not achieved
SAB rate per occupied bed days ****	2/10,000	0.8/10,000
People Matter Survey	Full compliance	Full compliance

Maternity	Target	Result
Postnatal home care (%)	100	97

Mental health	Target	Result
28-day readmission rate (%)	14	18.48
Mental health seclusion episodes per 1000 bed days	20	8.23
Mental health post-discharge follow-up rate	75	79.21

** *March audit result*

*** *July-12 – December-12 result. An instance of non-compliance is when any Eastern Health site does not meet the Department of Health benchmark. One of our six sites did not meet the benchmark in the most recent survey. Peter James Centre achieved 71.6 for the Victorian Patient Satisfaction Monitor Overall Care Index and 70.3 for the Consumer Participation Indicator. This is monitored closely by the local management team.*

**** *YTD May average*

NOTES:

1: VICNISS is the Victorian Hospital Acquired Infection Surveillance System

2: The VICNISS indicators are ICU central line associated bloodstream infection surveillance, coronary artery bypass grafts – deep sternal wound infection surveillance, hip arthroplasty surgical site infection surveillance and knee arthroplasty surgical site infection surveillance.

3: Outlier is when a hospital is identified as statistically significant for two successive quarters. Testing for statistical significance is performed each quarter, but is based on data from the most recent two quarters for all surgeries (except for joint replacements where comparisons are made on the most recent four quarters). Infection rates for the most recent two quarters are compared against the VICNISS aggregate rate.

4: SAB is staphylococcus aureus bacteraemia.

OUR OPERATIONAL PERFORMANCE ACTIVITY

Admitted patients	Acute	Sub-acute	Mental health	Other	Total
SEPARATIONS					
Multi-day	51,947	3986	3262		59,195
Same day	72,308	21	50		72,379
TOTAL SEPARATIONS	**124,255**	**4007**	**3312**		**131,574**
Elective	71,492	3371	859		75,722
Emergency	42,991	47	2274		45,312
Other	9772	589	179		10,540
TOTAL SEPARATIONS	**124,255**	**4007**	**3312**		**131,574**
Total WIES	78,361				
TOTAL BED DAYS	**293,727**	**72,373**	**37,956**		**404,056**

Non-admitted patients	Acute	Sub-acute	Mental health	Other	Total
Emergency department presentations	135,818		7013		142,831
Outpatient occasions of service (VACS and non-VACS clinics)	409,271				409,271
Other services – occasions of service		99,238	191,988	31,528	322,754
TOTAL OCCASIONS OF SERVICE	**545,089**	**99,238**	**199,001**	**31,528**	**874,856**
Victorian Ambulatory Classification System (VACS) (number of encounters)	107,520				

OUR OPERATIONAL PERFORMANCE ACCESS

Emergency care	Target	2012-13		
		Angliss Hospital	Box Hill Hospital	Maroondah Hospital
Percentage of operating time on hospital bypass	3	0.6	2.8	2.4
Percentage of ambulance transfers within 40 minutes	90	97	80	85
NEAT – Percentage of emergency presentations to physically leave the emergency department for admissions to hospital, be referred to another hospital for treatment, or be discharged within four hours (July – December 2012)	70	65	50	62
NEAT – Percentage of emergency presentations to physically leave the emergency department for admissions to hospital, be referred to another hospital for treatment, or be discharged within four hours (January – June 2013)	75	70	55	63
Number of patients with length of stay in the emergency department greater than 24 hours*	0	0	0	1
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	70	68	75

Elective Surgery	Target	2012-13 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 2012)	75	52
NEST – Percentage of Urgency Category 2 elective surgery patients treated within 90 days (January – June 2013)	80	50
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days (July – December 2012)	93	77
NEST – Percentage of Urgency Category 3 elective surgery patients treated within 365 days (January – June 2013)	94.5	78
Number of patients on the elective surgery waiting list	4963	4885
Number of Hospital Initiated Postponements per 100 scheduled admissions	8	7.67

** 24 hour patient wait occurred during flooding of Maroondah Hospital*

SUMMARY OF FINANCIAL RESULTS

	2012-13 $'000	2011-12 $'000	2010-11 $'000	2009-10 $'000	2008-09 $'000
Total revenue	868,373	766,262	712,169	659,606	608,343
Total expenses	788,877	763,743	733,802	687,727	608,923
NET RESULT SURPLUS/ (DEFICIT)	**79,496**	**2,519**	**(21,633)**	**(28,121)**	**(580)**
RETAINED SURPLUS/ (ACCUMULATED DEFICIT)	**77,746**	**3,634**	**2,442**	**23,335**	**52,595**
Total assets	653,936	565,245	545,909	560,196	589,376
Total liabilities	207,956	198,761	181,944	174,598	154,951
NET ASSETS	**445,980**	**366,484**	**363,965**	**385,598**	**434,425**
TOTAL EQUITY	**445,980**	**366,484**	**363,965**	**385,598**	**434,425**

DETAILS OF INDIVIDUAL CONSULTANCIES

Consultant	Purpose of consultancy	Start date	End date	Total approved project fee (excluding GST)	Expenditure 2012-13 (excluding GST)	Future expenditure (excluding GST)
Bevington Group	Redesign, Implementation and change management	Oct-12	Dec-12	60,825.00	60,825.00	-
Socom	Strategic Clinical Service Plan	Jul-12	Dec-12	21,627.29	21,627.29	-
Cogent Business Solutions	Support Services Tender Project	Oct-12	Aug-13	42,000	24,000.00	17,818.00
Kismet Forward	Workforce development project	Jul-12	Jul-12	33,869.28	33,869.28	-
Quality Directions Australia	Review of Junior Medical Staff Overtime	Jul-12	Jul-12	15,000.00	15,000.00	-
TOTAL				**173,321.57**	**155,321.57**	**17,818.00**

In 2012-13, Eastern Health engaged four consultancies where the total fees payable to the consultants were less than $10,000, with a total expenditure of $14,866 (excl. GST).

OUR PERFORMANCE AGAINST STRATEGIC PRIORITIES

Strategic priority		Action	Deliverables/ outcome	Progress summary June 2013
1	**Developing a system that is responsive to people's needs**	Align service mix and distribution to address the health needs of the local population Contribute to area based planning initiatives that consider health care across the care continuum	**Strategic Clinical Service Plan (Eastern Health 2022)** Complete final stakeholder consultation and seek approval of the Eastern Health Strategic Clinical Service Plan 2012-22	Following completion and consideration of comprehensive stakeholder consultation, the Strategic Clinical Service Plan, known as *Eastern Health 2022*, was approved by the Board of Directors on 28 March 2013. The final plan included specific changes related to extensive consultation with the Healesville and Yarra Ranges communities. **Future work:** • Develop and implement a deployment plan for *Eastern Health 2022* to programs and clinical service groups to transition from planning to people accountable for implementation with agreed prioritisation
			Mutual Planning Priorities agreed with Medicare Locals Work collaboratively with Medicare Locals to establish mutual planning priorities for the health and wellbeing of people and communities in the east	The Eastern Regional Health Council continues to meet bi-monthly and has Chief Executive representation from all independent community health services, Medicare Locals and Eastern Health. This forum discusses priorities based on areas of common interest. The area of focus for 2012-13 has been to work towards the shared goal of implementing *Health Pathways* as per the Canterbury (NZ) District Health Board model. The Medicare Locals' and Eastern Health's Board Chair and Chief Executive also meet on a regular basis. **Future work:** • Continue to work collaboratively with Medicare Locals to establish mutual planning priorities for the health and wellbeing of people and communities in the east

Strategic priority		Action	Deliverables/ outcome	Progress summary June 2013
2	Improving every Victorian's health status and experiences	Identify service users who are vulnerable to poor health and develop interventions that improve their outcomes relative to other groups	**Closing the gap** Actively work to close the gap in health status between Aboriginal and non-Aboriginal communities in the east by implementing the Improving Care of Aboriginal People (ICAP) Strategy	**Achievements:** In 2012-13, Eastern Health continued a strong focus on improving health experiences and outcomes for Aboriginal and Torres Strait Islander people. This included: • Development of cultural awareness through a range of activities including annual NAIDOC Week celebrations, cultural competence training of about 200 staff across Eastern Health, Board and Executive breakfast with members of the Aboriginal community, signing of the Statement of Intent by the Board Chair and Chief Executive, Eastern Health representation at the NAIDOC Ball, achievement of Aboriginal workforce obligations through Kareeta Yirramboi and a sports day with the Aboriginal community attended by about 500 people • Improvements to the Eastern Health environs to make them more welcoming with an Eastern Health-specific *Improving Care for Aboriginal People* (ICAP) poster developed for distribution across the health service and the installation of Aboriginal artwork at major sites • Improvements to service delivery systems including the appointment of an Aboriginal Service Development Officer, electronic flagging of the presentation of Aboriginal patients to Eastern Health, completion of an emergency department patient experience research project and commencement of a research project investigating outcomes for Aboriginal mothers and babies. **Future work:** • Actively work to close the gap in health status between Aboriginal and non-Aboriginal communities in the east

Continued on page 21.

Strategic priority	Action	Deliverables/ outcome	Progress summary June 2013
		Recovery model – mental health Substantially progress the implementation of the Recovery Model in mental health so as to support consumers living meaningful lives and achieving their full potential	**Achievements:** • In 2012, in response to guidelines issued by the Victorian Department of Health, a steering committee was established to adopt the Recovery Model. The recovery movement in mental health changes the focus of mental health care from one that is perceived as paternalistic and medically driven to one that constitutes a patient centred, recovery-orientated, individualised self-managed and self-determined journey towards a patient-identified vision of recovery. • Several staff workshops and training sessions have been conducted and a range of performance standards that support the recovery model has been developed • Clinicians now involve consumers in undertaking their own risk assessments. **Future work:** • Eastern Health will substantially progress implementation of the Recovery Model in mental health to support consumers living meaningful lives and achieving their full potential

Strategic priority		Action	Deliverables/ outcome	Progress summary June 2013
3	**Expanding service, workforce and systems capacity**	Build workforce capability and flexibility to meet service requirements and be accountable for supporting the professional education process Maintain existing hospitals and expand their capacity	**Eastern Health organisational development and workforce plan (2012-22)** Commence development of the Eastern Health Organisational Development and Workforce Plan 2012-22 that is consistent with the Strategic Clinical Service Plan 2012-22 Progress all funded capital developments in accordance with project timelines, including: • Box Hill Hospital redevelopment • Maroondah Hospital expansion • Healesville & District Hospital upgrade • Eastern Health education precinct at Wantirna Health.	**Achievements:** The new Eastern Health People Strategy was launched in April 2013. This is a three-year plan focused on attraction, development and retention of staff to strengthen the culture of the health service. This plan also addresses key emerging workforce planning challenges, consistent with industry practice and specific Eastern Health requirements. **Future work:** • Develop an implementation plan and commence work to embed the agreed priority items from Eastern Health's People Strategy in line with the Strategic Clinical Service Plan, known as *Eastern Health 2022* All projects are proceeding with agreed timelines with the exception of the Healesville & District Hospital redevelopment which Eastern Health continues to discuss with the Department of Health and the Healesville community. Further discussions are proceeding with key university partners in relation to funding for the final design of the education precinct at Wantirna Health. The Box Hill Hospital redevelopment has been enhanced with the provision of an additional floor comprising two new ward areas.

Strategic priority		Action	Deliverables/ outcome	Progress summary June 2013
4	Increasing the system's financial sustainability and productivity	Identify opportunities for efficiency and better value service delivery Examine and reduce variation in administrative overheads	**Economic sustainability strategy** Develop and achieve an Economic Sustainability Strategy which identifies specific, achievable initiatives for 2012-13	**Achievements:** The Economic Sustainability Strategy (Year 4) initiatives for 2012-13 included the management of staff leave, reductions in length of stay, reductions in agency staff usage and an increase in revenue from private practice. Eastern Health achieved 94.08 per cent of targeted initiatives. This equated to $26.24 million and over the course of the four-year strategy, this has achieved more than $80 million worth of underlying financial improvements. **Future work:** • Develop and achieve an Economic Sustainability Strategy that identifies specific, achievable initiatives for 2013-14 to ensure optimal use of resources across the organisation

Strategic priority		Action	Deliverables/ outcome	Progress summary June 2013
5	**Implementing continuous improvement and innovation**	Develop and implement improvement strategies that better support patient flow and the quality and safety of hospital services	**Great care everywhere** Implement Eastern Health's Great Care Everywhere strategy and associated sub-projects, including: • The *Surgery 2015 Program* • The *Unplanned Patient Flow Project* • The *Ward Program*	**Achievements:** There continues to be significant redesign work to improve patient flow and decrease length of stay across Eastern Health while maintaining or improving patient safety and quality of care. This is being achieved under the umbrella strategy of *Great Care Everywhere*. Rapid improvement events focusing on unplanned patient flow have been undertaken involving consumers and key clinical staff across Eastern Health. This comprises six individual projects across emergency and general medicine and three projects in continuing care and ambulatory and community services. Eastern Health's performance against the National Emergency Access Targets (treating patients in the emergency department within the required timeframe) improved from 59.1 per cent in 2011-12 to 60.3 per cent in 2012-13. The planned patient flow work has focused on the *Surgery 2015 Program* with the new surgical structure implemented and Productive Operating Theatre project being implemented across all sites. The *Productive Ward, Productive Mental Health Ward* and *Productive Community Services* programs have continued across Eastern Health in accordance with licence agreements with the National Health in the United Kingdom. The governance structure monitors progress via an organisation-wide Achievement Board. **Future work:** • Develop and implement the *Great Care Everywhere* program of works and ensure alignment with the Eastern Health objective including *One Team, One Plan, One Direction,* productive services, speciality services, specialist medicine, *Surgery 2015*, day oncology and *Getting it right up front (sub-acute and ambulatory services)*

Strategic priority		Action	Deliverables/ outcome	Progress summary June 2013
6	Increasing accountability and transparency	Increase transparency and accountability in reporting of accurate and relevant information about the organisation's performance	**Measure what matters** Measure what matters through development and deployment of "scorecards" including clinical indicators where appropriate and early warning systems (EWS) where performance is not meeting required standards	**Achievements:** The Eastern Health Scorecard is used and promoted widely across the organisation. This includes more than 90 individual Key Performance Indicators that measure performance against each of Eastern Health's five strategic directions. It features extensively and is discussed in all management and leadership meetings, as well as being accessible via the intranet. Many ad-hoc local and organisation-wide reports have been developed during the past 12 months to monitor and improve performance. The system enhancement, to replicate scorecards at department head level, is currently being scoped and this work is to be completed in the next 12 months. **Future work:** • Measure what matters through the development and deployment of "scorecards" including clinical indicators where appropriate and early warning systems (EWS) where performance is not meeting the required standards

Strategic priority		Action	Deliverables/ outcome	Progress summary June 2013
7	**Improve utilisation of e-health and communications technology**	Trial, implement and evaluate strategies that use e-health as an enabler of better patient care	**Electronic health solutions** Implementation of CERNER Millennium Release 2 for: • Electronic orders (medication, pathology and imaging) • Medication administration (charting) • Fluid balance charting • Immunisation recording Progress innovation information and communications technology (ICT) solutions through the Box Hill Hospital Redevelopment.	**Achievements:** Eastern Health's integrated medical record functionality – known as ehCare@Eastern – has been deployed at two major Eastern Health sites with the remaining implementation due for completion in the latter part of the 2013/14 year. **Future work:** • Progress the implementation of the *ICT Long Term Plan* with a focus on interoperability and integration of ehCare@eastern at Box Hill and Maroondah hospitals. In addition, continue to build connectivity with university partners, taking into consideration the Department of Health's strategic priority **Achievements:** • Construction works for the new Box Hill Hospital include significant electronic infrastructure to ensure the building is future oriented to leverage technological advances. Work on the planning and development of systems and applications for the new hospital has continued throughout the year. **Future work:** • Eastern Health will continue to ensure the new Box Hill Hospital is fully enabled for information and communications technology when it opens.

OUR GOVERNANCE

- Community Advisory Committee
- Finance Committee
- Quality Committee
- Primary Care and Population Health Advisory Committee
- Risk and Audit Committee
- Strategy, Planning and Human Resources Advisory Committee
- Remuneration Committee

From left: Board Director W. Kirby Clark, Chief Executive Alan Lilly and Board Chair Dr Joanna Flynn AM at Eastern Health's annual Aspire to Inspire Awards.

OUR BOARD DIRECTORS

Eastern Health is a public health service as defined by the *Health Services Act 1988* and is governed by a nine-person Board of Directors, appointed by the Governor in Council on the recommendation of the Victorian Minister for Health.

The Board must perform its functions and exercise its powers subject to any direction given by the Victorian Minister for Health and subject to the principles contained within the *Health Services Act 1988*.

The Board provides governance of Eastern Health and is responsible for its financial performance, strategic directions, quality of healthcare services and strengthening community involvement through greater partnerships.

The Board is responsible for ensuring Eastern Health performs its functions under section 65 of the *Health Services Act 1988*, including the requirement to develop statements of priorities and strategic plans and to monitor compliance with these statements and plans. The Board also has responsibility for the appointment of the Chief Executive.

The Eastern Health by-laws enable the Board to delegate certain authority. The by-laws are supported by the delegations of executive and operational authority, enabling designated executives and staff to perform their duties through exercising specified authority.

The Directors contribute to the governance of Eastern Health collectively as a Board through attendance at meetings. The Board meets monthly on average; 11 meetings are normally scheduled each financial year.

During 2012-13, Eastern Health's nine Board Directors were:

Dr Joanna M Flynn AM

MBBS, MPH, HonDMedSc, DRANZCOG, FRACGP, MAICD

Appointed Chair of Eastern Health 1 July 2009

Current professional positions

- General Practitioner
- Chair, Medical Board of Australia
- Chair, Independent Advisory Council, Personally Controlled Electronic Health Record (PCEHR).

Mr Stuart Alford

BEcon (Hons), FCA, MAICD

Appointed 1 July 2009

Professional positions

- Chair, Centre of Excellence in Intervention and Prevention Science Limited
- Deputy Chair, Kilvington Grammar School
- Chair of Finance and Audit Committee, Prince Henry's Institute of Medical Research
- Chair of Audit Committee, Australian Accounting Standards Board
- Chair of Audit Committee, Australian Auditing and Assurance Standards Board
- Member of Audit Committee, Victorian Curriculum and Assessment Authority
- Adviser to Audit and Risk Committee, Melbourne Fire and Emergency Services Board.

Mr Martin Botros

LLB, BPhysio, LLM (Health Law) PGradDip Legal Practice, PGradCert Conflict Resolution

Appointed 1 July 2008

Professional positions

- Legal Counsel, WorkSafe Victoria
- Board Member, KidSafe Victoria
- Tribunal Member, Football Federation Victoria
- Member, Hearing Panel List, Australian Health Practitioner Agency

Mr W. Kirby Clark

BCom, CA (Australia), FAICD

Appointed 1 July 2007

Professional positions

- Director, Clark Heilemann Pty Ltd
- Director, SB Leasing Pty Ltd

Professor Andrew Conway

FIPA FCPA (UK) MAICD FAIM BCom BTeach(Sec)

Appointed 1 July 2011

Professional positions

- Chief Executive Officer, Institute of Public Accountants
- Professor of Accounting, Shanghai University of Finance and Economics

Mr Denis Hogg AM

AMBSc, BCom, MBA

Appointed 1 July 2011

Professional positions

- Board Member, Device Technologies Australia Pty Ltd
- Board Member, Victorian Prostate Cancer Research Consortium
- Board Member, Victor Smorgon Institute at Epworth Pty Ltd
- Member, Advisory Board, Steritech Pty Ltd

Mr James McAdam

BA, DipH, DipEd, GAICD

Appointed 17 July 2012

Professional position

- Director, Relationships and Advocacy, Royal Australasian College of Surgeons

Professor Pauline Nugent

BAppSc (Nursing Education), MEd

Appointed 1 July 2009

Professional position

- Provost and Deputy Vice-Chancellor (Academic), Australian Catholic University

Ms Jeanette Ward

BA(Hons), GAICD

Appointed 1 July 2008

Professional positions

- Director, Te Anau Consulting
- President, Board of Management, Melbourne Youth Music
- Director and Treasurer, Centre for Multicultural Youth

OUR BOARD COMMITTEES

The Eastern Health Board of Directors is supported by several Board committees. Each Board committee's terms of reference are crucial to the functioning of the committee and they are reviewed on an annual basis.

Each committee is required to report to the Board through its minutes and may make recommendations. The Board, at its meetings, discusses the committee minutes that are introduced by the relevant Committee Chair.

Community Advisory Committee

Chair: **Mr Martin Botros**

Member: Prof Andrew Conway

In accordance with the requirements of section 65ZB of the *Health Services Act 1988*, the Community Advisory Committee is responsible to the Board to assist Eastern Health to integrate consumer and community views at all levels of its operations, planning and policy development; and to express the views of the community to the Eastern Health Board.

Members of the Committee representing the community in which Eastern Health operates are Sophy Athan, Sue Downes, Jeanette Kinahan, Jill Linklater, Jane Oldham, Craig Ross and Jan Wirth.

Finance Committee

Chair: **Mr Stuart Alford**

Members: Mr W. Kirby Clark, Dr Joanna Flynn AM and Mr Denis Hogg AM

The primary function of the Finance Committee is to assist the Board in fulfilling its responsibilities to oversee Eastern Health's assets and resources. It reviews and monitors the financial performance of Eastern Health in accordance with approved strategies, initiatives and goals.

The committee will make recommendations to the Board regarding Eastern Health's financial performance, financial commitments and financial policy. Members meet monthly on average; 11 meetings are normally scheduled each financial year.

Quality Committee

Chair: **Prof Pauline Nugent**

Members: Mr Martin Botros, Prof Andrew Conway and Ms Jeanette Ward

The Quality Committee is responsible to the Board for monitoring the performance of Eastern Health in relation to whether: effective and accountable systems are in place to monitor and improve the quality and effectiveness of health services provided by Eastern Health; any systemic problems identified with the quality and effectiveness of health services are addressed and results reported in a timely manner; Eastern Health continuously strives to improve the quality of the health services it provides and fosters innovation; Eastern Health manages clinical risk and patient safety.

Primary Care and Population Health Advisory Committee

Chair: **Ms Jeanette Ward**

Member: Mr Denis Hogg AM

The Primary Care and Population Health Advisory Committee is responsible for providing advice to the Board on: developments in partnerships across the primary care and acute health sectors in the Eastern Health catchment area; prioritisation of partnership initiatives in the Eastern Health catchment area; and Primary Care Partnership and individual sector contributions in the Eastern Health catchment area.

In accordance with the requirements of section 652C of the *Health Services Act 1988*, the committee consists of members who between them have:

- Expertise in or knowledge of the provision of primary health services in the areas served by Eastern Health
- Expertise in identifying health issues affecting the population served by Eastern Health and designing strategies to improve the health of the population
- Knowledge of the health services provided by local government(s) in the areas served by Eastern Health.

Risk and Audit Committee

Chair: **Mr W. Kirby Clark**

Members: Mr Stuart Alford, Ms Jeanette Ward and Professor Andrew Conway

This committee assists the Board in relation to whether: Eastern Health's audit and accounting systems accurately reflect the financial position and viability of the health service; effective and accountable risk management systems including OHS risk management systems are in place; and the organisation is compliant with relevant legislation. In accordance with the Standing Directions of the Minister for Finance under the *Financial Management Act 1994*, members of the committee are all independent directors.

Remuneration Committee

Chair: **Dr Joanna Flynn AM**

Members: Mr Stuart Alford and Mr Martin Botros

The primary purpose of the Remuneration Committee is to assist the Board to discharge its responsibilities under government policy in relation to the remuneration of the Chief Executive Officer and members of the Executive.

Strategy, Planning and Human Resources Advisory Committee

Chair: **Mr Denis Hogg AM**

Members: Mr W. Kirby Clark and Mr James McAdam

The Strategy, Planning and Human Resources Advisory Committee is responsible to the Board for monitoring the performance of Eastern Health with regard to:

- Development, implementation and monitoring of progress on Eastern Health's Strategic Clinical Service Plan and Strategic Plan in accordance with the requirements of the Victorian Department of Health
- Development, implementation and monitoring of progress on designated Corporate Function Plans in accordance with Eastern Health's integrated planning framework
- Development and implementation of Eastern Health's Annual Statement of Priorities with the Victorian Minister for Health
- Planning and monitoring of major capital works and projects.

Objectives, functions, powers and duties

Eastern Health's core objective is to provide public health services in accordance with the principles established as guidelines for the delivery of public hospital services in Victoria under section 17AA of the *Health Services Act 1988*.

The other objectives of Eastern Health, as a public health service, are to:

a: Provide high-quality health services to the community which aim to meet community needs effectively and efficiently

b: Integrate care as needed across service boundaries, in order to achieve continuity of care and promote the most appropriate level of care to meet the needs of individuals

c: Ensure that health services are aimed at improvements in individual health outcomes and population health status by allocating resources according to best practice healthcare approaches

d: Ensure that the health service strives to continuously improve quality and foster innovation

e: Support a broad range of high-quality health research to contribute to new knowledge and take advantage of knowledge gained elsewhere

f: Operate in a business-like manner which maximises efficiency, effectiveness and cost-effectiveness, and ensures the financial viability of the health service

g: Ensure that mechanisms are available to inform consumers and protect their rights, and to facilitate consultation with the community

h: Operate a public health service, as authorised by or under the Act

i: Carry out any other activities that may be conveniently undertaken in connection with the operation of a public health service or calculated to make more efficient any of the health service's assets or activities.

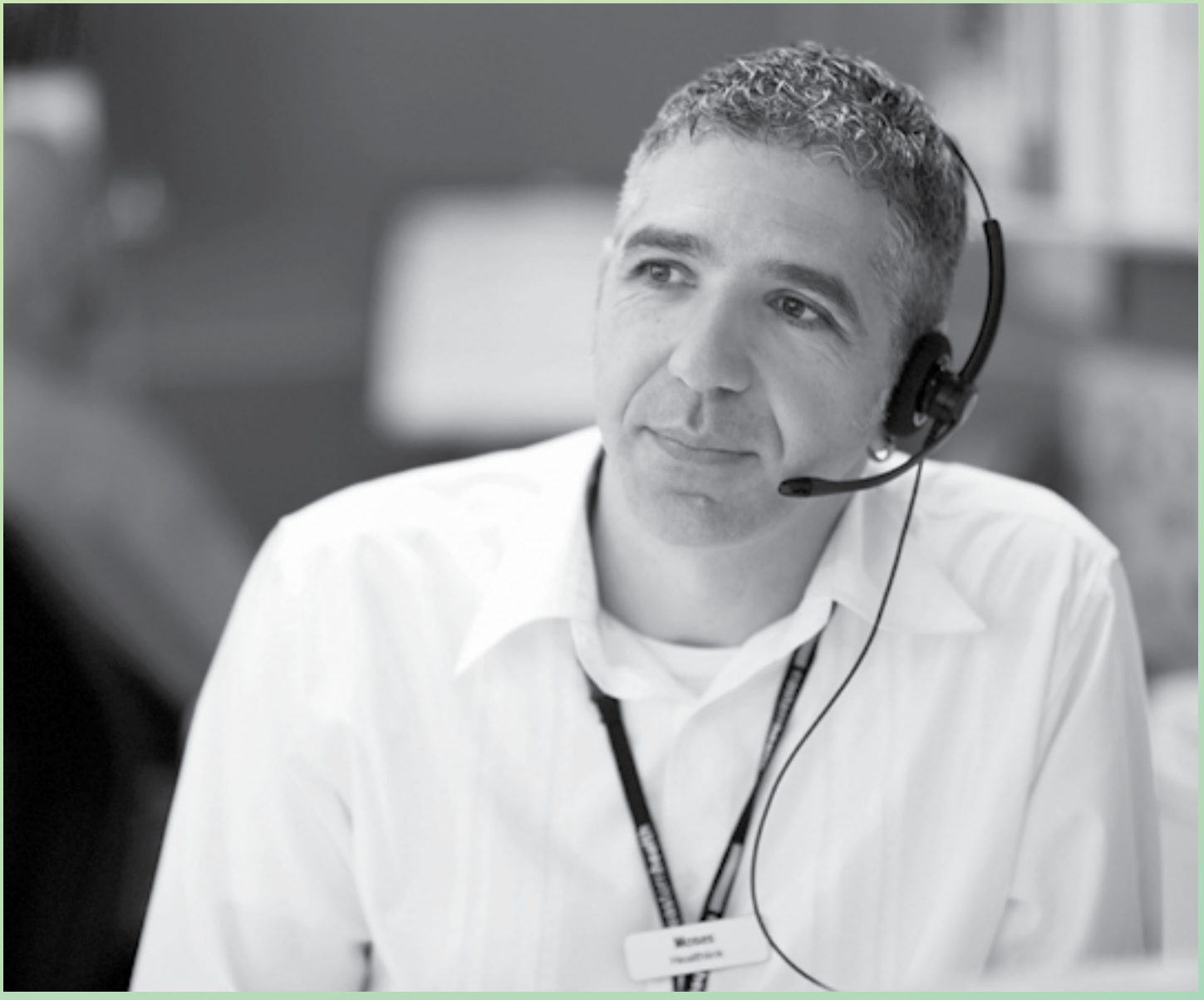
Above left: Jo Mapes, Karin Stanzel and Emma Cox from Yarra Valley Community Health.

Above right: Angliss, Box Hill and Maroondah hospitals received state-of-the-art CT equipment as part of a medical imaging upgrade in October 2012.

Below: Jenny Williams provides diabetes education for patients at Eastern Health.

OUR PEOPLE

- New *People Strategy 2013-16*
- Education and training for all clinical and corporate staff across the organisation
- Focus on workplace safety and wellbeing
- Aspire to Inspire - recognising our outstanding staff and volunteers
- Average age of our staff is 43, with 35 per cent of our workforce over 50 years old



Moses Abbatangelo is a senior clinician for HealthLink, part of Turning Point Alcohol & Drug Centre's suite of support services.

WORKING AT EASTERN HEALTH

Eastern Health strives to provide an environment that values and supports our staff. We are focused on shaping the capabilities of our staff and enhancing the culture in which they work.

Organisational development

In May 2013, Eastern Health introduced the *People Strategy 2013-16* to build on the success of the *Organisational Development and Workforce Planning Framework 2009-12*.

This new strategy outlines Eastern Health's intentions in attracting, retaining, building capability and strengthening our organisational culture.

After extensive consultation with staff, the strategy will focus on six key priorities in the first year of its three-year life cycle:

- Workforce planning
- Improving management and leadership capabilities
- Enhancing individual accountability and performance
- Developing change management capabilities
- Building a values-based high-performing culture
- Talent development and succession management.

People Matter Survey

Our staff participated in the People Matter Survey conducted by the State Services Authority (SSA) in 2012. More than 3000 staff completed the survey to provide feedback on their employment experience.

Areas where Eastern Health ranked in the **first quartile** in comparison to other organisations include:

- Patient safety
- Respecting and upholding human rights of employees
- People are honest, open and transparent in their dealings
- Staff members treat each other with respect
- Bullying is not tolerated
- Employees are informed about human rights and responsibilities
- Values and processes for the reporting of improper employee behaviour are clear

Action plans have been developed as part of the new *People Strategy 2013-16* to reinforce identified strengths and work on improvement areas.

Introduction of a leadership mentoring program

Taste of Harmony **events held across all sites to celebrate the cultural diversity of our staff**

120 mature-aged employees attended Eastern Health forums to assist in planning for their future health, wealth and wellbeing

E-learning training in emergency procedures, aggression management, manual handling, equal opportunities, sexual harassment and bullying prevention offered to all staff

A2i award recipients, from left: Eileen McPherson, Melissa Reed (Green Team representative), Winston Tan, Leilani Humphreys, Maureen Saywell (Maroondah Hospital Outpatient Department representative), Andrea Cotte, Dr Jane Lukins, Lauren Boxsell, Lesley Griffin, Ivan Biscan (Mooroolbark Aged Care Residential Facility representative), Sandra Roeg.

STAFF REWARD AND RECOGNITION

Our *Reward and Recognition Framework*, incorporating the annual Eastern Health Aspire to Inspire (A2i) Awards, annual site/program awards and the provision of guidelines for local everyday reward and recognition, aims to assist in the building of a values-based, high-performing culture at Eastern Health.

A2i Awards

Eastern Health's annual Aspire to Inspire (A2i) Awards were held on April 30, 2013. The event acknowledged 51 nominees across 10 categories for their commitment to our core values, as well as their contributions to volunteering, workplace safety and wellbeing and, for the first time, environmental sustainability.

Sixty-five staff (who amassed 1900 years of service between them) were also acknowledged for their long-term commitment to Eastern Health and the community, with awards marking 25, 30, 35 and 40 years of service.

Nursing and Midwifery Awards

Eastern Health hosted the annual Nursing and Midwifery Awards and Graduation Ceremony in May 2013, which acknowledged and celebrated the achievements of our graduate and postgraduate nurses and midwives.

Four awards were presented:

- Penny Newsome Medal for clinical excellence by a graduate nurse: Barbra Muhlohla
- De Voile Medal for clinical excellence and leadership by a postgraduate nurse: Melissa Njoku, Critical Care Unit, Maroondah Hospital
- Chief Nursing and Midwifery Officer Award for excellence and leadership in nursing/midwifery: Janet Horman, Midwifery Manager, Birth Suite, Angliss Hospital and Andrea Doric, ICU Research Nurse, Box Hill Hospital
- Preceptor Award: Vivienne Power, Upton House (Mental Health), Box Hill Hospital

2013 A2i AWARDS

Name	Role	Award
Winston Tan	Eastern Health Media Liaison Officer	Excellence
Dr Jane Lukins	Box Hospital Emergency Physician	Accountability
Lesley Griffin	Peter James Centre Associate Charge Nurse	Compassion
Joint winners: Maroondah Hospital Outpatient Department and Mooroolbark Residential Aged Care Facility	Staff from Maroondah Hospital's Outpatient Department and Mooroolbark Residential Aged Care Facility	Teamwork
Andrea Cotte	Maroondah Hospital Ward Clerk	Integrity
Lauren Boxsell	Box Hill Hospital Emergency Department Educator and Clinician	Respect
Sandra Roeg	Turning Point Alcohol & Drug Centre Senior Education and Training Officer	Collaboration
Leilani Humphreys	Maroondah Hospital Patient Services Assistant	Workplace Safety and Wellbeing
Eileen McPherson	Angliss Hospital Auxiliary Volunteer	Board of Directors' Volunteer Award
Green Team	Turning Point Alcohol & Drug Centre	Environmental Sustainability

OUR ORGANISATIONAL STRUCTURE

Locum Executive Director
Acute Health
Adj Prof David Plunkett
(Chief Nursing & Midwifery Officer)

Chief of Clinical & Site Operations
Angliss Hospital Program Director Emergency & General Medicine
Paula Stephenson

Locum Chief of Clinical & Site Operations
Box Hill Hospital Program Director Surgery
Martin Smith

Locum Chief of Clinical & Site Operations
Maroondah Hospital Program Director Specialty Medicine
Kate Whyman

Acting Chief of Clinical & Site Operations
Yarra Ranges
Pam Hughes

Acting Program Director
Women & Children
Melissa Brown

Professional Nursing Services Portfolio

Executive Clinical Director
Emergency & General Medicine
Dr David Charlesworth

Executive Clinical Director
Surgery
Prof Michael Grigg

Executive Clinical Director
Specialty Medicine
Prof Lawrie McMahon

Executive Clinical Director
Women & Children
Dr Malcolm Barnett

Associate Director
Infection Prevention & Control
Leanne Houston

Director
Infection Prevention & Control
Dr Mary O'Reilly

Director
Nursing & Midwifery Workforce (Deputy Chief Nursing & Midwifery Officer)
Sally Coleman

Director
Practice Development
Kath Riddell

Chair of Nursing
Prof Julie Considine

Executive Director
Corporate Projects & Sustainability
Zoltan Kokai

Project Lead
ehCare@eastern
Patrick Burnett

Project Lead
Box Hill Hospital Redevelopment
Allison Harle

Director
Infrastructure Services
Bruce Leslie

Executive Director
Finance, Procurement & Information Services
Peter Hutchinson
(Chief Finance Officer)

Director
Financial Services
Craig Trenfield

Director
Management Accounting Services
Wendy McArthur

Director
Supply Chain
Rohan Pal

Chief Information Officer
Carlos Arribas

Director
Business Performance Analysis & Health Information Services
Lachlan MacBean

Executive Director
Quality, Planning & Innovation
Gayle Smith

Director
Continuing Care, Community & Mental Health, Quality & Safety
Jigi Lucas

Director
Corporate & Patient Support Services, Strategy, Planning & Risk Management
Gregory Turnham

Director
Acute Health, Patient Experience & Consumer Participation
Jo Gatehouse

Director
Organisational Redesign & Performance Excellence
Jane Evans

BOARD OF DIRECTORS

CHIEF EXECUTIVE
Alan Lilly

OFFICE OF THE CHIEF EXECUTIVE

Director
Eastern Health Foundation
Anne Gribbin

Chief Counsel
Sue Allen

Director
Corporate Governance Support
Alison Duncan-Marr

Executive Director
Human Resources & Communications
Christos Roussos

- **Director** — HR & Employee Relations Acute Health & Corporate Support — **Rhonda Aanensen**
- **Director** — HR & Employee Relations Continuing Care, Community & Mental Health — **Rosa Hull**
- **Director** — Workplace Safety & Wellbeing — **Jane Mitchell**
- **Director** — Organisational Development & Workforce Planning — **Benaifer Sabavala**
- **Director** — HR Shared Services — **Stuart Gilson**
- **Director** — Communications — **Jo Dougherty**

Locum Executive Director
Access & Patient Support Services
Karen Fox

- **Director** — Inpatient Access — **Dean Jones**
- **Director** — Pharmacy — **Nick Jones**
- **Director** — Pathology — **Chris Rebeiro**
- **Director** — Medical Imaging — **Peter Rouse**
- **Director** — Support Services — **Kim Wheeler**
- **Manager** — Biomedical Engineering — **Inna Velasquez**

Executive Director
Medical Services & Research
Adj Clinical A/Prof Colin Feekery
(Chief Medical Officer)

Professional Medical Services Portfolio

- **Manager** — Medico-Legal Services — **Dr Yvette Kozielsky**
- **Director** — Research & University Relations — **Prof David Taylor**
- **Director** — Library Services — **Glennys Powell**
- **Medical Education Officers** — **Adrienne Newman**, **Sally Kent-Ferguson**
- **Director** — Medical Workforce — **Kath Ronan**
- **Director** — Simulation Centre — **Trevor Snow**

Executive Director
Continuing Care, Community & Mental Health
Neth Hinton
(Chief Allied Health Officer)

Professional Allied Health Services Portfolio

- **Executive Clinical Director** — Continuing Care — **Prof Peteris Darzins**
- **Executive Clinical Director** — Mental Health — **A/Prof Paul Katz**
- **Executive Clinical Director** — Ambulatory & Community Services — **Dr Kwong Teo**
- **Clinical Director** — Turning Point Statewide Services — **Prof Dan Lubman**
- **Clinical Director** — Spectrum Statewide Services — **Dr Sathya Rao**

- **Director** — Allied Health — **Melanie Taylor**
- **Chief of Clinical & Site Operations** — Peter James Centre and Wantirna Health Program Director Continuing Care — **Ben Kelly**
- **Program Director** — Mental Health — **Paul Leyden**
- **Program Director** — Ambulatory & Community Services — **Michelle Kotis**
- **Program Director** — Statewide Services — **Barbara Kelly**

OUR EXECUTIVE

Alan Lilly

Chief Executive

Alan Lilly commenced at Eastern Health in April 2009. Prior to taking up his current role, he held executive and senior management positions at Alfred Health and Southern Health in Melbourne. Alan holds undergraduate qualifications in mental health and general nursing, as well as postgraduate qualifications in health service management and health administration.

Alan is a Health Service Surveyor with the Australian Council on Healthcare Standards and is the current Chair of the North Eastern Melbourne Integrated Cancer Service. He is also a Member of the Australian Institute of Company Directors, an Associate Fellow of the Australian College of Health Service Executives and a Fellow of the Australian Institute of Management. Most recently, he has been appointed to the newly established Ministerial Advisory Council on Nursing & Midwifery in Victoria.

Adj Clinical A/Prof Colin Feekery

Executive Director – Medical Services & Research

Chief Medical Officer

Adjunct Clinical Associate Professor Colin Feekery commenced at Eastern Health in July 2008. Previously, he held senior medical and management positions at the Royal Children's Hospital (Melbourne) and Western Health. He is a fellow of the Royal Australasian College of Physicians and the Royal Australasian College of Medical Administrators, and holds a Masters of Health Administration.

Karen Fox

Locum Executive Director – Access & Patient Support Services

Karen Fox was appointed to the Executive in May 2013. Karen has held various roles at Eastern Health since 2006 including capital project management, corporate governance, strategy, planning and risk management.

Karen has wide experience in both metropolitan and regional health settings having also worked in country Victoria and Alfred Health. She has a Bachelor of Applied Science (Health Information Management), a Masters of Public Health and a Diploma of Management.

Neth Hinton

Executive Director – Continuing Care, Community & Mental Health

Chief Allied Health Officer

Neth Hinton commenced at Eastern Health in February 2010 and has extensive experience in managing sub-acute inpatient services, transition care, residential care, community-based services and aged persons' mental health. Neth holds bachelor and masters degrees in social work.

Peter Hutchinson

Executive Director – Finance, Procurement & Information Services

Chief Finance Officer

Peter Hutchinson commenced at Eastern Health in 2000. He has held a variety of roles in the public health system over 20 years. As Eastern Health's Chief Finance Officer, he oversees a number of corporate and information service areas. Prior to Eastern Health, Peter worked at Austin Health in management accounting. He holds a Bachelor of Commerce (Accounting, Economics) and is a fellow of the Australian Health Services Financial Management Association.

Zoltan Kokai

Executive Director – Corporate Projects & Sustainability

Zoltan Kokai commenced at Eastern Health in July 2004. Zoltan previously led Maroondah Hospital and Eastern Health's acute and community health services. Prior to Eastern Health, he held several executive and senior roles at Dental Health Services Victoria, the former Inner & Eastern Health Care Network and Alfred Health.

Zoltan has undergraduate degrees in business and information systems, and a Master of Business Administration.

Adj Prof David Plunkett

Locum Executive Director – Acute Health

Chief Nursing & Midwifery Officer

David Plunkett commenced at Eastern Health in 2002. He has held the position of Chief Nursing & Midwifery Officer since February 2010 and was appointed to his current role as Executive Director of Acute Health in May 2013. Previously, David held senior roles at Epworth Richmond and Latrobe Regional Hospital. He holds a Master of Business Administration and is a surveyor with the Australian Council on Healthcare Standards. He is also a fully qualified peri-operative (theatre) nurse.

Christos Roussos

Executive Director – Human Resources & Communications

Christos Roussos commenced at Eastern Health in October 2010. He previously held senior human resources and employee relations roles at The Royal Victorian Eye and Ear Hospital, Alfred Health, John Sands Australia Pty Ltd and the Australian Industry Group. Christos holds a Bachelor of Arts (Politics, Legal Studies) and a Graduate Diploma in Human Resources and Industrial Relations.

Gayle Smith

Executive Director – Quality, Planning & Innovation

Gayle Smith commenced at Eastern Health in February 2010. Prior to joining Eastern Health, Gayle was Director of Strategy, Planning and Service Improvement for Alfred Health and held a number of strategic planning, major projects and service planning roles at both The Alfred and Women's and Children's Health Service. Gayle holds a Bachelor of Applied Science (Occupational Therapy), a Master of Business Administration and a Professional Certificate in Health System Management.

OCCUPATIONAL HEALTH AND SAFETY

Our focus in 2012-13 remained on our key organisational OHS risks related to manual handling, slips, trips and falls, and aggression management.

In 2012-13 a number of wellbeing initiatives were completed, including:

- Establishment of a staff gym at Box Hill Hospital
- Salary packaging benefits for Eastern Health staff attending gyms near Maroondah and Angliss hospitals
- Free work health checks for staff
- Application for membership of the Victorian Smoke Free Network.

In November 2012, Eastern Health completed an Emergo Train exercise to test our Code Brown or external disaster procedures. This exercise included the Department of Health, Department of Human Services, Ambulance Victoria and the Victorian Medical Assistance Team. About 60 clinicians and support staff across Eastern Health participated in the exercise.

Manual handling

Major work has been completed in revising and implementing a more robust *Smart Moves* clinical program across Eastern Health. This includes the development of *Smart Moves* packages for procedures, competency, training, theory and compliance monitoring for generic patient transferring and specific packages for operating suites, maternity units, Eastern@Home and challenging behaviours.

We have also increased the number of *Smart Moves* trainers in each department, with an additional 57 trainers commencing in 2012-13.

Two Eastern Health *Smart Moves* co-ordinators were appointed in 2012 to provide training for patient services assistants, graduate nurses and *Smart Moves* trainers. Additional training sessions have been arranged for high-risk departments.

In May 2013, health information services began an ergonomic project to improve work stations. This project aims to reduce the risk of occupational overuse injuries.

Our lost-time injury manual handling WorkCover claims frequency rate trended under the industry target throughout 2012.

Slips, trips and falls

Lost-time injury WorkCover claims relating to slips, trips and falls have trended over target during 2012-13, however substantial improvement can be noted from July 2012 onwards.

In early 2012, more than 12 months of data from Victorian Health Incident Management was reviewed. Slips, trips and falls relating to cleaning practices was identified as a target area.

In March 2012, a report was developed in relation to improved controls to prevent slips, trips and falls incidents due to cleaning practices. Slips, trips and falls incidents relating to cleaning practices in 2012 were 50 per cent less than in 2011.

Aggression management

From July 2012 we have seen a steady decrease in the number of lost-time injury WorkCover claims relating to aggression and occupational violence.

A Behaviours of Concern Expert Advisory Committee was established in 2012-13, with work commencing to improve controls, such as distress alarm coverage, across Eastern Health.

Policies and procedures

OHS policies and key procedures are reviewed regularly in accordance with review schedules and in accordance with changes to Australian Standards, Compliance Codes, Regulations and the *OHS Act 2004 (Vic).*

Lost-time injuries claims frequency rate

From July 2012, Eastern Health's lost-time injury workers' compensation claims frequency rate (i.e. number of lost-time injury workers' compensation claims as a percentage of total productive working hours per million hours worked) showed a continued downward trend. Our target was achieved in the months of February, March, April, May and June.

Fatalities or serious injuries

In the reporting year, there were no fatalities. There were 10 "notifiable" incidents reported to WorkSafe Victoria in 2012-13, involving seven injuries to staff members, one notifiable incident relating to a fire, one notifiable incident relating to partial collapse of a structure and one notifiable incident relating to failure of prescribed equipment.

Contravention of OHS laws

There were contraventions of the *OHS Act 2004 (Vic) and OHS Regulations 2007 (Vic)* involving improvement notices being issued by Worksafe Victoria on 17 occasions during the reporting period, with all issues being rectified to the satisfaction of Worksafe.

Of these improvement notices, 13 related to a Worksafe project on plant inspections.

** Comparative data is available in previous annual reports at www.easternhealth.org.au/publications*

DEVELOPING OUR HEALTHCARE PROFESSIONALS

We are committed to supporting our current and future healthcare professionals by providing opportunities and future directions for intra-disciplinary, multi-disciplinary and inter-disciplinary education and research.

Student placements for undergraduate, pre-vocational graduate and postgraduate programs, as well as staff development programs, continue to be a key priority for our organisation.

Such programs support our current and future workforce while ensuring we have clinical practitioners with sound professional knowledge and skills underpinning their practices, in the interests of high-quality and effective patient care.

Medical education

During 2012-13, medical education initiatives and activities included:

- Appointment of Dr Jenny Brookes as Director of Postgraduate Medical Education. Jenny has a long-standing interest and involvement in junior doctor education and has been the Director of Emergency Medicine Education at Eastern Health since 2004
- Introduction of an "Intern Yearbook Project" as part of the Intern and HMO of the Year Awards, providing interns with an opportunity to receive positive feedback from their co-workers
- Expansion of our website for junior medical staff recruitment to promote Eastern Health as "a great place to learn and work"
- Introduction of surveys for all interns to gain feedback regarding education and training, recruitment and discharge summary processes
- Promoting regular inter-professional deteriorating patient simulation scenarios at the Simulation Centre and achieving excellent attendance rates
- Successful completion of a pilot inter-professional simulator instructor workshop to further enhance local expertise in simulation education.

Nursing and midwifery practice development

Key achievements of the practice development unit in 2012-13:

- About 4000 nursing and midwifery pre-registration students completed clinical placement field work across Eastern Health
- About 70 nurses and midwives completed specialist postgraduate studies in critical care, peri-operative, renal, cardiac, oncology, midwifery and emergency nursing
- Implementation of a new graduate nurse program structure, offering about 120 newly-registered nurses with the option of a pure stream of experience in their graduate year (e.g. acute, midwifery, mental health) or a blended stream (e.g. acute and mental health or acute and community health)
- Development and implementation of education using various methods, such as simulation, e-learning, social media and video blogging
- Expansion of education initiatives that bring health disciplines together to foster teamwork and further understanding of roles and responsibilities.

Allied health education services

During 2012-13, allied health initiatives and activities included:

- Implementation of the *Student Growth Project*, possible due to funding made available by Health Workforce Australia, an Australian Government initiative
- Significant increase in allied health clinical placements, including a 300 per cent increase in speech pathology and 180 per cent increase in podiatry students since 2010 – for a total number of 12,236 clinical placement days this financial year
- Participation in the *Teaching on the Run* program, sponsored by the Eastern Metropolitan Clinical Placement Network, to enable in-house training for allied health clinicians who supervise students
- Creation of new roles in allied health to develop education strategies and programs, including Allied Health Manager of Education and Workforce Development, Functional Independence Measure Co-ordinator, Continuing Care Program and Allied Health Education Co-ordinator for Workplace Safety and Wellbeing
- Development of online training packages, such as the *Smart Moves* program across all allied health disciplines
- Introduction of Basic Life Support training to all allied health disciplines.

WORKFORCE DATA

	2008-09	2009-10	2010-11	2011-12	2012-13
Full-Time	2333	2484	2599	2694	2736
Part-Time	3726	3999	4161	4232	4245
Casual	1508	1629	1518	1338	1138
Sessional	106	94	95	85	188
TOTAL	**7673**	**8206**	**8373**	**8349**	**8307**

Most of our staff members work in the areas of nursing, medical, allied health and clinical support services, such as physiotherapy, occupational therapy, radiology and pathology. They are complemented by corporate, administrative and clerical staff.

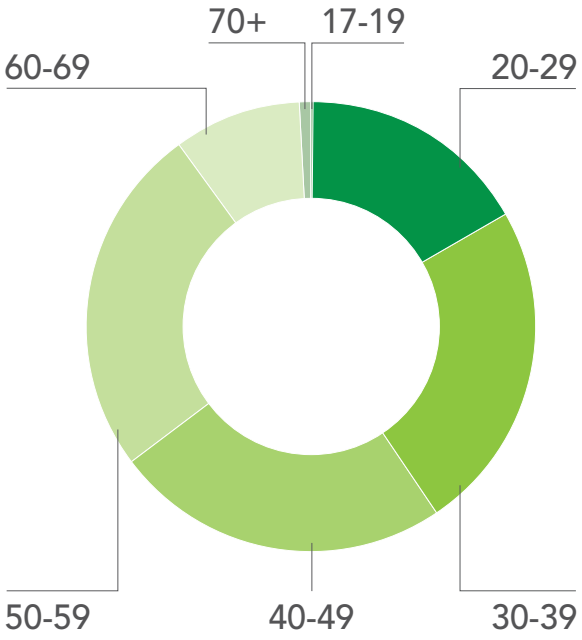
Labour category	JUNE CURRENT MONTH FTE		JUNE YTD FTE	
	2012	2013	2012	2013
Nursing	2489.1	2482.5	2497	2482.3
Administration and clerical	790.1	783.7	788.3	794.3
Medical support	435	477.5	433.5	477.7
Hotel and allied services	288.7	287.7	296.1	290.3
Medical officers	105.7	109.8	104	109.6
Hospital medical officers	482.4	498	462.4	481.9
Sessional clinicians	118.3	137.8	118.6	125.9
Ancillary staff (allied health)	618.7	552.2	606.5	555.5

BREAKDOWN OF OUR WORKFORCE - EQUIVALENT FULL-TIME STAFF

Labour category	2008-09	2009-10	2010-11	2011-12	2012-13
Administrative and clerical	675.5	727.3	775.6	790.1	783.7
Hospital medical officers	369.2	392.5	439.6	482.5	498
Medical officers	89.2	100.2	108.2	105.7	109.8
Medical support*	389.2	418.1	433.1	435	477.5
Nursing	2287.2	2416.1	2449.6	2462	2482.5
Sessional clinicians	106.8	111.1	121.8	118.3	137.8
Ancillary staff (allied health)	515.9	605.3	598.4	618.7	552.2
Hotel and allied services	267.7	281.1	291.6	286.3	287.7
TOTAL	**4700.7**	**5051.7**	**5217.9**	**5298.6**	**5329.2**

** The medical support services category includes health professionals such as physiotherapists, speech pathologists, radiographers and medical scientists.*

WORKFORCE AGE BREAKDOWN 2012-13



Age group (years)	Number of staff	Percentage
17-19	8	0.10
20-29	1465	17.64
30-39	1952	23.50
40-49	1993	24.00
50-59	2071	24.93
60-69	767	9.22
70+	51	0.61
TOTAL	**8307**	**100**

About 80 per cent of our staff members are women.

Left: Eastern@Home nurse Sue Morton visits patients in their homes for hospital-equivalent care.
Right: Christopher Stott and Kahlie Matthews work in Maroondah Hospital's emergency department.

RECRUITMENT

Eastern Health's Recruitment and On-Boarding team has continued to improve processes to boost efficiencies, provide tighter recruitment controls and reduce organisational risk.

These continuous improvements involved recruitment processes such as advertising methods, online contract generation and variations to employment which have further expedited the turnaround time for commencements.

Staff working in the area of recruitment and on-boarding also participated in the development of recruitment training programs and workshops as part of the forward management program.

In May 2013, an online resignation form was launched to further improve efficiencies.

Application of merit and equity principles

Eastern Health is an equal opportunity employer and treats all our people and potential employees on their merits and without consideration of race, gender, age, marital status, religion or any other factor that is unlawfully discriminatory.

We are committed to providing a workplace that is free of discrimination and harassment. Any form of unlawful discrimination or harassment is unacceptable and disciplinary action will be taken against any staff member who breaches this.

We are committed to the employment principles outlined in the Victorian Government's *Public Administration Act 2004*, which are essential to an effective and harmonious workplace.

Our people policies and procedures support:

- Employment decisions based on merit
- People being treated fairly and reasonably
- Provision of equal opportunity
- Human rights, as set out in the Victorian Government's *Charter of Human Rights and Responsibilities Act 2006*
- People being provided with reasonable redress against unfair or unreasonable treatment
- Fostering career pathways in the public healthcare sector.

Industrial relations

Industrial relations negotiations for workplace agreements across the Victorian public health sector continued in 2012-13.

In early 2013, enterprise agreements covering the following staff were finalised: Mental health, scientists, pharmacists, dietitians, psychologists, allied health and administrative staff.

Additionally, negotiations progressed towards a new agreement covering medical staff. The agreements were negotiated between various unions, the Victorian Hospitals Industrial Association and the Department of Health on behalf of the health sector.

Above: Andrew MacLean is the Director of Emergency Services at Box Hill Hospital.
Below left: Cancer survivor Adam Bregu with Box Hill Hospital haematologist Dr Anthony Schwarer.
Below right: Angliss Hospital midwife, Chris Pietsch with new mother Vidya and baby Apeksha.

OUR FOUNDATION

- Created strong relationships with donors and community organisations resulting in **8523** donations
- Expanded volunteer workforce to **840**, supporting **50** patient care programs across nine sites
- Expanded partnerships with clubs, community, corporate organisations, and trusts and foundations by **10 per cent**
- Raised **$2.5 million** to directly benefit patients and their families
- Supported Eastern Health's network of Auxiliaries and friends in their fundraising activities, raising **$540,000**
- Appointed new Director and created a dynamic Strategic Plan and direction

From left: Director of Research David Taylor, Eastern Health Foundation Director, Anne Gribbin and Chair of the Eastern Health Foundation Advisory Board Robert Chong at the 2013 Annual Research Grants Award Program event.

Left: Angliss Hospital Auxiliary volunteers Eileen McPherson, Beryl Knight, Debra Monssen and Pam Reihenboch at the Angliss Hospital Op Shop.

Right: Volunteer driver David Allen.

In 2012-13, the Eastern Health Foundation continued to build philanthropic support to help Eastern Health achieve its vision of ***great health and wellbeing***. During this financial year, the Foundation experienced significant change including the appointment of new Director Anne Gribbin, who led the creation of an inaugural development and strategic plan.

By developing a growing presence and reputation with many trusts and foundations, reaching out to past patients, families and members of the community via direct marketing and creating a new bequest program, the team is building on its success in attracting additional funding for Eastern Health.

Recognising our volunteers

The unwavering support of our auxiliaries, volunteers and community groups allows us to continue to provide excellent care for our community.

We have 840 volunteers aged between 16 and 91, working across 50 programs to provide Eastern Health with invaluable assistance in care delivery.

We were delighted to receive a Victorian Minister for Health Volunteer Award for outstanding team achievement in May 2013. Based at Peter James Centre, the Falls and Wellbeing Volunteer Program received the award in recognition of their positive impact on falls prevention among high-risk patients.

Celebrating research

As part of Eastern Health's commitment to building a culture of research across the organisation, the Eastern Health Foundation provided $63,300 towards our annual Research Grants Award Program.

Four major grants were announced, covering programs in cardiology, inflammatory bowel disease, stroke recovery and emergency hospital patient evaluation.

The recipients were:

New diagnostic test for inflammatory bowel disease

Dr John Lubel, Director of Hepatology and Dr Mayur Garg, Gastroenterologist

Safe and effective early discharge of patients with low-risk acute coronary syndromes

Prof Gishel New, Director of Cardiology, Dr David Tong, Cardiology Registrar, Dr Louise Roberts, Cardiology Research

Emergency evaluation of risk groups entering hospital

Prof Julie Considine, Chair of Nursing, A/Prof Judy Currey, Nursing and Midwifery, A/Prof Daryl Jones, ICU Physician

A comparison of home exercise programs for stroke patients

Kellie Emmerson, Occupational Therapist, Katherine Harding, Allied Health Research Officer, Anna Joy, Senior Clinician, Occupational Therapist

DISCLOSURE INDEX

The *Eastern Health Annual Report 2012-13* is prepared in accordance with relevant Victorian legislation. This index has been prepared to facilitate identification of Eastern Health's compliance with statutory disclosure requirements.

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OUR FINANCIAL STATEMENTS 2012-2013

Vera Webber was appointed in 2012 as Eastern Health's first Aboriginal Service Development Officer.

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BOARD MEMBER'S, ACCOUNTABLE OFFICER'S AND CHIEF FINANCE & ACCOUNTING OFFICER'S DECLARATION

We certify that the attached financial statements for Eastern Health have been prepared in accordance with Part 4.2 of the Standing Directions of the Minister for Finance under the Financial Management Act 1994, applicable Financial Reporting Directions, Australian Accounting Standards, Australian Accounting Interpretations and other mandatory professional reporting requirements.

We further state that, in our opinion, the information set out in the Comprehensive Operating Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and notes to and forming part of the financial statements, presents fairly the financial transactions during the year ended 30 June 2013 and financial position of Eastern Health as at 30 June 2013.

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.

Dr Joanna Flynn AM
Chairperson (on behalf of the Board)

Alan Lilly
Chief Executive

Peter Hutchinson
Chief Finance Officer

Dated 8 August 2013
(Box Hill – Melbourne)

EASTERN HEALTH COMPREHENSIVE OPERATING STATEMENT FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Revenue from Operating Activities	2	741,144	715,722
Revenue from Non-Operating Activities	2	2,421	1,758
		743,565	**717,480**
Employee Benefits	3	(537,471)	(517,932)
Fee for Service Medical Officers	3	(7,801)	(8,646)
Non Salary Labour Costs	3	(2,725)	(7,400)
Supplies & Consumables	3	(114,063)	(111,308)
Finance Costs	5	(958)	(958)
Other Expenses From Continuing Operations	3	(78,770)	(74,125)
		(741,788)	**(720,369)**
NET RESULT BEFORE CAPITAL & SPECIFIC ITEMS		**1,777**	**(2,889)**
Capital Purpose Income	2	125,419	48,919
Gain/(loss) on Disposal of Non-Current Assets	2	(636)	(137)
Specific Income	2d	25	-
Specific Expense	3c	(1,346)	-
Depreciation & Amortisation	4	(45,743)	(43,374)
NET RESULT FOR THE YEAR		**79,496**	**2,519**
OTHER COMPREHENSIVE INCOME		**-**	**-**
TOTAL COMPREHENSIVE RESULT FOR THE YEAR		**79,496**	**2,519**

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

EASTERN HEALTH BALANCE SHEET AS AT 30 JUNE 2013

	Note	2013 $'000	2012 $'000
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	23,628	23,721
Receivables	7	14,923	16,596
Other Financial Assets	8	3,520	3,270
Inventories	9	3,609	3,699
Prepayments	10	1,095	935
Total Current Assets		**46,775**	**48,221**
Non-Current Assets			
Receivables	7	18,295	15,043
Land	11	63,886	63,886
Buildings	11	472,498	382,306
Plant, Equipment & Motor Vehicles	11	35,590	39,126
Furniture & Fittings	11	8,019	8,816
Leasehold Improvements	11	1,023	1,350
Intangible Assets	12	7,850	6,497
Total Non-Current Assets		**607,161**	**517,024**
TOTAL ASSETS		**653,936**	**565,245**
LIABILITIES			
Current Liabilities			
Payables	13	44,539	43,652
Borrowings	14	509	477
Provisions	15	122,861	118,068
Other Liabilities	16	8,538	6,660
Total Current Liabilities		**176,447**	**168,857**
Non-Current Liabilities			
Provisions	15	17,247	15,133
Borrowings	14	14,262	14,771
Total Non-Current Liabilities		**31,509**	**29,904**
TOTAL LIABILITIES		**207,956**	**198,761**
NET ASSETS		**445,980**	**366,484**
EQUITY			
Asset Revaluation Surplus	17a	114,005	114,005
Restricted Specific Purpose Surplus	17a	22,719	17,335
Contributed Capital	17b	231,510	231,510
Accumulated Surpluses/(Deficits)	17c	77,746	3,634
TOTAL EQUITY		**445,980**	**366,484**
Contingent Assets & Contingent Liabilities	21		
Commitments	20		

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

EASTERN HEALTH
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2013

2013	Note	Equity at 1 July 2012 $'000	Comprehensive Result $'000	Equity at 30 June 2013 $'000
Accumulated Surpluses/(Deficits)	17c	**3,634**	**79,496**	**83,130**
Transfer (To)/ From Restricted Specific Purpose Reserve		-	(5,384)	(5,384)
		3,634	**74,112**	**77,746**
Contribution by Owners	17b	**231,510**	**-**	**231,510**
		231,510	**-**	**231,510**
Reserves				
Asset Revaluation Reserve	17a	114,005	-	114,005
Restricted Specific Purpose Reserve	17a	17,335	5,384	22,719
		131,340	**5,384**	**136,724**
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		**366,484**	**79,496**	**445,980**

2012	Note	Equity at 1 July 2012 $'000	Comprehensive Result $'000	Equity at 30 June 2013 $'000
Accumulated Surpluses/(Deficits)	17c	**2,442**	**2,519**	**4,961**
Transfer (To)/ From Restricted Specific Purpose Reserve		-	(1,327)	(1,327)
		2,442	**1,192**	**3,634**
Contribution by Owners	17b	**231,510**	**-**	**231,510**
		231,510	**-**	**231,510**
Reserves				
Asset Revaluation Reserve	17a	114,005	-	114,005
Restricted Specific Purpose Reserve	17a	16,008	1,327	17,335
		130,013	**1,327**	**131,340**
TOTAL EQUITY AT THE END OF THE FINANCIAL YEAR		**363,965**	**2,519**	**366,484**

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

EASTERN HEALTH
CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating Grants from Government		645,026	618,062
Patient and Resident Fees Received		39,241	36,191
Donations and Bequests Received	2	2,448	2,520
Recoupment from Private Practice for use of Hospital Facilities		24,978	24,784
GST Received from ATO		19,144	19,989
Interest Received		1,887	1,780
Other Receipts		28,286	29,550
Employee Benefits Paid		(533,728)	(508,473)
Fee for Service Medical Officers	3	(7,801)	(8,646)
Payments for Supplies & Consumables		(132,105)	(132,650)
Finance Costs	5	(958)	(958)
Other Payments		(78,214)	(74,162)
Cash Generated from Operations		**8,204**	**7,987**
Capital Grants - Government	2	19,057	21,926
NET CASH INFLOW FROM OPERATING ACTIVITIES	18	**27,261**	**29,913**
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Properties, Plant & Equipment		(28,602)	(27,604)
Proceeds from Sale of Properties, Plant & Equipment	2c	1,725	720
NET CASH OUTFLOW FROM INVESTING ACTIVITIES		**(26,877)**	**(26,884)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment of Loan from Treasury Corporation of Victoria		(477)	(448)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		**(477)**	**(448)**
NET INCREASE/(DECREASE) IN CASH HELD		**(93)**	**2,581**
CASH AND CASH EQUIVALENTS AT 1 JULY 2012		**23,721**	**21,140**
CASH AND CASH EQUIVALENTS AT 30 JUNE 2013	**6**	**23,628**	**23,721**
Non-cash financing and investing activities	25		

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

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

These annual financial statements represent the audited general purpose financial statements for Eastern Health for the period ending 30 June 2013. The purpose of the report is to provide users with information about the Health Services' stewardship of resources entrusted to it.

(a) Statement of Compliance

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

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

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

The annual financial statements were authorised for issue by the Board of Eastern Health on 8 August 2013.

(b) Basis of Accounting Preparation and Measurement

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

The accounting policies set out below have been applied in preparing the financial statements for the year ended 30 June 2013, and the comparative information presented in these financial statements for the year ended 30 June 2012.

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

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

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

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

Particularly, exceptions to the historical cost convention include:

- Non-current physical assets, which subsequent to acquisition, are measured at valuation and are re-assessed with sufficient regularity to ensure that the carrying amounts do not materially differ from their fair values;
- Derivative financial instruments, managed investment schemes, certain debt securities, and investment properties after initial recognition, which are measured at fair value through profit and loss;
- Available-for-sale investments which are measured at fair value with movements reflected in equity until the asset is derecognised; and
- The fair value of assets other than land is generally based on their depreciated replacement value

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

In the application of AASs management is required to make judgements, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision, and future periods if the revision affects both current and future periods.

Judgements made by management in the application of AASs that have significant effect 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, plant and equipment (refer note 1(h));
- 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 note 1(i)).

(c) Reporting Entity

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

Its principal address is:

5 Arnold Street
Box Hill
Victoria 3128

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

Objectives and funding

Eastern Health's overall objective is to provide positive health experiences for people and communities in the east as well as improve the quality of life to Victorians.

Eastern Health is predominantly funded by accrual based grant funding for the provisions of outputs.

(d) Scope and Presentation of financial statements

Fund Accounting

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

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

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

Residential Aged Care Service

The Mooroolbark, Northside and Edward Street Nursing Homes and Monda Lodge Hostel Residential Aged Care Service operations are an integral part of the Health Service and share its resources. An apportionment of land and buildings has been made based on floor space.

The results of the four operations have been segregated based on actual revenue earned and expenditure incurred by each operation in Note 2b to the financial statements.

The Mooroolbark, Northside and Edward Street Nursing Homes and Monda Lodge Hostel Residential Aged Care are substantially funded from Commonwealth bed-day subsidies.

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, depreciation, and items of an unusual nature and amount such as specific income and expenses.

The exclusion of these items is made to enhance matching of income and expenses so as to facilitate the comparability and consistency of results between years and Victorian Public Health Services.

The Net Result before Capital & Specific Items is used by the management of the Health Service, the Department of Health and the Victorian Government to measure the on-going performance of Health Services in operating hospital services.

Capital and specific items, which are excluded from this subtotal, comprise:

- Capital purpose income, which comprises all tied grants, donations and bequests received for the purpose of acquiring non-current assets, such as capital works, plant and equipment or intangible assets. It also includes donations of plant and equipment (refer Note 1 (e)). Consequently, the recognition of revenue as capital purpose income is based on the intention of the provider of the revenue at the time the revenue is provided.
- Specific income/expense, comprises the following items, where material:
  - Voluntary departure packages
  - Write-down of inventories
  - Litigation settlements
  - Reversals of provisions
  - Assets provided or received free of charge
- Impairment of financial and non-financial assets, includes all impairment losses (and reversal of previous impairment losses), which have been recognised in accordance with Note 1 (g) and (h).
- Depreciation and amortisation, as described in Note 1 (f)
- Assets provided or received free of charge (refer to Note 1 (e) and (f))

- Expenditure using capital purpose income, comprises expenditure which either falls below the asset capitalisation threshold set at $1,000 (2012: $1,000), 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 categorised either as current or non-current (non-current being those assets or liabilities expected to be recovered/settled more than 12 months after the 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 equity opening balance at the beginning of the reporting period to the closing balance at the end of the reporting period.

It also shows separately changes due to amounts recognised in the comprehensive result and amounts recognised in other comprehensive income related to other non-owner changes in equity.

Cash flow statement

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

Comparative Information

Where necessary, figures for the previous year have been reclassified to facilitate comparison.

(e) Income from transactions

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

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

Government Grants and other transfers of income (other than contributions by owners)

In accordance with AASB 1004 *Contributions*, government grants and other transfers of income (other than contributions by owners) are recognised as income when 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

- Insurance is recognised as revenue following advice from the Department of Health.
- Long Service Leave (LSL) – Revenue is recognised upon finalisation of movements in LSL liability in line with the arrangements set out in the Metropolitan Health and Aged Care Division Hospital Circular 05/2013.

Patient and Resident Fees

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

Private Practice Fees

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

Revenue from Commercial Activities

Revenue from commercial activities such as car parks is recognised at the time invoices are raised.

Donations and Other Bequests

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

Interest Revenue

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

Sale of investments

The gain/loss 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 services would have been purchased if not donated.

(f) Expense Recognition

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

Costs of Goods Sold

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

Employee expenses

Employee expenses include:

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

Defined contribution plans

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

Defined benefit plans

The amount charged to the Comprehensive Operating Statement in respect of defined benefit superannuation plans represents the contributions made by the Health Service to the superannuation plans in respect to 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 Eastern Health are entitled to receive superannuation benefits and the Health Service contributes to both the defined benefit and defined contribution plans. The defined benefit plan(s) provide benefits based on years of service and final average salary.

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

Funds	Contributions Paid or Payable for the year	
	2013 $'000	2012 $'000
DEFINED BENEFIT PLANS		
Health Superannuation Fund	1,031	1,092
DEFINED CONTRIBUTION PLANS		
Health Superannuation Fund	29,748	28,637
HESTA Superannuation Fund	10,381	9,330
TOTAL	**41,160**	**39,059**

Depreciation

Assets with a cost in excess of $1,000 (2012/13 and 2011/12) are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost or valuation over their estimated useful lives. Depreciation is generally calculated on a straight-line basis, at a rate that allocates the asset value, less any estimated residual value over its estimated useful life.

Estimates of the remaining useful lives and depreciation method for all assets are reviewed at least annually, and adjustments made where appropriate. This depreciation charge is not funded by the Department of Health.

Depreciation is provided on property, plant and equipment, including freehold buildings, but excluding land. Depreciation begins when the asset is available for use, which is when it is in the location and condition necessary for it to be capable of operating in a manner intended by management.

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

	2012/13	2011/12
BUILDINGS		
Structure Shell Building Fabric	11 - 46 years	11 - 46 years
Site Engineering Services and Central Plant	11 - 46 years	11 - 46 years
CENTRAL PLANT		
Fit Out	3 - 21 years	3 - 21 years
Trunk Reticulated Building Systems	3 - 21 years	3 - 21 years
Plant & Equipment	10 - 20 years	10 - 20 years
Medical Equipment	8 - 15 years	8 - 15 years
Computers and Communications	3 - 10 years	3 - 10 years
Furniture & Fittings	10 years	10 years
Motor Vehicles	5 years	5 years
Intangible Assets	3 years	3 years
Leasehold Improvements	5 years	5 years

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

Amortisation

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

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each annual reporting period.

In addition, an assessment is made at each reporting date to determine whether there are indicators that the intangible asset concerned is impaired. If so, the assets concerned are tested as to whether their carrying value exceeds their recoverable amount.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually or whenever there is an indication that the asset may be impaired.

The useful lives of intangible assets that are not being amortised are reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for that asset.

In addition, the Health Service tests all intangible assets with indefinite useful lives for impairment by comparing its recoverable amount with its carrying amount:

- Annually; and
- Whenever there is an indication that the intangible asset may be impaired.

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

Intangible assets with finite useful lives are amortised over a 3 year period (2011-12 3 year period).

Finance Costs

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

Finance costs include:

- Interest on short-term and long-term borrowings; and
- Amortisation of ancillary costs incurred in connection with the arrangement of borrowings;

(g) Financial assets

Cash and Cash Equivalents

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

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

Receivables

Receivables consist of:

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

Trade debtors are carried at nominal amounts due and are due for settlement within 60 days from the date of recognition. Collectability of debts is reviewed on an ongoing basis and debts which are known to be uncollectable are written off.

A provision for doubtful debts is recognised when there is objective evidence that an impairment loss has occurred. Bad debts are written off when identified.

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

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

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;
- Loans and receivables; and
- Available-for-sale financial assets.

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

Eastern Health 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.

(h) Non-Financial Assets

Inventories

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

Inventories held for distribution are measured at cost, adjusted for any loss of service potential. All other inventories are measured at the lower of cost or 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 is determined principally on the basis of the weighted average cost method.

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.

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

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

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

Revaluations of Non-Current Physical Assets

Non-current physical assets are measured at fair value and are revalued in accordance with Financial Reporting Directive (FRD) 103D *Non-current physical assets*. This revaluation process normally occurs at least every five years, based upon the asset's Government Purpose Classification, but may occur more frequently if fair value assessments indicate material changes in values.

Independent valuers are used to conduct these scheduled revaluations and any interim revaluations are determined in accordance with the requirements of the FRDs. Revaluation increments or decrements arise from differences between an asset's carrying value and fair value.

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

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

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

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

Intangible Assets

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

Intangible assets are initially recognised at cost. Subsequently, intangible assets with finite useful lives are carried at cost less accumulated amortisation and accumulated impairment losses.

Costs incurred subsequent to initial acquisition are capitalised when it is expected that additional future economic benefits will flow to the Health Service

Other non-financial assets

Prepayments

Other non-financial assets include prepayments which represent payments in advance of receipt of goods or services or are 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 at the date that control of the asset is passed to the buyer and is determined after deducting from the proceeds the carrying value of the asset at that time.

Impairment of Non-Financial Assets

Apart from intangible assets with indefinite useful lives, all other assets are assessed annually for indications of impairment, except for:

- Inventories
- Assets arising form construction contracts, and
- Financial Assets

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 assets carrying value exceeds its recoverable amount, the difference is written off as an expense except to the extent that the write down can be debited to an asset revaluation reserve amount applicable to that class.

If there is an indication that there has been a change in the estimate of an assets recoverable amount since the last impairment loss was recognised, the carrying amount shall be increased to its recoverable amount.

This reversal of the impairment loss occurs only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised in prior years.

It is deemed that, in the event of the loss or destruction of an asset, the future economic benefits arising from the use of the asset will be replaced unless a specific decision to the contrary has been made.

The recoverable amount for most assets is measured at the higher of depreciated replacement cost and fair value less costs to sell. Recoverable amount for assets held primarily to generate net cash inflows is measured at the higher of the present value of future cash flows expected to be obtained from the asset and fair value less costs to sell.

(i) Liabilities

Payables

These amounts consist predominately of liabilities for goods and services. Payables are initially recognised at fair value then subsequently carried at amortised cost and represent liabilities for goods and services provided to the Health Service prior to the end of the financial year that are unpaid, and arise when the Health Service becomes obliged to make future payments in respect of the purchase of these goods and services. The normal credit terms are usually net 45 days from the end of the month in which the invoice is received.

Borrowings

Borrowings in the Balance Sheet are recognised at fair value upon initial recognition. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the net result over period of the borrowing using the effective interest method. Fair value is determined in the manner described in Note 19.

Provisions

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation.

Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows, using a discount rate that reflects the time value of money and risks specific to the provision.

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

Employee Benefits

Wages and Salaries, Annual Leave, and Accrued Days Off

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

Those liabilities that the Health Service does not expect to settle within 12 months are recognised in the provision for employee benefits as current liabilities, measured at the present value of the amounts expected to be paid when the liabilities are settled using the remuneration rate expected to apply at the time of settlement.

In relation to negotiated but unsigned Enterprise Bargaining Agreements (EBAs) with craft groups at year end, the Health Service recognises any entitlements to employees relating to the EBA applicable prior to the reporting period based on the fact that employees have rendered services to the Health Service and are expected to be paid in exchange for that service.

Long Service Leave

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

Current liability – unconditional LSL (representing 10 or more years of continuous service) is disclosed 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 should an employee take leave within 12 months.

The components of this current LSL are measured at:

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

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

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

Termination Benefits

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

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

On-Costs

Employee benefit on-costs such as workers compensation are recognised separately from the 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 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 administers and discloses the State's defined benefit liabilities in its financial report.

(j) Leases

Leases are classified at their inception as either operating or finance leases based on the economic substance of the agreement so as to reflect the risks and rewards incidental to ownership.

Leases of property, plant and equipment are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Eastern Health does not have any finance leases.

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.

(k) Equity

Contributed Capital

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

Asset Revaluation Reserve

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

Specific Restricted Purpose Reserve

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

(l) Commitments

Commitments for future expenditure include operating and capital commitments arising from contracts are not recognised on Balance Sheet. Commitments are disclosed at their nominal value and are inclusive of the GST payable.

(m) Contingent assets and contingent liabilities

Contingent assets and 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.

(n) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the 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 component of cash flows arising from investing or financing activities which are recoverable from, or payable to, the taxation authority are presented as an operating cash flow.

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

(o) Rounding Of Amounts

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

(p) Category Groups

Eastern Health 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 palliative care facilities, or rehabilitation facilities, or alcohol and drug treatment.

Mental Health Services (Mental Health) comprises all recurrent health revenue/expenditure on specialised mental health services (child and adolescent, general and adult, community and forensic) managed or funded by the state or territory health administrations, and includes: Admitted patient services (including forensic mental health), outpatient services, emergency department services (where it is possible to separate emergency department mental health services), community-based services, residential and ambulatory services.

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 palliative care facilities, or rehabilitation facilities, or alcohol and drug treatment units.

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, 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 hospitals 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, Koori liaison officers, immunisation and screening services, Drugs services including drug withdrawal, counselling and the needle and syringe program, and clinical education, Disability services including aids and equipment and flexible support packages to people with a disability, Community Care programs including sexual assault support, early parenting services, parenting assessment and skills development, and various support services. Health and Community Initiatives also falls in this category group.

(q) Economic Dependency

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

(r) Going Concern

The financial statements are prepared on a going concern basis.

The Health Service has:

- a profit from continuing activities of $79.496 million for the year ended 30 June 2013 (30 June 2012 $2.519 million profit) including net capital profit of $79.040 million (30 June 2012 $5.408 million net capital profit);
- a working capital deficiency of $76.722 million at 30 June 2013 ($69.785 million deficiency as at 30 June 2012). This is derived by current assets ($46.775 million) less current liabilities ($176.447 million) plus employee benefits not expected to be settled in the next 12 months ($52.900 million);
- net cash inflows generated from operating activities of $27.261 million for the year ended 30 June 2013 including capital income of $19.057 million ($29.913 million for the year ended 30 June 2012 including capital income of $21.926 million).

The Department of Health has indicated that it will provide Eastern Health adequate cash flow support to enable it to meet its current and future obligations as and when they fall due for a period up to September 2014.

Department of Health monitors the Health Service's monthly financial operating performance, liquidity and cash position, its annual budget and compares actual results against those budgeted.

The Department of Health expects that Eastern Health will commit to achieve the agreed service and financial targets.

(s) Functional and Presentation Currency

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

(t) New Accounting Standards and Interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2013 reporting period.

The Health Service has reviewed these new accounting standards and interpretations which are not mandatory for the financial year ended 30 June 2013 and has not and does not intend to adopt early these standards.

The following list records new accounting standards and interpretations that may have some relevance to future disclosures for the Health Service.

Standard/ Interpretation	Summary	Applicable for reporting periods beginning after	Impact on Health Service's Annual Statements
AASB 9 ***Financial Instruments***	The 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 2013	Detail of impact is still being assessed.
AASB 13 ***Fair Value Measurement***	This Standard outlines the requirements for measuring the fair value of assets and liabilities and replaces the existing fair value definition and guidance in other AASs. AASB 13 includes a 'fair value hierarchy' which ranks the valuation technique inputs into three levels using unadjusted quoted prices in active markets for identical assets or liabilities; other observable inputs; and unobservable inputs.	1 Jan 2013	Disclosure for fair value measurements using unobservable inputs are relatively onerous compared to disclosure for fair value measurements using observable inputs. Consequently, the Standard may increase the disclosures for public sector entities that have assets measured using depreciated replacement cost.
AASB 119 ***Employee Benefits***	In this revised Standard for defined benefit superannuation plans, there is a change to the methodology in the calculation of superannuation expenses, in particular there is now a change in the split between superannuation interest expense (classified as transactions) and actuarial gains and losses (classified as 'Other economic flows – other movements in equity') reported on the comprehensive operating statement.	1 Jan 2013	Not-for-profit entities are not permitted to apply this Standard prior to the mandatory application date. While the total superannuation expense is unchanged, the revised methodology is expected to have a negative impact on the net result from transactions of the general government sector and for those few Victorian public sector entities that report superannuation defined benefit plans.

Standard/ Interpretation	Summary	Applicable for reporting periods beginning after	Impact on Health Service's Annual Statements
AASB 1053 ***Application of Tiers of Australian Accounting Standards***	This Standard establishes a differential financial reporting framework consisting of two tiers of reporting requirements for preparing general purpose financial statements.	1 July 2013	The Victorian Government is currently considering the impacts of Reduced Disclosure Requirements (RDRs) for certain public sector entities and has not decided if RDRs will be implemented in the Victorian public sector.
AASB 1055 ***Budgetary Reporting***	AASB 1055 extends the scope of budgetary reporting that is currently applicable for the whole of government and general government sector (GGS) to Not for Profit entities within GGS, provided that these entities present separate budget to parliament.	1 January 2014	This Standard is not applicable as no budget disclosure is required.

In addition to the new standards above, the AASB has issued a list of amending standards that are not effective for the 2012-13 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 are also not effective for the 2012-13 reporting period and considered to have insignificant impacts on public sector reporting.

- *AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9.*
- *AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.*
- *AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).*
- *AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements.*
- *AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13.*
- *AASB 2011-10 Amendments to Australian Accounting Standards arising from AASB 119 (September 2011).*
- *AASB 2011-11 Amendments to AASB 119 (September 2011) arising from Reduced Disclosure Requirements.*
- *AASB 2011-12 Amendments to Australian Accounting Standards arising from Interpretation 20*
- *2012-1 Amendments to Australian Accounting Standards - Fair Value Measurement - Reduced Disclosure Requirements.*
- *2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities.*
- *2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities.*
- *2012-7 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements.*
- *2012-9 Amendment to AASB 1048 arising from the Withdrawal of Australian Interpretation 1039.*
- *2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments.*
- *2012-11 Amendments to Australian Accounting Standards – Reduced Disclosure Requirements and Other Amendments.*
- *2013-1 Amendments to AASB 1049 – Relocation of Budgetary Reporting Requirements.*
- *2013-2 Amendments to AASB 1038 – Regulatory Capital.*
- *2013-3 Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets.*
- *AASB Interpretation 21 Levies.*

NOTE 2: REVENUE

	Note	HSA 2013 $'000	HSA 2012 $'000	H&CI 2013 $'000	H&CI 2012 $'000	Total 2013 $'000	Total 2012 $'000
REVENUE FROM OPERATING ACTIVITIES							
Government Grants							
• Department of Health		338,818	592,410	-	-	338,818	592,410
• Victorian Health Funding Pool		275,771	-	-	-	275,771	-
• State Government - Other		2,599	2,560	-	-	2,599	2,560
• Commonwealth Government		26,210	22,706	-	-	26,210	22,706
Total Government Grants		**643,398**	**617,676**	**-**	**-**	**643,398**	**617,676**
Indirect Contributions by Department of Health**							
• Insurance		890	751	-	-	890	751
• Long Service Leave		3,253	2,475	-	-	3,253	2,475
Total Indirect Contributions by Department of Health		**4,143**	**3,226**	**-**	**-**	**4,143**	**3,226**
Patient and Resident Fees							
• Patient and Resident Fees	2b	31,946	29,967	-	-	31,946	29,967
• Residential Aged Care	2b	7,493	7,447	148	14	7,641	7,461
Total Patient and Resident Fees		**39,439**	**37,414**	**148**	**14**	**39,587**	**37,428**
Commercial Activities & Specific Purpose Funds							
• Recoupment for use of Hospital Facilities		-	-	4,828	4,199	4,828	4,199
• Donations & Bequests		-	-	2,448	2,520	2,448	2,520
• Car Park		-	-	2,782	2,573	2,782	2,573
• Education & Training		-	-	126	158	126	158
• Catering		-	-	675	659	675	659
• Pharmacy Services		-	-	139	-	139	-
• Research		-	-	1,025	1,205	1,025	1,205
• Commissions		-	-	3,464	2,980	3,464	2,980
• Other (includes any activity not stated above)		-	-	4,408	5,259	4,408	5,259
Total Commerical Activities & Specific Purpose Funds		**-**	**-**	**19,895**	**19,553**	**19,895**	**19,553**
Recoupment from Private Practice for use of Hospital Facilities		19,775	20,432	-	-	19,775	20,432
Other Revenue from Operating Activities		11,349	13,820	2,997	3,601	14,346	17,421
Sub-Total Revenue from Operating Activities		**718,104**	**692,568**	**23,040**	**23,168**	**741,144**	**715,736**

Continued on page 69.

	Note	HSA 2013 $'000	HSA 2012 $'000	H&CI 2013 $'000	H&CI 2012 $'000	Total 2013 $'000	Total 2012 $'000
REVENUE FROM NON-OPERATING ACTIVITIES							
Interest		-	-	2,367	1,693	2,367	1,693
Property Income		-	-	54	51	54	51
Net Assets Received Free of Charge	2d	-	-	25	-	25	-
Sub-Total Revenue from Non-Operating Activities		**-**	**-**	**2,446**	**1,744**	**2,446**	**1,744**
REVENUE FROM CAPITAL PURPOSE INCOME							
State Government Capital Grants							
• Capital Works and Equipment		-	-	1,375	1,646	1,375	1,646
• Redevelopment Grant		-	-	17,682	20,281	17,682	20,281
• Indirect Contribution by Department of Health		-	-	106,362	26,992	106,362	26,992
Net Gain/(Loss) on Disposal of Non-Financial Assets	2c	-	-	(636)	(137)	(636)	(137)
Sub-Total Revenue from Capital Purpose Income		**-**	**-**	**124,783**	**48,782**	**124,783**	**48,782**
TOTAL REVENUE	**2a**	**718,104**	**692,568**	**150,269**	**73,694**	**868,373**	**766,262**

** ***Indirect contributions by Department of Health***

Department of Health makes certain payments on behalf of Eastern Health. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

NOTE 2A: ANALYSIS OF REVENUE BY SOURCE

	Note	Admitted Patients 2013 $'000	Outpatients 2013 $'000	EDS 2013 $'000	Ambulatory 2013 $'000	Mental Health 2013 $'000	RAC including Mental Health 2013 $'000	Aged Care 2013 $'000	Primary Health 2013 $'000	Other 2013 $'000	Total 2013 $'000
REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT											
Government Grants		395,511	-	55,135	79,848	82,113	3,136	8,640	7,000	12,015	643,398
Indirect Contributions by Department of Health**		4,143	-	-	-	-	-	-	-	-	4,143
Patient and Resident Fees	2b	19,377	607	-	9,881	1,917	7,640	58	100	7	39,587
Recoupment from Private Practice for use of Hospital Facilities		16,633	2,031	-	369	-	-	-	702	40	19,775
Education & Training		277	-	-	42	3	-	-	-	95	417
Other Revenue		4,267	33	-	189	437	-	83	51	5,872	10,932
Sub-Total Revenue from Services Supported by Health Services Agreement		**440,208**	**2,671**	**55,135**	**90,329**	**84,470**	**10,776**	**8,781**	**7,853**	**18,029**	**718,252**
REVENUE FROM SERVICES SUPPORTED BY HOSPITAL & COMMUNITY INITIATIVES											
Business Units		-	-	-	-	-	-	-	-	19,895	19,895
Investment Income		-	-	-	-	-	-	-	-	2,367	2,367
Property Income		-	-	-	-	-	-	-	-	54	54
Other Income		-	-	-	-	-	-	-	-	3,022	3,022
OTHER ACTIVITIES											
Capital Purpose Income	2	-	-	-	-	-	-	-	-	124,783	124,783
Sub-Total Revenue from Services Supported by Hospital & Community Initiatives		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**150,121**	**150,121**
TOTAL REVENUE		**440,208**	**2,671**	**55,135**	**90,329**	**84,470**	**10,776**	**8,781**	**7,853**	**168,150**	**868,373**

** ***Indirect contributions by Department of Health***

Department of Health makes certain payments on behalf of Eastern Health. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

RAC = Residential Aged Care

EDS = Emergency Department Services

NOTE 2A: ANALYSIS OF REVENUE BY SOURCE (CONTINUED)

	Note	Admitted Patients 2012 $'000	Outpatients 2012 $'000	EDS 2012 $'000	Ambulatory 2012 $'000	Mental Health 2012 $'000	RAC including Mental Health 2012 $'000	Aged Care 2012 $'000	Primary Health 2012 $'000	Other 2012 $'000	Total 2012 $'000
REVENUE FROM SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT											
Government Grants		397,613	94	33,269	77,046	80,184	3,184	8,429	6,610	11,247	617,676
Indirect Contributions by Department of Health**		3,226	-	-	-	-	-	-	-	-	3,226
Patient and Resident Fees	2b	18,276	632	-	9,234	1,755	7,461	69	-	1	37,428
Recoupment from Private Practice for use of Hospital Facilities		17,700	1,737	-	318	1	-	-	647	29	20,432
Education & Training		115	8	-	6	7	-	-	2	114	252
Other Revenue		7,573	129	1	220	404	8	37	171	5,025	13,568
Sub-Total Revenue from Services Supported by Health Services Agreement		**444,503**	**2,600**	**33,270**	**86,824**	**82,351**	**10,653**	**8,535**	**7,430**	**16,416**	**692,582**
REVENUE FROM SERVICES SUPPORTED BY HOSPITAL & COMMUNITY INITIATIVES											
Business Units		-	-	-	-	-	-	-	-	19,553	19,553
Investment Income		-	-	-	-	-	-	-	-	1,693	1,693
Property Income		-	-	-	-	-	-	-	-	51	51
Other Income		-	-	-	-	-	-	-	-	3,601	3,601
OTHER ACTIVITIES											
Capital Purpose Income	2	-	-	-	-	-	-	-	-	48,782	48,782
Sub-Total Revenue from Services Supported by Hospital & Community Initiatives		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**73,680**	**73,680**
TOTAL REVENUE		**444,503**	**2,600**	**33,270**	**86,824**	**82,351**	**10,653**	**8,535**	**7,430**	**90,096**	**766,262**

** ***Indirect contributions by Department of Health***

Department of Health makes certain payments on behalf of Eastern Health. These amounts have been brought to account in determining the operating result for the year by recording them as revenue and expenses.

RAC = Residential Aged Care

EDS = Emergency Department Services

NOTE 2B: PATIENT AND RESIDENT FEES^

	2013 $'000	2012 $'000
PATIENT AND RESIDENT FEES RAISED		
Recurrent		
Acute (Admitted/Outpatients/EDS/Ambulatory)		
• Inpatients (*)	29,364	27,510
• Outpatients	607	632
Aged		
• Outpatients	58	69
Residential Aged Care (RAC)		
• Aged Care	3,233	3,225
• Mental Health	4,197	4,169
• Residential Accommodation Payments (**)	211	67
Mental Health	1,917	1,755
Other	-	1
TOTAL RECURRENT	**39,587**	**37,428**
CAPITAL PURPOSE		
Residential Accommodation Payments (**)	-	-
TOTAL CAPITAL	**-**	**-**

(^) Patient and Resident Fees exclude recoupment from private practice, or sale of pharmacy goods, but includes PBS co-payments. The recoupment from private practice and sale of pharmacy goods must be reported separately.

(*) Compensable payments (such as Transport Accident Commission (TAC) and Department of Veteran Affairs (DVA) Weighted Inlier Equivalent Separation (WIES)) are excluded.

(**) This includes accommodation charges, interest earned on accommodation bonds and retention amount.

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

	2013 $'000	2012 $'000
PROCEEDS FROM DISPOSAL OF NON-CURRENT ASSETS		
Plant & Equipment		
• Major Medical Equipment	-	-
• Furniture & Fittings	-	-
Motor Vehicles	1,725	720
TOTAL PROCEEDS FROM DISPOSAL OF NON-CURRENT ASSETS	**1,725**	**720**
LESS: WRITTEN DOWN VALUE OF NON-CURRENT ASSETS SOLD OR DISPOSED		
Plant & Equipment		
• Major Medical Equipment	1,728	404
• Computers & Communication	14	-
Buildings at Cost	-	2
Software	-	11
Furniture & Fittings	2	-
Motor Vehicles	617	440
TOTAL WRITTEN DOWN VALUE OF NON CURRENT ASSETS SOLD	**2,361**	**857**
NET GAINS/(LOSSES) ON DISPOSAL OF NON-CURRENT ASSETS	**(636)**	**(137)**

NOTE 2D: ASSETS RECEIVED FREE OF CHARGE OR FOR NOMINAL CONSIDERATION

	2013 $'000	2012 $'000
DURING THE REPORTING PERIOD, THE FAIR VALUE OF ASSETS RECEIVED FREE OF CHARGE WAS:		
Motor Vehicle donated	25	-
TOTAL	**25**	**-**

NOTE 3: EXPENSES

	Note	HSA 2013 $'000	HSA 2012 $'000	H&CI 2013 $'000	H&CI 2012 $'000	Total 2013 $'000	Total 2012 $'000
EMPLOYEE EXPENSES							
Salaries and Wages		468,549	452,522	5,827	6,445	474,376	458,967
Workcover Premium		5,511	6,134	77	79	5,588	6,213
Long Service Leave		14,869	12,312	154	126	15,023	12,438
Superannuation		41,959	39,847	525	467	42,484	40,314
Total Employee Benefits		**530,888**	**510,815**	**6,583**	**7,117**	**537,471**	**517,932**
NON SALARY LABOUR COSTS							
Fees for Visiting Medical Officers		7,634	8,377	167	269	7,801	8,646
Agency Costs - Nursing		1,582	5,552	-	-	1,582	5,552
Agency Costs - Other		1,143	1,839	-	9	1,143	1,848
Total Non Salary Labour Costs		**10,359**	**15,768**	**167**	**278**	**10,526**	**16,046**
SUPPLIES & CONSUMABLES							
Drug Supplies		31,173	30,998	3	11	31,176	31,009
Medical, Surgical Supplies and Prosthesis		63,231	60,867	235	261	63,466	61,128
Pathology Supplies		5,006	4,818	-	-	5,006	4,818
Food Supplies		14,049	13,966	366	387	14,415	14,353
Total Supplies & Consumables		**113,459**	**110,649**	**604**	**659**	**114,063**	**111,308**

Continued on page 75.

NOTE 3: EXPENSES (CONTINUED)

	Note	HSA 2013 $'000	HSA 2012 $'000	H&CI 2013 $'000	H&CI 2012 $'000	Total 2013 $'000	Total 2012 $'000
OTHER EXPENSES FROM CONTINUING OPERATIONS							
Domestic Services and Supplies		12,171	12,341	220	266	12,391	12,607
Fuel, Light, Power & Water		5,442	4,168	37	25	5,479	4,193
Insurance costs		11,386	9,851	36	21	11,422	9,872
Motor Vehicle Expenses		1,848	2,826	29	27	1,877	2,853
Postal & Telephone		1,849	2,258	62	71	1,911	2,329
Repairs and Maintenance		5,987	4,979	483	373	6,470	5,352
Maintenance Contracts		5,837	5,803	32	31	5,869	5,834
Patient Transport		5,801	5,895	-	-	5,801	5,895
Administrative Expenses		2,981	4,068	758	74	3,739	4,142
Security and Storage		2,707	2,624	9	2	2,716	2,626
Brokerage of Clinical Services and Contractors		2,326	2,036	70	10	2,396	2,046
Freight & Transport		745	1,009	8	13	753	1,022
Computers & Communications		1,098	1,257	57	72	1,155	1,329
Printing & Stationery		2,468	2,522	219	205	2,687	2,727
Recruitment & Advertising		280	411	-	9	280	420
Training & Development		4,552	4,272	662	461	5,214	4,733
Bad & Doubtful Debts		1,072	458	-	9	1,072	467
Lease Expenses		3,239	3,120	198	50	3,437	3,170
Audit Fees							
• VAGO - Audit of Financial Statements	24	115	110	-	-	115	110
• Other		143	175	-	-	143	175
Other Expenses		4,801	3,181	-	-	4,801	3,181
Total Other Expenses from Continuing Operations		**76,848**	**73,364**	**2,880**	**1,719**	**79,728**	**75,083**
Depreciation & Amortisation	4	-	-	45,743	43,374	45,743	43,374
Specific Expenses	3c	1,278	-	68	-	1,346	-
TOTAL EXPENSES		**732,832**	**710,596**	**56,045**	**53,147**	**788,877**	**763,743**

NOTE 3A: ANALYSIS OF EXPENSES BY SOURCE

	Note	Admitted Patients 2013 $'000	Outpatients 2013 $'000	EDS 2013 $'000	Ambulatory 2013 $'000	Mental Health 2013 $'000	RAC including Mental Health 2013 $'000	Aged Care 2013 $'000	Primary Health 2013 $'000	Other 2013 $'000	Total 2013 $'000
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT											
Employee Expenses		326,128	6,161	49,674	52,492	65,477	8,643	4,898	4,871	12,544	530,888
Non Salary Labour Costs		8,105	7	199	222	637	107	-	508	574	10,359
Supplies & Consumables		99,135	422	2,546	10,222	761	371	52	50	(100)	113,459
Other Expenses from Continuing Operations		25,672	246	2,748	18,965	19,271	1,111	1,453	2,109	5,015	76,590
Sub-Total Expenses from Services Supported by Health Services Agreement		**459,040**	**6,836**	**55,167**	**81,901**	**86,146**	**10,232**	**6,403**	**7,538**	**18,033**	**731,296**
Services Supported by Hospital & Community Initiatives											
Employee Expenses		-	-	-	-	-	-	-	-	6,583	6,583
Non Salary Labour Costs		-	-	-	-	-	-	-	-	167	167
Supplies & Consumables		-	-	-	-	-	-	-	-	604	604
Other Expenses from Continuing Operations		-	-	-	-	-	-	-	-	2,880	2,880
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**10,234**	**10,234**
Depreciation & Amortisation	4	-	-	-	-	-	-	-	-	45,743	45,743
Specific Expenses	3c	964	-	54	53	126	-	-	81	68	1,346
AUDIT FEES											
• Auditor General	24	115	-	-	-	-	-	-	-	-	115
• Other		141	-	-	-	-	-	-	2	-	143
TOTAL EXPENSES		**460,260**	**6,836**	**55,221**	**81,954**	**86,272**	**10,232**	**6,403**	**7,621**	**74,078**	**788,877**

NOTE 3A: ANALYSIS OF EXPENSES BY SOURCE (CONTINUED)

	Note	Admitted Patients 2012 $'000	Outpatients 2012 $'000	EDS 2012 $'000	Ambulatory 2012 $'000	Mental Health 2012 $'000	RAC including Mental Health 2012 $'000	Aged Care 2012 $'000	Primary Health 2012 $'000	Other 2012 $'000	Total 2012 $'000
SERVICES SUPPORTED BY HEALTH SERVICES AGREEMENT											
Employee Expenses		318,243	6,261	48,829	46,712	62,064	8,023	4,683	4,666	11,334	510,815
Non Salary Labour Costs		11,795	51	788	319	1,544	545	-	425	301	15,768
Supplies & Consumables		95,662	430	2,613	10,679	774	371	48	48	24	110,649
Other Expenses from Continuing Operations		21,518	246	2,626	19,576	19,457	1,160	1,831	2,686	3,982	73,082
Sub-Total Expenses from Services Supported by Health Services Agreement		**447,218**	**6,988**	**54,856**	**77,286**	**83,839**	**10,099**	**6,562**	**7,825**	**15,641**	**710,314**
Services Supported by Hospital & Community Initiatives											
Employee Expenses		-	-	-	-	-	-	-	-	7,117	7,117
Non Salary Labour Costs		-	-	-	-	-	-	-	-	278	278
Supplies & Consumables		-	-	-	-	-	-	-	-	659	659
Other Expenses from Continuing Operations		-	-	-	-	-	-	-	-	1,716	1,716
Sub-Total Expenses from Services Supported by Hospital and Community Initiatives		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**9,770**	**9,770**
Depreciation & Amortisation	4	-	-	-	-	-	-	-	-	43,374	43,374
Specific Expenses	3c	-	-	-	-	-	-	-	-	-	-
AUDIT FEES											
• Auditor General	24	110	-	-	-	-	-	-	-	-	110
• Other		158	-	-	-	-	-	-	3	14	175
TOTAL EXPENSES		**447,486**	**6,988**	**54,856**	**77,286**	**83,839**	**10,099**	**6,562**	**7,828**	**68,799**	**763,743**

NOTE 3B: ANALYSIS OF EXPENSES BY INTERNAL AND RESTRICTED SPECIFIC PURPOSE FUNDS FOR SERVICES SUPPORTED BY HOSPITAL AND COMMUNITY INITIATIVES

	2013 $'000	2012 $'000
Private Practice and Other Patient Activities	3,372	2,693
Car Park	1,742	1,754
Education & Training	405	1,441
Catering	626	600
Others	2,990	1,217
OTHER ACTIVITIES		
Fundraising and Community Support	650	928
Research and Scholarship	449	1,138
Specific Expenses	68	-
TOTAL	**10,302**	**9,771**

NOTE 3C: SPECIFIC EXPENSE

	2013 $'000	2012 $'000
Costs Associated with Restructure	1,346	-
TOTAL	**1,346**	**-**

NOTE 4: DEPRECIATION AND AMORTISATION

	2013 $'000	2012 $'000
DEPRECIATION		
Buildings	26,710	26,384
Plant & Equipment		
• Other Plant & Equipment	-	3
• Major Medical	7,155	7,313
• Computers and Communication	2,725	2,912
Furniture and Fittings	1,533	1,479
Motor Vehicles	1,448	1,474
Total Depreciation	**39,571**	**39,565**
AMORTISATION		
Leasehold Improvements	327	330
Software	5,845	3,479
Total Amortisation	**6,172**	**3,809**
TOTAL DEPRECIATION & AMORTISATION	**45,743**	**43,374**

NOTE 5: FINANCE COSTS

	2013 $'000	2012 $'000
Interest on Long Term Borrowings	958	958
TOTAL	**958**	**958**

NOTE 6: CASH AND CASH EQUIVALENTS

For the purpose 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, net of outstanding bank overdrafts.

	2013 $'000	2012 $'000
Cash on Hand	27	30
Cash at Bank	5,876	11,047
Short Term Money Market	17,725	12,644
TOTAL CASH AND CASH EQUIVALENTS	**23,628**	**23,721**
Represented by:		
Cash for Health Service Operations (as per Cash Flow Statement)	23,628	23,721
TOTAL CASH AND CASH EQUIVALENTS	**23,628**	**23,721**

NOTE 7: RECEIVABLES

	2013 $'000	2012 $'000
CURRENT		
Contractual		
• Trade Debtors	5,872	7,563
• Patient Fees	8,904	8,558
• Accrued Investment Income	842	362
Less Allowance for Doubtful Debts		
• Trade Debtors	(417)	(230)
• Patient Fees	(1,409)	(971)
	13,792	15,282
Statutory		
• GST Receivable	1,131	1,314
	1,131	1,314
TOTAL CURRENT RECEIVABLES	**14,923**	**16,596**
NON CURRENT		
Statutory		
• Long Service Leave - Department of Health	47,464	44,212
• Less: Contribution received from Department of Health	(29,169)	(29,169)
TOTAL NON CURRENT RECEIVABLES	18,295	15,043
TOTAL RECEIVABLES	**33,218**	**31,639**
(a) Movement in the Allowance for Doubtful Contractual Receivables		
Balance at the beginning of the year	1,201	1,032
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in net result	625	169
BALANCE AT THE END OF THE YEAR	**1,826**	**1,201**

(b) Ageing analysis of receivables

Please refer to note 19(b) for the ageing analysis of contractual receivables

(c) Nature and extent of risk arising from receivables

Please refer to note 19(b) for the nature and extent of credit risk arising from contractual receivables

NOTE 8: OTHER FINANCIAL ASSETS

	Note	Operating Fund 2013 $'000	Operating Fund 2012 $'000	Specific Purpose Fund 2013 $'000	Specific Purpose Fund 2012 $'000	Capital Fund 2013 $'000	Capital Fund 2012 $'000	Total 2013 $'000	Total 2012 $'000
CURRENT									
Australian Dollar Term Deposits		-	-	3,520	3,270	-	-	3,520	3,270
TOTAL		**-**	**-**	**3,520**	**3,270**	**-**	**-**	**3,520**	**3,270**
Represented by:									
Monies Held in Trust									
• Accommodation Bonds (Refundable Entrance Fees)		-	-	3,520	3,270	-	-	3,520	3,270
TOTAL		**-**	**-**	**3,520**	**3,270**	**-**	**-**	**3,520**	**3,270**

(a) Ageing analysis of investments and other financial assets

Please refer to note 19(b) for the ageing analysis of investments and other financial assets

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

Please refer to note 19(b) for the nature and extent of credit risk arising from investments and other financial assets

NOTE 9: INVENTORIES

	2013 $'000	2012 $'000
Pharmaceuticals - at cost	2,059	1,876
Medical and Surgical Lines - at cost	742	904
Allied Health and Diagnostics - at cost	808	919
TOTAL INVENTORIES	**3,609**	**3,699**

NOTE 10: PREPAYMENTS

	2013 $'000	2012 $'000
CURRENT		
Prepayments		
• Maintenance Contracts	793	607
• Rental, Licences & Memberships	302	328
TOTAL PREPAYMENTS	**1,095**	**935**

NOTE 11: PROPERTY, PLANT & EQUIPMENT

	2013 $'000	2012 $'000
LAND		
Land at Fair Value	63,886	63,886
Less Impairment	-	-
Total Land	**63,886**	**63,886**
BUILDINGS		
Buildings at Cost	92,137	84,771
Less Accumulated Depreciation	(13,269)	(9,895)
	78,868	**74,876**
Buildings Under Construction at cost	163,652	54,117
Buildings at Fair Value	323,320	323,320
Less Accumulated Depreciation	(93,342)	(70,007)
	229,978	253,313
Total Buildings	**472,498**	**382,306**
LEASEHOLD IMPROVEMENTS		
Leasehold Improvements	2,926	2,926
Less Accumulated Depreciation	(1,903)	(1,576)
Total Leasehold Improvements	**1,023**	**1,350**
PLANT AND EQUIPMENT		
Minor Plant at Fair Value	27	-
Less Accumulated Depreciation	-	-
	27	**-**
Medical Equipment at Fair Value	74,706	70,460
Less Accumulated Depreciation	(48,602)	(43,654)
	26,104	**26,806**
Computers and Communication at Fair Value	22,670	21,213
Less Accumulated Depreciation	(19,513)	(17,395)
	3,157	**3,818**
Assets Under Construction	2,845	3,835
Total Plant and Equipment	**32,133**	**34,459**
MOTOR VEHICLES		
Motor Vehicles at Fair Value	7,444	8,287
Less Accumulated Depreciation	(3,987)	(3,620)
Total Motor Vehicles	**3,457**	**4,667**
TOTAL PLANT, EQUIPMENT AND MOTOR VEHICLES	**35,590**	**39,126**
FURNITURE AND FITTINGS		
Furniture and Fittings at Fair Value	17,259	16,561
Less Accumulated Depreciation	(9,240)	(7,745)
Total Furniture and Fittings	**8,019**	**8,816**
TOTAL	**581,016**	**495,484**

NOTE 11: PROPERTY, PLANT & EQUIPMENT (CONTINUED)

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

	Land $'000	Buildings & Leasehold Improvements $'000	Building Capital Work in Progress $'000	Plant & Equipment $'000	Furniture & Fittings $'000	Motor Vehicles $'000	Total $'000
Balance as at 1 July 2011	63,886	352,386	21,265	34,769	9,520	4,949	486,775
Additions	-	3,872	32,852	10,319	775	1,632	49,450
Assets Received Free of Charge	-	-	-	-	-	-	-
Disposals	-	(2)	-	(404)	-	(440)	(846)
Depreciation and Amortisation (note 4)	-	(26,717)	-	(10,225)	(1,479)	(1,474)	(39,895)
BALANCE AS AT 1 JULY 2012	**63,886**	**329,539**	**54,117**	**34,459**	**8,816**	**4,667**	**495,484**
Additions	-	7,367	109,535	9,296	738	830	127,766
Assets Received Free of Charge	-	-	-	-	-	25	25
Disposals	-	-	-	(1,742)	(2)	(617)	(2,361)
Depreciation and Amortisation (note 4)	-	(27,037)	-	(9,880)	(1,533)	(1,448)	(39,898)
BALANCE AS AT 30 JUNE 2013	**63,886**	**309,869**	**163,652**	**32,133**	**8,019**	**3,457**	**581,016**

Land and Buildings carried at valuation

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

The effective date of the valuation was 30 June 2009.

Plant and Equipment has been valued at fair value in accordance with FRD 103D. The fair value was determined by depreciated replacement costs.

NOTE 12: INTANGIBLE ASSETS

	2013 $'000	2012 $'000
INTANGIBLES		
Software	25,369	18,171
Less Accumulated Amortisation	(17,519)	(11,674)
	7,850	**6,497**
TOTAL WRITTEN DOWN VALUE	**7,850**	**6,497**

NOTE 12: INTANGIBLE ASSETS (CONTINUED)

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

	Software $'000	Total $'000
Balance as at 1 July 2011	4,840	4,840
Additions	5,147	5,147
Disposals	(11)	(11)
Amortisation (note 4)	(3,479)	(3,479)
BALANCE AS AT 1 JULY 2012	**6,497**	**6,497**
Additions	7,198	7,198
Disposals	-	-
Amortisation (note 4)	(5,845)	(5,845)
BALANCE AS AT 30 JUNE 2013	**7,850**	**7,850**

NOTE 13: PAYABLES

	Total 2013 $'000	Total 2012 $'000
CURRENT		
Contractual		
Trade Creditors	20,506	21,343
Accrued Expenses	16,257	15,440
Superannuation	4,610	4,169
Work Cover	1,656	1,228
PAYG Payable	1,510	1,472
TOTAL CURRENT	**44,539**	**43,652**

(a) Maturity analysis of payables

Please refer to note 19(c) for the ageing analysis of payables

(b) Nature and extent of risk arising from payables

Please refer to note 19(c) for the nature and extent of credit risk arising from payables

NOTE 14: BORROWINGS

	Note	2013 $'000	2012 $'000
CURRENT			
Australian Dollar Borrowings		509	477
Total Australian Dollars Borrowings		**509**	**477**
TOTAL CURRENT		**509**	**477**
NON CURRENT			
Australian Dollar Borrowings		14,262	14,771
Total Australian Dollars Borrowings		**14,262**	**14,771**
TOTAL NON-CURRENT		**14,262**	**14,771**
TOTAL BORROWINGS		**14,771**	**15,248**

The borrowings relate to three loans.

A loan facility of $4.7 million from Treasury Corporation of Victoria (TCV) to finance the construction of the car park facility at Maroondah Hospital. As at year end, $2.957 million (2011/12 $3.115 million) was still owed. The loan is repayable over 20 years. The repayments commenced a month after final draw down being 15 December 2005. The interest rate applicable is fixed at 5.8628% pa for the life of the loan.

A loan facility of $1.5 million from Treasury Corporation of Victoria (TCV) to finance the construction of the car park facility at the Angliss Hospital. As at year end, $1.046 million (2011/12 $1.150 million) was still owed. The loan is repayable over 14 years. The repayments commenced a month after final draw down being 28 June 2008. The interest rate applicable is fixed at 7.23% pa for the life of the loan.

A loan facility of $11.25 million from Treasury Corporation of Victoria (TCV) to finance the construction of the car park facility at the Box Hill Hospital. As at year end $10.768 million (2011/12 $10.983 million) was still owing. The loan is repayable over 23 years. The repayments commenced in 4th March 2011 after final drawdown. The interest rate applicable is fixed at 6.435% pa for the life of the loan

(a) Maturity analysis of interest bearing liabilities

Please refer to note 19(c) for the ageing analysis of interest bearing liabilities.

(b) Nature and extent of risk arising from Interest bearing liabilities

Please refer to note 19(c) for the nature and extent of credit risk arising from interest bearing liabilities.

(c) Defaults and breaches

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

NOTE 15: PROVISIONS

	2013 $'000	2012 $'000
CURRENT PROVISIONS		
Employee Benefits		
Unconditional and Expected to be settled within 12 months	64,915	63,306
Unconditional and Expected to be settled after 12 months	47,478	46,005
Sub-Total	**112,393**	**109,311**
Provisions related to employee benefit on-costs		
Unconditional and Expected to be settled within 12 months (nominal value)	5,046	4,156
Unconditional and Expected to be settled after 12 months (present value)	5,422	4,601
	10,468	**8,757**
TOTAL CURRENT PROVISIONS	**122,861**	**118,068**
NON CURRENT PROVISIONS		
Employee Benefits	15,480	13,757
Provisions related to employee benefit on-costs	1,767	1,376
TOTAL NON-CURRENT PROVISIONS	**17,247**	**15,133**
TOTAL PROVISIONS	**140,108**	**133,201**
CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Unconditional Long Service Leave Entitlements	**54,601**	**50,773**
Annual Leave Entitlements	**35,933**	**35,414**
Accrued Salaries and Wages	20,097	21,399
Accrued Days Off	1,131	1,382
Sabbatical Leave	**631**	**343**
Current On-Costs	**10,468**	**8,757**
NON CURRENT EMPLOYEE BENEFITS AND RELATED ON-COSTS		
Conditional long service leave entitlements (present value)	15,480	13,757
Non-Current On-Costs	**1,767**	**1,376**
TOTAL EMPLOYEE BENEFITS AND RELATED ON-COSTS	**140,108**	**133,201**
MOVEMENT IN LONG SERVICE LEAVE		
Balance at start of year	70,983	64,931
Provision recognising employee service made during the year	15,039	12,439
Settlement made during the year	(7,937)	(6,387)
BALANCE AT END OF YEAR	**78,085**	**70,983**

NOTE 16: OTHER LIABILITIES

	Note	2013 $'000	2012 $'000
CURRENT			
Income in Advance			
• Department of Health		2,746	1,952
• Other		2,231	1,397
Other Liabilities		41	41
		5,018	**3,390**
MONIES HELD IN TRUST			
Accomodation Bonds (Refundable Entrance Fees)		3,520	3,270
TOTAL		**8,538**	**6,660**
Total Monies held in trust represented by the following assets:			
Other Financial Assets	8	**3,520**	**3,270**
TOTAL		**3,520**	**3,270**

NOTE 17: RESERVES

	2013 $'000	2012 $'000
(A) RESERVES		
Asset Revaluation Surplus		
Balance at the beginning of the reporting period	114,005	114,005
Revaluation Increments/(Decrements)		
• Land	-	-
• Buildings	-	-
Balance at the end of the reporting period	**114,005**	**114,005**
Represented by:		
• Land	34,700	34,700
• Buildings	79,305	79,305
Balance at the end of the reporting period	**114,005**	**114,005**
RESTRICTED SPECIFIC PURPOSE RESERVE		
Balance at the beginning of the reporting period	17,335	16,008
Transfer (to) / from Restricted Specific Purpose Reserve	5,384	1,327
Balance at the end of the reporting period	**22,719**	**17,335**
TOTAL RESERVES	**136,724**	**131,340**
(B) CONTRIBUTED CAPITAL		
Balance at the beginning of the reporting period	231,510	231,510
Capital contribution received from Victorian Government	-	-
Balance at the end of the reporting period	**231,510**	**231,510**
(C) ACCUMULATED SURPLUSES/(DEFICITS)		
Balance at the beginning of the reporting period	3,634	2,442
Net Result for the Year	79,496	2,519
Transfer (to) / from Restricted Specific Purpose Reserve	(5,384)	(1,327)
Balance at the end of the reporting period	**77,746**	**3,634**
(D) TOTAL EQUITY AT THE END OF FINANCIAL YEAR	**445,980**	**366,484**

NOTE 18: RECONCILIATION OF NET RESULT FOR THE YEAR TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2013 $'000	2012 $'000
Net Result for the Year	**79,496**	**2,519**
Depreciation & Amortisation	45,743	43,374
Net (Gain)/Loss from Sale of Plant & Equipment	636	137
Asset Received Free of Charge	(25)	-
Capital Grant - Indirect Contribution by Department of Health	(106,362)	(26,993)
Grant - Indirect Contribution by Department of Health	(3,253)	(2,475)
CHANGE IN OPERATING ASSETS AND LIABILITIES		
(Increase)/Decrease in Receivables	1,049	(1,454)
(Increase)/Decrease in Other Current Assets	(70)	(702)
Increase/(Decrease) in Provision for Doubtful Debts	625	169
Increase/(Decrease) in Other Current Liabilities	1,628	105
Increase/(Decrease) in Payables	887	(954)
Increase/(Decrease) in Employee Benefits	6,907	16,187
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	**27,261**	**29,913**

NOTE 19: FINANCIAL INSTRUMENTS

(a) Financial Risk Management Objectives and Policies

The Health Service's principal financial instruments comprise of:

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

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

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

Categorisation of financial instruments

	Note	Category	Carrying Amount 2013 $'000	Carrying Amount 2012 $'000
Financial Assets				
Cash and cash equivalents	6	N/A	23,628	23,721
Receivables	7	Trade debtors	5,872	7,563
	7	Other debtors	9,746	8,920
Other Financial assets	8	Accommodation Bonds	3,520	3,270
Total Financial Assets (i)			**42,766**	**43,474**
FINANCIAL LIABILITIES				
Payables	13	Financial Liabilities measured at amortised cost	43,029	42,180
Interest Bearing Liabilities	14	Financial Liabilities measured at amortised cost	14,771	15,248
Other Liabilities	16	Financial Liabilities measured at amortised cost	3,561	3,311
Total Financial Liabilities (ii)			**61,361**	**60,739**

(i) The total amount of financial assets disclosed here excludes statutory receivables (I.e. GST input tax recoverable)

(ii) The total amount of financial liabilities disclosed here excludes statutory payables (I.e. Taxes payable)

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

	Net holding gain/loss 2013 $'000	Net holding gain/loss 2012 $'000
Financial Assets		
Cash and Cash Equivalent^	2,367	1,609
• Receivables - Trade Debtors^	-	-
• Receivables - Other Debtors^	-	-
Other Financial Assets^	148	98
Total Financial Assets	**2,515**	**1,707**
FINANCIAL LIABILITIES		
Payables*	-	-
Interest Bearing Liabilities*	958	958
Other Liabilities*	-	-
TOTAL CURRENT	**958**	**958**

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

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

(b) Credit Risk

Credit risk arises from the contractural financial assets of the Health Service, which comprise cash and deposits, non statutory receivables and available for sale contractual financial assets. Eastern Health'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 Eastern Health's contractual financial assets is minimal because the main debtor is the Victorian Government. For debtors other than the Government, it is the Health Service's policy to only deal with entities with high credit ratings of a minimum Triple A rating and to obtain sufficient collateral or credit enhancements, where appropriate.

In addition, Eastern Health does not engage in hedging from it's contractual 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 rankings.

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 more than 90 days overdue and changes in debtor credit ratings.

Except as otherwise detailed in the following table, the carrying amount of contractual financial assets recorded in the financial statements, net of any allowances for losses, represent Eastern Health'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

	Financial institutions (AA credit rating) $'000	Government agencies (AAA credit rating) $'000	Financial institutions (BBB credit rating) $'000	Government agencies (BBB credit rating) $'000	Total $'000
2013 FINANCIAL ASSETS					
Cash and cash equivalents	23,628	-	-	-	23,628
Other Financial assets	3,520	-	-	-	3,520
TOTAL FINANCIAL ASSETS (i)	**27,148**	**-**	**-**	**-**	**27,148**
2012 FINANCIAL ASSETS					
Cash and cash equivalents	23,721	-	-	-	23,721
Other Financial assets	3,270	-	-	-	3,270
TOTAL FINANCIAL ASSETS	**26,991**	**-**	**-**	**-**	**26,991**

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

Ageing analysis of financial asset as at 30/06/2013

	Carrying Amount $'000	Not past due and Not Impaired $'000	PAST DUE BUT NOT IMPAIRED					Impaired Financial Assets $'000
			Less than 1 Month $'000	1-3 Months $'000	3 months - 1 Year $'000	1 - 5 Years $'000	Over 5 Years $'000	
INTEREST RATE EXPOSURE AS AT 30 JUNE 2013								
Financial Assets								
• Cash and Cash Equivalents	23,628	23,628	-	-	-	-	-	-
• Receivables - Trade Debtors	5,872	4,529	441	467	324	111	-	(417)
• Receivables - Other Debtors	9,746	3,032	2,628	2,186	1,608	292	-	(1,409)
• Other Financial Assets	3,520	3,520	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**42,766**	**34,709**	**3,069**	**2,653**	**1,932**	**403**	**-**	**(1,826)**
INTEREST RATE EXPOSURE AS AT 30 JUNE 2012								
Financial Assets								
• Cash and Cash Equivalents	23,721	23,721	-	-	-	-	-	-
• Receivables - Trade Debtors	7,563	4,969	1,171	357	1,066	-	-	(230)
• Receivables - Other Debtors	8,920	3,186	2,280	1,642	1,812	-	-	(971)
• Other Financial Assets	3,270	3,270	-	-	-	-	-	-
TOTAL FINANCIAL ASSETS	**43,474**	**35,146**	**3,451**	**1,999**	**2,878**	**-**	**-**	**(1,201)**

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

(c) Liquidity risk

Liquidity risk is the risk that the Health Service would be unable to meet it's financial oligations as and when they fall due.

Eastern Health's maximum exposure to liquidity risk is the carrying amounts of financial liabilities as disclosed in the face of the balance sheet. The Health Service manages it's liquidity risk as follows.

The interest bearing liabilities relate to three loans.

A loan facility of $4.7 million from Treasury Corporation of Victoria (TCV) to finance the construction of the car park facility at Maroondah Hospital. As at the year end, $2.957 million(2011-12 $3.115 million) was still owed. The loan is repayable over 20 years. The repayments commenced a month after the final draw down being 15 December 2005. The interest rate applicable is fixed at 5.8628% pa for the life of the loan.

A loan facility of $1.5 million from Treasury Corporation of Victoria (TCV) to finance the construction of the car park facility at the Angliss Hospital. As at the year end $1.046 million (2011-12 $1.150 million) had been drawn to finance the disbursement to the contractors. The loan is repayable over 14 years commencing a month after the final draw down. The repayments commenced on the month after the final draw down being 28 June 2008. The interest rate applicable is 7.23% pa for the life of the loan.

A loan facility of $11.25 million from Treasury Corporation of Victoria (TCV) to finance the construction of the car park facility at the Box Hill Hospital. As at the year end $10.768 million (2011-12 $10.983 million) had been drawn to finance the disbursement to the contractors. The loan is repayable over 23 years. The repayments commenced on 4th March 2011 after final draw down. The interest rate applicable is 6.435% pa for the life of the loan.

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

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

Maturity analysis of financial liabilities as at 30/06/2013

	Carrying Amount $'000	Contractual Cash Flows $'000	MATURITY DATES				
			Less than 1 Month $'000	1-3 Months $'000	3 months - 1 Year $'000	1 - 5 Years $'000	Over 5 Years $'000
2013 FINANCIAL LIABILITIES							
Trade Creditors and Accruals	43,029	43,029	27,969	15,060	-	-	-
Interest Bearing Liabilities	14,771	14,771	41	83	385	2,396	11,866
Other Liabilities	3,561	3,520	-	-	3,520	-	-
TOTAL FINANCIAL ASSETS	**61,361**	**61,320**	**28,010**	**15,143**	**3,905**	**2,396**	**11,866**
2012 FINANCIAL LIABILITIES							
Trade Creditors and Accruals	42,180	42,180	27,417	14,763	-	-	-
Interest Bearing Liabilities	15,248	15,248	38	78	361	2,248	12,523
Other Liabilities	3,311	3,270	-	-	3,270	-	-
TOTAL FINANCIAL LIABILITIES	**60,739**	**60,698**	**27,455**	**14,841**	**3,631**	**2,248**	**12,523**

(d) Market Risk

Eastern Health'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 paragraph below.

Currency risk

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

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

Interest rate risk

Exposure to interest rate risk might arise primarily through Eastern Health'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 undertake financial liabilities with relatively even maturity profiles.

Interest rate exposure of Financial Assets and Liabilities as at 30 June

	Weighted Average Effective Interest Rates (%)	Carrying Amount $'000	INTEREST RATE EXPOSURE		
			Fixed Interest Rate $'000	Variable Interest Rate $'000	Non Interest Bearing $'000
INTEREST RATE EXPOSURE AS AT 30 JUNE 2013					
Financial Assets					
Cash and Cash Equivalents	4.64%	23,628	17,725	5,876	27
Receivables -Trade Debtors	-	5,872	-	-	5,872
Receivables - Other Debtors	-	9,746	-	-	9,746
Other Financial Assets	3.80%	3,520	3,520	-	-
		42,766	**21,245**	**5,876**	**15,645**
Financial Liabilities					
Trade Creditors and Accruals	-	43,029	-	43,029	-
Interest Bearing Liabilities	6.50%	14,771	14,771	-	-
Other Liabilities	-	3,561	-	3,561	-
		61,361	**14,771**	**46,590**	**-**
INTEREST RATE EXPOSURE AS AT 30 JUNE 2012					
Financial Assets					
Cash and Cash Equivalents	5.21%	23,721	12,643	11,048	30
Receivables -Trade Debtors	-	7,563	-	-	7,563
Receivables - Other Debtors	-	8,920	-	-	8,920
Other Financial Assets	4.60%	3,270	3,270	-	-
		43,474	**15,913**	**11,048**	**16,513**
Financial Liabilities					
Trade Creditors and Accruals	-	42,180	-	42,180	-
Interest Bearing Liabilities	6.50%	15,248	15,248	-	-
Other Liabilities	-	3,311	-	3,311	-
		60,739	**15,248**	**45,491**	**-**

(i) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

Sensitivity Disclosure Analysis

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

- A shift of +0.5% and -0.5% in market interest rates (AUD) from year end of 5%
- A parallel shift of +0.5% and -0.5% in inflation rate from year end rates of 2%

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

2013	Carrying Amount $'000	INTEREST RATE EXPOSURE				OTHER PRICE RISK			
		-0.5%		+0.5%		-0.5%		+0.5%	
		Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
FINANCIAL ASSETS									
Cash and cash equivalents	23,628	(118)	(118)	118	118	-	-	-	-
• Receivables - Trade Debtors	5,872	-	-	-	-	-	-	-	-
• Receivables - Other Debtors	9,746	-	-	-	-	-	-	-	-
Other Financial assets	3,520	(18)	(18)	18	18	-	-	-	-
FINANCIAL LIABILITIES									
Payables	43,029	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	14,771	-	-	-	-	-	-	-	-
Other Liabilities	3,561	-	-	-	-	-	-	-	-

(i) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

NOTE 19: FINANCIAL INSTRUMENTS (CONTINUED)

2012	Carrying Amount $'000	INTEREST RATE EXPOSURE				OTHER PRICE RISK			
		-0.5%		+0.5%		-0.5%		+0.5%	
		Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000	Profit $'000	Equity $'000
FINANCIAL ASSETS									
Cash and cash equivalents	23,721	(119)	(119)	119	119	-	-	-	-
• Receivables - Trade Debtors	7,563	-	-	-	-	-	-	-	-
• Receivables - Other Debtors	8,920	-	-	-	-	-	-	-	-
Other Financial assets	3,270	(16)	(16)	16	16	-	-	-	-
FINANCIAL LIABILITIES									
Payables	42,180	-	-	-	-	-	-	-	-
Interest Bearing Liabilities	15,248	-	-	-	-	-	-	-	-
Other Liabilities	3,311	-	-	-	-	-	-	-	-

(i) The carrying amount must exclude types of statutory financial assets and liabilities (i.e. GST input tax credit and GST payable).

NOTE 20: COMMITMENTS FOR EXPENDITURE

	2013 $'000	2012 $'000
CAPITAL COMMITMENTS: (Commitments* for the acquisition of fixed assets.)		
Payable		
Land and Buildings	17,447	31,848
Plant & Equipment		
• Medical Equipment	45,001	53,522
• Computer Equipment	21,133	39,457
• Other Equipment	18,492	19,470
• Motor Vehicles	221	525
Total Capital Commitments	**102,294**	**144,822**
Payable		
• Not later than one year	87,994	41,785
• Later than one year but not later than 5 years	14,300	103,037
• Later than 5 Years	-	-
TOTAL	**102,294**	**144,822**
OPERATING COMMITMENTS: (Commitments* for operating expenditure under contracts for the supply of services, materials and other but not recognised as liabilities)		
Supplies & Consumables		
• Medical	105,999	127,378
• Other	142,298	30,603
Maintenance Contracts		
• Medical	3,727	6,062
• Non-Medical	991	938
• Information Technology	11,836	6,314
Total Operating Commitments	**264,851**	**171,295**
Payable		
• Not later than one year	69,730	66,724
• Later than one year but not later than 5 years	195,121	85,200
• Later than 5 Years	-	19,371
TOTAL	**264,851**	**171,295**
LEASE COMMITMENTS: Commitments in relation to leases contracted for at the reporting date		
Operating Lease	13,819	11,151
Total Lease Commitments	**13,819**	**11,151**
Payable		
• Not later than one year	3,233	2,147
• Later than one year but not later than 5 years	10,586	6,808
• Later than 5 Years	-	2,196
TOTAL LEASE COMMITMENTS	**13,819**	**11,151**
TOTAL COMMITMENTS (INCLUSIVE OF GST)	**380,964**	**327,268**
Less GST recoverable from Australian Tax Office	**34,633**	**29,752**
TOTAL COMMITMENTS (EXCLUSIVE OF GST)	**346,331**	**297,516**

**Contracted commitments relates to contracts to expend amounts greater than $100,000 per year per contract.*

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

The Box Hill Redevelopment Project announced in December 2009 of $407.5 Million will be managed under contract by the Department of Health in accordance with Government Policy and therfore is not included in the Capital Commitments above other than Furniture Fittings & Equipment which is managed by Eastern Health.

NOTE 21: CONTINGENT ASSETS & CONTINGENT LIABILITIES

	2013 $'000	2012 $'000
Capital Grant from DH - Medical Records Scanning System	(500)	(1,000)
TOTAL CONTINGENT ASSETS & CONTINGENT LIABILITIES	**(500)**	**(1,000)**

NOTE 22: OPERATING SEGMENTS

	Segment Revenue $'000	Segment Expenditure $'000	Net Result from Ordinary Activities $'000	Segment Assets $'000	Segment Liabilities $'000	Segment Equity $'000	Acquisition of Property Plant & Equipment $'000	Depreciation & Amortisation $'000	Non Cash Expenses Other Than Depreciation $'000
2013									
Segment									
• Hospital	857,597	778,645	78,952	637,682	202,630	435,052	134,898	45,313	1,261
• Nursing Homes	9,382	8,830	552	9,964	2,211	7,753	66	369	-
• Hostel	1,394	1,402	(8)	6,290	3,115	3,175	-	61	-
TOTAL	**868,373**	**788,877**	**79,496**	**653,936**	**207,956**	**445,980**	**134,964**	**45,743**	**1,261**
2012									
Segment									
• Hospital	755,623	753,644	1,979	547,575	193,932	353,643	54,192	43,182	306
• Nursing Homes	9,346	8,775	571	11,053	1,271	9,782	386	168	-
• Hostel	1,293	1,324	(31)	6,617	3,558	3,059	19	24	-
TOTAL	**766,262**	**763,743**	**2,519**	**565,245**	**198,761**	**366,484**	**54,597**	**43,374**	**306**

Geographical Segment

The Health Service operates predominantly in Melbourne (Eastern suburbs and Healesville), Victoria. More than 90% of revenue, net result from ordinary activities and segment assets relate to operations in Melbourne (Eastern suburbs and Healesville), Victoria.

Business Segments

Hospital

This segment includes all activities directed to people who need medical or nursing care before resuming their normal lives in the community.

Nursing Homes / Hostels

The Commonwealth Government regulates and partly funds the provision of residential care for frail, older people who can no longer live independently in their own home. There are two levels of care and although they are officially called low level residential care and high level residential care they are still widely known and referred to as hostels and nursing homes, respectively.

Before a person can enter a hostel or nursing home they must be assessed and approved for care by an Aged Care Assessment Team (ACAT). ACATs are generally made up of local doctors, nurses, social workers and the like and they are usually located at hospitals, aged care centres or community centres.

- **Nursing Home**

  This segment includes all activities associated with both the Aged Care and Psychogeriatric Nursing Homes forming part of the Health Service. Residents typically are those people who have been assessed by ACAT or Psychogeriatric Assessment Team (PGAT) as requiring high level residential care.

- **Hostel**

  This segment includes all activities typically associated with residents who have been assessed by ACAT as requiring a low level residential care.

NOTE 23A: RESPONSIBLE PERSONS DISCLOSURES

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

	Period
RESPONSIBLE MINISTER	
The Honourable David Davis, MLC, Minister of Health and Ageing	1/7/2012 - 30/06/2013
The Honourable Mary Wooldridge, MLA, Minister for Mental Health	1/7/2012 - 30/06/2013
GOVERNING BOARDS	
Dr Joanna Flynn AM	1/7/2012 - 30/06/2013
Ms Jeanette Ward (Appointment expired on 30 June 2013)	1/7/2012 - 30/06/2013
Mr Dennis Hogg AM	1/7/2012 - 30/06/2013
Mr Stuart Alford	1/7/2012 - 30/06/2013
Professor Andrew Conway	1/7/2012 - 30/06/2013
Mr Martin Botros (Appointment expired on 30 June 2013)	1/7/2012 - 30/06/2013
Mr W Kirby Clark (Reappointed until 2016)	1/7/2012 - 30/06/2013
Professor Pauline Nugent	1/7/2012 - 30/06/2013
Mr James McAdam	17/7/2012 - 30/06/2013
ACCOUNTABLE OFFICER	
Mr Alan Lilly	1/7/2012 - 30/06/2013

Remuneration of Responsible Persons

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

Income Band	No of Directors & Accountable Officer 2013	No of Directors & Accountable Officer 2012
$30,001 - $40,000	8	8
$60,001 - $70,000	1	1
$400,001 - $410,000	-	1
$440,001 - $450,000	1	-
TOTAL REMUNERATION RECEIVED OR DUE AND RECEIVABLE BY RESPONSIBLE PERSONS FROM EASTERN HEALTH AMOUNTED TO:	**$773,140**	**$722,254**

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

The following transactions were entered into with Related Entities of members of the Board of Directors. Eastern Health has or has had in the past, ongoing business dealings with these related entities. All transactions are under normal commerical conditions and at arms' length.

Board Member	Related Entities	YEAR TO 30 JUNE 2013		AT 30 JUNE 2013	
		Sales	Purchases	Receivable	Payable
Dennis Hogg AM	Device Technologies Pty Ltd	-	821,512	-	49,850
Stuart Alford	Metropolitan Fire and Emergency	-	10,193	-	-
Professor Pauline Nugent	Australian Catholic University	249,540	-	26,147	-

There were no other transactions between the Health Service and the Responsible Persons or their Related Parties other than those within the normal employee relationship on terms and conditions no more favourable than those available in similar arms length dealings.

NOTE 23B: EXECUTIVE OFFICER DISCLOSURES

Executive Officers' Remuneration

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

	Total Remuneration 2013 No.	Total Remuneration 2012 No.	Base Remuneration 2013 No.	Base Remuneration 2012 No.
$30,001 - $40,000	1	-	1	-
$190,001 - $200,000	-	-	-	1
$200,001 - $210,000	-	1	1	-
$210,001 - $220,000	-	1	2	3
$220,001 - $230,000	2	1	2	1
$230,001 - $240,000	1	2	1	-
$240,001 - $250,000	3	-	-	1
$250,001 - $260,000	-	1	1	1
$260,001 - $270,000	1	1	-	-
$320,001 - $330,000	-	-	-	1
$340,001 - $350,000	1	1	1	-
Total number of executives	9	8	9	8
Total annualised employee equivalent (AEE)*	8	8	8	8
TOTAL REMUNERATION FOR THE REPORTING PERIOD FOR EXECUTIVE OFFICERS INCLUDED ABOVE AMOUNTED TO:	**$2,056,870**	**$1,982,940**	**$1,936,072**	**$1,855,378**

* *Annualised employee equivalent is based on working 38 hours per week over the reporting period.*

Remuneration for Executive Officers and the Accountable Officer is determined by the Government Sector Executive Remuneration Panel (GSERP).

NOTE 24: REMUNERATION OF AUDITORS

Auditors fees paid or payable to the Victorian Auditor General's Office for audit of Eastern Health's financial statements.

	2013 $'000	2012 $'000
Audit fees paid or payable to the Victorian Auditor-General's Office for the audit of Eastern Health current financial report	115	110
TOTAL PAID OR PAYABLE	**115**	**110**

NOTE 25: NON-CASH FINANCING AND INVESTING ACTIVITIES

	2013 $'000	2012 $'000
Acquisition of Assets by means of indirect contribution by Department of Health	106,362	26,993
TOTAL NON-CASH FINANCING AND INVESTING ACTIVITIES	**106,362**	**26,993**

NOTE 26: EVENTS OCCURING AFTER THE BALANCE SHEET DATE

At the time the report was being prepared the Directors are not aware of any events that could have a material impact on the financial statements.

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INDEPENDENT AUDITOR'S REPORT

To the Board Members, Eastern Health

The Financial Report

The accompanying financial report for the year ended 30 June 2013 of Eastern Health which comprises the comprehensive operating statement, balance sheet, statement of changes in equity, cash flow statement, notes comprising a statement of significant accounting policies and other explanatory information, and the Board Member's, Accountable Officer's and Chief Finance and Accounting Officer's declaration has been audited.

The Board Members' Responsibility for the Financial Report

The Board Members of Eastern 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.

Auditing in the Public Interest

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 Eastern Health as at 30 June 2013 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 Eastern Health for the year ended 30 June 2013 included both in Eastern Health's annual report and on the website. The Board Members of Eastern Health are responsible for the integrity of Eastern Health's website. I have not been engaged to report on the integrity of Eastern 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
28 August 2013

for John Doyle
Auditor-General

GLOSSARY

Acute episode	A rapid onset and/or short course of illness
Acute hospital	Short-term medical and/or surgical treatment and care facility
Allied health	Allied health professionals provide clinical healthcare, such as audiology, psychology, nutrition and dietetics, occupational therapy, orthotics and prosthetics, physical therapies including physiotherapy, speech pathology and social work
Ambulatory care	Care given to a person who is not confined to a hospital/requiring hospital admission but rather is ambulatory and literally able to "ambulate" or walk around
Chronic condition	An illness of at least six months' duration that can have a significant impact on a person's life and requires ongoing supervision by a healthcare professional
Elective surgery	Hospitals use urgency categories to schedule surgery to ensure patients with the greatest clinical need are treated first. Each patient's clinical urgency is determined by their treating specialist. Three urgency categories are used throughout Australia: Urgent: admission within 30 days or condition(s) has the potential to deteriorate quickly to the point it may become an emergency. Semi-urgent: admission within 90 days. The person's condition causes some pain, dysfunction or disability. It is unlikely to deteriorate quickly/unlikely to become an emergency. Non-urgent: admission some time in the future (within 365 days). The person's condition causes minimal or no pain, dysfunction or disability. It is unlikely to deteriorate quickly/unlikely to become an emergency.
Emergency triage	There are five defined triage categories, determined by the Australasian College of Emergency Medicine, with the desirable time when treatment should commence for patients in each category who present to an emergency department: Category 1: resuscitation; seen immediately Category 2: emergency; seen within 10 minutes Category 3: urgent; seen within 30 minutes Category 4: semi-urgent; seen within one hour Category 5: non-urgent; seen within two hours
FOI	Freedom of information
GEM	Geriatric evaluation and management
GP	General practitioner

HARP	Hospital Admission Risk Program
HIPS	Hospital-initiated postponements
Hospital bypass	A period of time when an emergency department requests that ambulances take non-urgent patients to other hospitals
ICU	Intensive care unit
Inpatient	A patient whose treatment needs at least one night's admission in an acute or sub-acute hospital setting
NATA	National Association of Testing Authorities
Occasions of service	Hospital contact for an outpatient, either through an on-site clinic or home visit
OHS	Occupational health and safety
Outpatient	A person who is not hospitalised overnight but who may visit a hospital, clinic or associated facility, or may be visited in the home by a clinician for diagnosis, ongoing care or treatment
Separations	Discharge from an outpatient service
Sub-acute illness	A condition that rates between an acute and chronic illness
Stakeholder	Any person, group or organisation that can lay claim to an organisation's attention, resources or output, or is affected by that output
VICNISS	Victorian Hospital Acquired Infection Surveillance System
WIES	Hospitals are paid based on the numbers and types of patients they treat – the Victorian health system defines a hospital's admitted patient workload in terms of WIES (weighted inlier equivalent separations)
YTD	Year to date

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